

ADVICE UK

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**Charity Registration No. 299342**

**Company No. 02023982**

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## ADVICE UK

### REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2020

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#### Trustees

S Azimi  
A Bearn  
B Badesha  
H Kendall  
J Kennedy  
D Mulling (appointed 18.07.2019)  
W Palmer  
G Smith (resigned 24.01.2020)  
N Wayne  
P Whittle

Chair

N Wayne

Chief Executive and Company Secretary

S Johnson

Company Number

2023982 (England & Wales)

Charity Number

0299342

Registered Office

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

Website

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

Auditors

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

## ADVICE UK

### REPORT OF THE TRUSTEES

For the year ended 31 March 2020

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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 2020.

#### Structure and History

##### **Legal structure**

Advice UK is a company limited by guarantee and a registered charity. It is referred to throughout this report as "the Charity". It operates under governing documents last revised in May 2017.

##### **History**

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

##### **Membership structure**

The Charity operates as a co-ordination and support network for organisations providing independent social welfare advice. Membership of the Advice UK Network is open to any organisation that satisfies the membership criteria decided by the Trustees. Network Members are the principal beneficiaries and users of the Charity. They are referred to collectively throughout this report as "the Members". Network Membership is separate from membership of the Charity itself. The members of the Charity are the Trustees.

##### **Connected companies**

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

#### Purposes and Plans

##### **Public Benefit**

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



## REPORT OF THE TRUSTEES

For the year ended 31 March 2020

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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 corporate strategy was adopted in 2014 recognising insufficiency of sustainable income (mainly due to declining grant income) as the major threat to the Charity being effective in pursuit of its Objects. The new strategy emphasised a policy of raising more income from enterprise activities in order for the Charity to be financially sustainable and successful in pursuit of its Objects. This is to be achieved by further developing the business Group around the Charity to complement and provide funds for its work. The strategy identifies two guiding policies and five key objectives. The strategy was reviewed in November 2018 and deemed to be still relevant and appropriate. Annual plans in furtherance of the strategy are made for each financial year and these, in turn, influence the setting of annual budgets.

### Governance and Management

#### The Board of Trustees

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

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

In accordance with decisions arising from a governance review commenced in 2016, the maximum size of the Board is now 15, to comprise a blend of independent and Network Member Trustees chosen to achieve an effective balance of skills and perspectives. Most new Trustees will already be familiar with the Charity and its activities and with charitable operations in general. However, all new trustees are offered a personalised programme of induction to enable them to be fully conversant with the organisation. This normally covers the operation of the Board; obligations under charity and company law; the Articles; staff and the staffing structure; current finances; future plans; the way the Charity and its members operate and their operating environments. Trustees normally serve for terms of three years and may serve more than one term but usually not more than three.

#### Governance

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



**REPORT OF THE TRUSTEES**  
**For the year ended 31 March 2020**

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

**Management and Staffing**

Operations are led by a Senior Management Team comprising the Chief Executive and the Executive Director. Total employees at March 2020 was 11 (9.6 full time equivalents) comprising 10 employees and 1 secondee. Two employee posts were currently vacant. Employee staffing is now supplemented by several freelancers. The number of employees has fallen significantly in the past decade, now standing at only 30% of what it was in 2008. While numbers have decreased, productivity has increased. However, employees are still generally overstretched. A steady decline in grant income in recent years has necessitated successive redundancies and re-organisations. A greater use of freelancers does mean that the Charity is more able to flex its costs and capacity in response to fluctuating income and commitments.

**Key management personnel remuneration**

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

**Staffing Policies**

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

**Employee Involvement**

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

**Health and Safety**

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

**Environmental Policy**

The Charity has sought to follow environmentally responsible practices since 2006 leading to the awarding of a business "Green Mark" which has been renewed at intervals since. Staff members are active in reducing pollution and waste and recycling wherever possible.

**Principal Risks and Uncertainties**

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



**REPORT OF THE TRUSTEES**  
**For the year ended 31 March 2020**

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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 final two weeks of the year under review saw the beginning of "lock-down" in response to the Covid 19 pandemic. The Advice UK office was closed on 17<sup>th</sup> March and all staff began working from home. In composing this report, some three months later, it is almost impossible to look back on the other 50 weeks of 2019-20 other than through the lens of what has happened since. It is already clear that changes forced on the organisation as a result of lock-down will have effects reaching well into the future but they have also framed the priorities and practices of the recent past in a different perspective. It is usual for organisations' annual reviews to feature (in addition to the vicissitudes of fortune) the progress or otherwise of planned projects and programmes aimed at effecting better outputs and outcomes in the near future. We now see that the near future will not be quite as we thought it would be. Some of our own planned work in 2019-20 was very positive in that context but some of it was not. The most obvious example of the latter was the renewal of our office lease. We opened negotiations with the landlord in summer 2019, well in advance of our five-year lease expiring in March 2020. Negotiations took place in what we now know was the high-point of a landlord's market. We agreed reasonable (at the time) terms in January and eventually signed the lease just as lock-down began and we vacated the office. The smooth and successful transition to remote working by us and so many organisations makes it seem unlikely that we will return to using our offices in the same way as before. Making the most economic future use of our space and defraying some of the costs, e.g. by sub-letting, will therefore be a certain project for the coming year. Probably the best example of the former will turn out to be our continued investment in digitising and integrating our internal and member-facing systems. This is already the biggest non-staffing investment in the history of the organisation. Its effects are intended to transform the whole organisation, changing the ways that we work, what we are able to do for members and generally increasing our charitable impact. The main element of the project, to introduce a new integrated customer relationship management, membership and 'storefront' system capable of transforming members' interactions with us, began in March 2019 and continued throughout the year. Its benefits are now going to be of even more importance to us than we'd originally thought in an advice sector that is having to embrace online working more rapidly. As planned, the project enabled the first online membership renewals in December 2019. Completion of the first phase of the project, including assimilation of a mass of historical data, is currently imminent. Further phases, involving further investment and new staff roles will continue into 2021 to deliver, amongst other things, an events and courses booking facility. This will dovetail with an accelerated shift to online training and qualifications triggered by the cessation of all face-to-face training since lock-down – something which seems likely to continue for the foreseeable future. Overall, we can say that during 2019-20, the Charity continued to work through a programme of change that is likely to continue for some years to come. This includes governance, where phased retirements from a very long-serving Board are intended to eventually arrive at a routine turnover of trustees. It also includes the challenging transition from one financial model to another with a high reliance on earned income and an absence of grant dependency. It also includes movement towards greater pro-activity in the way that we develop and offer our services to members and others. A much higher frequency of digitally enabled interaction with our members and other customers will play a large part in this as will a more systematic approach to marketing and communications. Lastly, it includes a more focused and better resourced approach to public policy work aimed at engaging with members to influence decisions in those spheres which affect advice provision and the need and demand for advice. In 2019, for the first time in the organisations' history, we have had a national team exclusively focused on this work. Crucially, their work is almost entirely funded from our own resources so their independence of action is assured. Increased investment in this aspect of our mission will be a key measure of success in coming years. None of the above can be possible without sound finances. During the year, alongside investment and change activities, the Charity still managed to deliver on its "business as usual" service commitments and to achieve another operating surplus due to a combination of expenditure controls and higher than budgeted earned income. We can therefore say that, at the close of 2019-20, the Charity was again in a more positive position than in previous years and better placed than many to pursue its objects in what has latterly become an even more challenging environment for the whole of the UK charity sector.



## REPORT OF THE TRUSTEES

For the year ended 31 March 2020

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### Membership

The Network Membership year runs from January to December. Members join and leave at all points during the year. The peak number of Network Members during 2019-20 was at the end of December 2019 when total membership stood at 743 (December 2018: 721). Though we continue to lose some members due to closures, mergers and non-renewals due to cuts in funding, there are always new members joining. New members included organisations both large (e.g. housing association advice units) and small (voluntary, community and self-help projects). Some were new organisations illustrating the vibrancy of the voluntary sector in responding to need and emergent gaps in provision. The highest concentration of members continues to be in Greater London where there were 220 organisations (December 2018: 213). Distribution of members across the four home countries was England 590 (582), Wales 22 (24), Scotland 60 (60) and Northern Ireland 71 (55). The profile of members remained very diverse in terms of types of advice offered and communities served. Members continue to work in some of the poorest locations in the UK serving some of the most vulnerable communities and excluded groups.

### Other activities and achievements

Our Learning & Skills operation experienced a second successive year of difficulties, encountering a continued down-turn in demand for training. We believe this to be cyclical having seen it before when members' budgets have been under renewed pressure as they were again this year. The team provided 742 training course places in the year. (2018-19 842; 2017-18 1,171). There was also a down-turn in the number of new registrations for qualifications, entirely due to a partnership with another national charity coming to an end. There were 60 new registrations (2018-19 395; 2017-18 409) amongst more than 150 active learners throughout the country (2018-19 500) being supported towards vocational qualifications.

Our insurances operation continued to offer a full range of covers to meet members' diverse needs. Professional Indemnity insurance (PII) and Trustees, Directors & Officers' insurance continued to be sourced from our own insurance subsidiary, VCS Insurance Co. Ltd. VCS made a small loss during the year of £13,835 (2018-19 £3,418), mainly due to claims activity. However, there was an increase in the number of customers and retained surpluses from previous years continued to ensure very healthy liquidity. In every year since formation VCS has now been able to reduce or freeze premiums so helping to reduce a significant element of members' running costs. This is likely to be even more the case in the coming year since market premiums for PII increased sharply during 2019.

Our software operation, providing the AdvicePro on-line electronic case management system, had another very successful year. The number of organisations using the system passed 500 during the year, encompassing more than 7,000 individual users. It is now the most widely used system in the sector. Customer satisfaction continues to be excellent. Re-investment in development of the product also continues apace. A major enhancement programme, begun in 2018, continued throughout the year towards launch of the sixth iteration of the product, 'AdvicePro 6', the roll-out of which to existing customers has recently begun. The system offers many advantages to members including better client data security, anytime-anywhere working and improved quality-control. More than 5 million cases are now held on the system with around 60,000 new ones being added each month. A significant data set is being accumulated so that the strategic goal of consistent data reporting across our membership is coming into view. Our associate company, ACMS Ltd, which develops and supports AdvicePro, had another successful year, reporting a year-end profit before dividends of £322,503 (2019 £232,663).

The Managing Director of the Charity's trading company, IAS Ltd, continued to devote considerable time and effort to overseeing implementation of the AdviceUK integrated customer relationship management, membership and 'storefront' system with the aim of transforming marketing capability. Despite this diversion of resources the small IAS team worked with our various primary purpose teams and partners to increase take-up of products and services. In particular, campaigns were developed and executed for AdvicePro, AdviceUK Insurance Services and UK Advice Finder as well around AdviceUK's 40<sup>th</sup> Anniversary year.



**REPORT OF THE TRUSTEES**  
**For the year ended 31 March 2020**

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**Financial Review**

**Financial result**

**The Group**

Total group income during the year was £2,492,833, an increase of £107,527 compared with £2,385,306 in the previous year. Total expenditure during the year was £2,333,027, an increase of £126,657 compared with £2,206,370 in the previous year. Overall, the group had a surplus of £149,491 for the year (2019: £187,743). At 31 March 2020 the group had unrestricted funds of £1,555,421 (2019: £1,525,630) and restricted funds of £119,700 (2019: £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 2020 was £2,264,196, an increase of £22,265, compared with £2,241,929 in the previous year. Expenditure on governing the Charity decreased to £22,194 (2019: £28,369) and remains below 1% of total expenditure. The Charity's total unrestricted income during the year was £2,122,796. Associated expenditure was £2,165,341. Total restricted income during the year was £141,400 (2019: £64,061). Associated expenditure was £21,884 funded by income during the year. The balance of £119,700 is carried forward for use in 2020-21.

**The Charity's income sources**

The Charity's income is highly diversified across more than twenty income streams and many hundreds of sources including members, other advice organisations, grant funders, donors and contractual customers. By far the majority of income now comes from unrestricted sources. Within the total income of £2,264,196 only £141,400 was restricted income in the form of grants for specified activities representing just 6.2% of total income. No core support was received from central government despite increasingly high expectations of organisations such as ours, not least on the part of government itself. The Charity's high proportion of unrestricted income and low proportion of government / public funding does at least serve to underwrite its flexibility and independence.

**Fundraising**

Fundraising activity was restricted to project bids developed by employees and a small number of public appeals around the Charity's 40<sup>th</sup> anniversary including an entry in the London Marathon. The charity does not use the services of professional fund-raisers; neither does it have fund-raisers on staff.

**Trading**

The Charity now raises most of its income from trading activity. All of this activity is regarded as primary purpose trading i.e. provision of support services and products (e.g. training, software and insurances) to the intended beneficiaries of the Charity in accordance with the objects of the Charity set out in the Articles.

## REPORT OF THE TRUSTEES

For the year ended 31 March 2020

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### Reserves Policy

The Board of Trustees reviewed its reserves policy in November 2019 and decided that it would henceforth classify intangible assets, tangible assets and investments, excluding listed investments, within designated funds in order to show more clearly the amount of assets remaining as both liquid and uncommitted and therefore immediately available as free reserves. In accordance with this policy the Charity's free reserve at the close of the year, stood at £918,832 (2019 – under the former policy: £955,590 less designated funds). This exceeds an amount equivalent to 6 months expenditure on staff and overheads (currently approx. £400,000) which, in recent years, the Board has decided it would be prudent to hold as a free reserve. In November the Board also decided to carry out a review of business risks in 2020 to arrive at a detailed statement on the basis of which a new free reserve target would be set. In the meantime, the Board considers the free reserve to be adequate and that its policies of aiming to achieve at least balanced budgets in order to build reserves while not precluding investment in capacity to raise income or facilitate growth should continue to prevail.

The reserves policy is reviewed annually and, even after the review of business risks, will be reviewed again in November 2020. The annual review has regard to a range of factors including:

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

### Plans for future periods

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

### Investments Policy

Historically, aside from seeking to retain a prudent amount in reserves, most of the Charity's funds have been required for spending in the short term so there have been few funds available for long term investment. In recent years, however, a portion of the reserves has been placed on deposit with the CCLA (Churches, Charities & Local Authorities) fund managers. Short term investment options for relatively small amounts are very limited at the present time and the Board considers that the return on balances obtained from its principal bankers are the best that can be obtained in the circumstances.

### Trustees' liability

In the event of the Charity being wound up the trustees are required to contribute an amount not exceeding £10. Trustees' indemnity insurance was in place during the year and the insurance provides cover up to £1,000,000 on any one claim.

### Appointment of Auditors

Auditors for 2020-21 will be appointed in accordance with section 495 of the Companies Act 2006 at a Board meeting to be held in November 2020.



## ADVICE UK

### REPORT OF THE TRUSTEES

For the year ended 31 March 2020

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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:

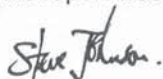
- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 4th September 2020 and signed on its behalf by:



**S Johnson**  
Secretary

## Opinion

We have audited the financial statements of Advice UK (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprises the group Consolidated Statement of Financial Activities incorporating Income and Expenditure Account, the group Consolidated Balance Sheet, the group Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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



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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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

Scrutton Bland LLP

**Sharon Gravener, Senior Statutory Auditor**

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

14 October 2020



## ADVICE UK

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

For the year ended 31 March 2020

	Note	Unrestricted Funds 2020	Restricted Funds 2020	Total Funds 2020	Total Funds 2019
		£	£	£	£
<b>INCOME FROM</b>					
Donations	3	85,908	-	85,908	85,048
Charitable activities	3	2,171,042	141,400	2,312,442	2,245,258
Investments	5	8,231	-	8,231	8,669
Share of profits of associate		86,252	-	86,252	46,331
<b>Total Income</b>		<b>2,351,433</b>	<b>141,400</b>	<b>2,492,833</b>	<b>2,385,306</b>
<b>EXPENDITURE ON:</b>					
Raising Funds	6	29,309	-	29,309	16,527
Charitable activities	7	2,281,834	21,884	2,303,718	2,189,843
<b>Total Expenditure</b>		<b>2,311,143</b>	<b>21,884</b>	<b>2,333,027</b>	<b>2,206,370</b>
<b>Net (losses)/gains on investments</b>	13	<b>(10,315)</b>	<b>-</b>	<b>(10,315)</b>	<b>8,807</b>
<b>Net income</b>		<b>29,975</b>	<b>119,516</b>	<b>149,491</b>	<b>187,743</b>
<b>Transfer between funds</b>	19	<b>(184)</b>	<b>184</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>	19	<b>29,791</b>	<b>119,700</b>	<b>149,491</b>	<b>187,743</b>
<b>RECONCILIATION OF FUNDS</b>					
<b>Fund balances brought forward</b>		<b>1,525,630</b>	<b>-</b>	<b>1,525,630</b>	<b>1,337,887</b>
<b>Fund balances carried forward</b>		<b>1,555,421</b>	<b>119,700</b>	<b>1,675,121</b>	<b>1,525,630</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 37 form part of these accounts.

ADVICE UK

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

For the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
<b>INCOME FROM</b>				
Donations	3	85,048	-	85,048
Charitable activities	3	2,181,197	64,061	2,245,258
Investments	5	8,669	-	8,669
Share of profits of associate		46,331	-	46,331
Other income		-	-	-
<b>Total Income</b>		<b>2,321,245</b>	<b>64,061</b>	<b>2,385,306</b>
<b>EXPENDITURE ON:</b>				
Raising Funds	6	16,527	-	16,527
Charitable activities	7	2,079,044	110,799	2,189,843
<b>Total Expenditure</b>		<b>2,095,571</b>	<b>110,799</b>	<b>2,206,370</b>
<b>Net gains/(losses) on investments</b>	<b>13</b>	<b>8,807</b>	<b>-</b>	<b>8,807</b>
<b>Net income / (expenditure)</b>	<b>13</b>	<b>234,481</b>	<b>(46,738)</b>	<b>187,743</b>
<b>Transfer between funds</b>	<b>19</b>	<b>(2,454)</b>	<b>2,454</b>	<b>-</b>
<b>Net movement in funds</b>	<b>19</b>	<b>232,027</b>	<b>(44,284)</b>	<b>187,743</b>
<b>RECONCILIATION OF FUNDS</b>				
<b>Fund balances brought forward</b>		<b>1,293,603</b>	<b>44,284</b>	<b>1,337,887</b>
<b>Fund balances carried forward</b>		<b>1,525,630</b>	<b>-</b>	<b>1,525,630</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 37 form part of these accounts.



## BALANCE SHEET

As at 31 March 2020

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
<b>Fixed assets</b>					
Intangible assets	11	70,766	-	70,766	-
Tangible assets	12	6,258	19,932	6,258	19,932
Investments	13	416,616	340,679	309,337	319,652
<b>Total fixed assets</b>		<u>493,640</u>	<u>360,611</u>	<u>386,361</u>	<u>339,584</u>
<b>Current assets</b>					
Debtors	14	451,892	502,485	717,365	754,397
Cash at bank and in hand		<u>1,185,747</u>	<u>1,259,984</u>	<u>760,434</u>	<u>854,056</u>
<b>Total current assets</b>		<u>1,637,639</u>	<u>1,762,469</u>	<u>1,477,799</u>	<u>1,608,453</u>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	15	<u>(435,408)</u>	<u>(569,919)</u>	<u>(502,331)</u>	<u>(652,864)</u>
<b>Net current assets</b>		<u>1,202,231</u>	<u>1,192,550</u>	<u>975,468</u>	<u>955,589</u>
<b>Total assets less current liabilities</b>		<u>1,695,871</u>	<u>1,553,161</u>	<u>1,361,829</u>	<u>1,295,173</u>
Provisions for liabilities	17	<u>(20,750)</u>	<u>(27,531)</u>	-	-
<b>Total net assets</b>		<u>1,675,121</u>	<u>1,525,630</u>	<u>1,361,829</u>	<u>1,295,173</u>
<b>Funds</b>					
<b>Restricted funds</b>	19	119,700	-	119,700	-
<b>Unrestricted funds</b>					
Designated funds	19	430,576	204,642	323,297	204,642
General funds	19	<u>1,124,845</u>	<u>1,320,988</u>	<u>918,832</u>	<u>1,090,531</u>
<b>Total unrestricted funds</b>	19	<u>1,555,421</u>	<u>1,525,630</u>	<u>1,242,129</u>	<u>1,295,173</u>
<b>Total Charity Funds</b>	20	<u>1,675,121</u>	<u>1,525,630</u>	<u>1,361,829</u>	<u>1,295,173</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 4th September 2020 and signed on its behalf.



N.Wayne - Director

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

**ADVICE UK****STATEMENT OF CASHFLOW****For the year ended 31 March 2020**

	Note	Total 2020 £	Total 2019 £
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	21	14,676	191,321
<b>Cash flows from investing activities:</b>			
Interest received		8,231	8,669
Purchase of property, plant and equipment		(8,686)	(943)
Purchase of computer software		(88,458)	-
<b>Change in cash and cash equivalents in the reporting period</b>		<b>(74,237)</b>	<b>199,047</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>1,259,984</b>	<b>1,060,937</b>
<b>Cash and cash equivalents at the end of the reporting</b>	22	<b>1,185,747</b>	<b>1,259,984</b>

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



## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2020

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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 independent social welfare advice to the public.

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

##### 1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy notes and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (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 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 Going Concern

The financial statements have been drawn up on a going concern basis.

Due to the current lockdown restrictions the charity's staff are currently homeworking and some of the charities activities are restricted. The impact of the coronavirus will have a very significant effect on the economy and the activity of the charity and its subsidiary and associated companies during 2020-21. Management have prepared forecasts which anticipate that the charity will be able continue to continue to operate and meet its liabilities as they fall due. However, it is not possible to predict all of the potential implications on the charity's activity, customers, suppliers and the wider economy.

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2020

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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 subsidiaries, VCS Insurance Company Limited and Independent Advice Services Limited on a line-by-line basis using the standard Group accounting policies. The subsidiary companies have the same reporting date of 31 March.

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

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

##### 1.5 Income

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

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

##### 1.6 Deferred income

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2020**

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

**1.7 Expenditure**

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

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

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

**1.8 Claims and technical reserves**

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

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

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

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

**ACCOUNTING POLICIES (CONTINUED)**

**1.9 Investments in associated entities**

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

**1.10 Investments in securities**

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

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

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

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

**1.11 Intangible Fixed Assets**

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

**1.12 Tangible Assets**

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

Leasehold buildings	15%	Over the lease term on a straight line basis
Computer equipment	33% to 100%	Straight line basis
Furniture and equipment	20%	Straight line basis

**1.13 Cash and cash equivalents**

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

**1.14 Operating leases**

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



## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2020

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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 1.9 and 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 £20,750 (2019: £27,531).

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2020

3. INCOME FROM CHARITABLE ACTIVITIES

	Grants £	Fees for services £	Total Funds 2020 £	Total Funds 2019 £
Member Services	21,700	2,151,692	2,173,392	2,194,998
Policies and campaigns	5,000	19,224	24,224	23,370
Projects on behalf of members	-	-	-	6,061
London regional activities	-	-	-	25,000
Scottish activities	119,700	-	119,700	-
Corporate/other income (Foundation Fund)	80,908	126	81,034	80,877
	<u>227,308</u>	<u>2,171,042</u>	<u>2,398,350</u>	<u>2,330,306</u>

4. GRANT INCOME

	Total Funds 2020 £	Total Funds 2019 £
Provident Financial	21,700	30,000
City Bridge Trust	-	25,000
Allen & Overy	-	3,000
Scottish Project	119,700	-
Other grants	-	6,061
Other donations	85,908	85,048
	<u>227,308</u>	<u>149,109</u>

5. INVESTMENT INCOME

	Total Funds 2020 £	Total Funds 2019 £
Bank interest receivable	<u>8,231</u>	<u>8,669</u>



ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2020

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£
Staff costs	16,704	-	16,704	16,527
Other costs	12,605	-	12,605	-
	<u>29,309</u>	<u>-</u>	<u>29,309</u>	<u>16,527</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

Year to 31 March 2020	Project and activity staff costs £	Project and activity other costs £	Support costs £	Total Funds 2020 £
Members Services	351,560	1,534,407	251,360	2,137,327
Policy and Campaigns	103,693	3,235	59,463	166,391
Projects on behalf of members	-	-	-	-
London regional activities	-	-	-	-
	<u>455,253</u>	<u>1,537,642</u>	<u>310,823</u>	<u>2,303,718</u>

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

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2020

7. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

SUPPORT COSTS

Year to 31 March 2020	Staff costs	Premises	Governance costs	Other	Total Funds 2020
	£	£	£	£	£
Members Services	99,672	59,760	22,194	69,734	251,360
Policy and Campaigns	33,224	19,920	-	6,319	59,463
Projects on behalf of members	-	-	-	-	-
London regional activities	-	-	-	-	-
	<u>132,896</u>	<u>79,680</u>	<u>22,194</u>	<u>76,053</u>	<u>310,823</u>
Year to 31 March 2019	Staff costs	Premises	Governance costs	Other	Total Funds 2019
	£	£	£	£	£
Members Services	97,277	58,392	28,369	38,922	222,960
Policy and Campaigns	23,039	13,830	-	9,219	46,088
Projects on behalf of members	2,560	1,537	-	1,024	5,121
London regional activities	5,120	3,073	-	2,049	10,242
	<u>127,996</u>	<u>76,832</u>	<u>28,369</u>	<u>51,214</u>	<u>284,411</u>

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:	2020	2019
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	22,360	19,602
Amortisation of intangible assets	17,692	
Auditors' remuneration		
- Audit fees	13,285	12,875
- Accountancy fees	2,050	2,000
- other services	825	800
- Subsidiary auditor's fees	5,000	4,500
Operating leases:		
- land and buildings	<u>58,405</u>	<u>55,750</u>



## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2020

#### 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.

#### 10. STAFF COSTS

Staff costs were as follows:

	<u>Group and Charity</u>	
	2020	2019
	£	£
Wages and salaries	495,851	534,735
Social security costs	45,555	49,593
Employer's contribution to defined contribution pension scheme	29,122	31,105
Other employee benefits	34,325	16,893
	<u>604,853</u>	<u>632,326</u>

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

	2020	2019
£60,001 - £70,000	1	1
£80,001 - £90,000	<u>1</u>	<u>1</u>

Pension costs paid for employees earning above £60,000 were £9,241 (2019: £9,015). These employees participated in a defined contribution scheme.

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

	<u>Group &amp; Charity</u>	
	2020	2019
Projects and activities	12	12
Administration	<u>2</u>	<u>2</u>

#### Key management personnel

Advice UK considers the key management personnel of the organisation to comprise the Trustees, together with the Chief Executive and the Executive Director. The aggregate remuneration including employer pension contributions of those personnel for services to the Charity and Group, in the year amounted to £182,126 (2019: £179,958). Of these amounts £Nil (2019: £Nil) related to the Trustees.

During the year, travelling and subsistence expenses totalling £1,800 (2019 - £2,198) and training expenses of £1,800 (£Nil) were incurred by all (2019: all) trustees.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2020**

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

	<b>Computer Software</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 April 2019	-	-
Additions	88,458	88,458
At 31 March 2020	88,458	88,458
<b>Amortisation</b>		
At 1 April 2019	-	-
Amortisation charge	17,692	17,692
At 31 March 2020	17,692	17,692
<b>NBV at 31 March 2020</b>	<b>70,766</b>	<b>70,766</b>
NBV at 31 March 2019	-	-

The intangible assets relate to capitalised software development costs. They have been capitalised on the basis the software is used in the design of the CRM system from which the charity generates its income.

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

	<b>Leasehold Buildings Improvements</b>	<b>Computer Equipment</b>	<b>Furniture &amp; Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 April 2019	66,773	40,024	26,117	132,914
Additions	-	8,686	-	8,686
Disposals	-	-	-	-
At 31 March 2020	66,773	48,710	26,117	141,600
<b>Depreciation</b>				
At 1 April 2019	53,418	38,656	20,908	112,982
Charge for the Year	13,355	3,949	5,056	22,360
Disposals	-	-	-	-
At 31 March 2020	66,773	42,605	25,964	135,342
<b>NBV at 31 March 2020</b>	<b>-</b>	<b>6,105</b>	<b>153</b>	<b>6,258</b>
NBV at 31 March 2019	13,355	1,368	5,209	19,932



## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2020

#### 13. FIXED ASSET INVESTMENTS

##### CHARITY

Cost	Subsidiaries	Associates	Other	Listed Investment	Total
	£	£	£	£	£
At 1 April 2019	101,000	40	4,184	214,428	319,652
Net gains/(losses)	-	-	-	(10,315)	(10,315)
At 31 March 2020	101,000	40	4,184	204,113	309,337

##### The Charity's subsidiaries are:

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

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

The Charity also holds 111 shares of £1 each in Change Accounts Limited (Company number: 08425566), a prepaid card trading company registered in United Kingdom.

##### GROUP

Cost	Associates	Other	Listed Investment	Total
	£	£	£	£
At 1 April 2019	122,067	4,184	214,428	340,679
Revaluation gain	-	-	(10,315)	(10,315)
Share of profit of associate				
- Operating profit	188,390	-	-	188,390
- Taxation	(27,138)	-	-	(27,138)
- Dividend	(75,000)	-	-	(75,000)
At 31 March 2020	208,319	4,184	204,113	416,616

**ADVICE UK****NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2020****13. FIXED ASSET INVESTMENTS (CONTINUED)**

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

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Turnover</b>	103,731	99,853
Cost of sales	<u>(92,812)</u>	<u>(86,449)</u>
<b>Gross Profit</b>	<u>10,919</u>	<u>13,404</u>
Administrative expenses	(57,139)	(22,038)
<b>Operating Loss</b>	<u>(11,220)</u>	<u>(8,634)</u>
Interest payable	(1,598)	(1,200)
Interest receivable	995	-
<b>Loss before taxation</b>	<u>(46,823)</u>	<u>(9,834)</u>
Taxation	-	-
<b>Loss after taxation</b>	<u>(46,823)</u>	<u>(9,834)</u>

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Current assets	41,475	69,523
Creditors amounts falling due within one year	(3,468)	(19,693)
Creditors amounts falling due after one year	(95,000)	(60,000)
	<u>(56,993)</u>	<u>(10,170)</u>
Represented by		
Share capital and reserves	<u>(56,993)</u>	<u>(10,170)</u>



ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2020

13. FIXED ASSET INVESTMENTS (CONTINUED)

Advanced Case Management Solutions Limited

The aggregate of the share capital and reserves as at 31 March 2020 was £416,638 (2019: £244,135)

VCS Insurance Company Limited

Profit and loss account

	2020 £	2019 £
<b>Earned Premiums, Net of Insurance</b>		
Gross premiums written	246,149	210,092
Movement on unearned premium	(11,006)	(5,043)
Outward reinsurance premiums	(87,425)	(79,950)
<b>Net premiums written</b>	<u>147,718</u>	<u>125,099</u>
<b>Claims incurred and technical expenses</b>	<u>(105,625)</u>	<u>(71,336)</u>
<b>Technical account profit for the year</b>	<u>42,093</u>	<u>53,763</u>
Interest income	4,593	4,347
Administration expenses	<u>(64,156)</u>	<u>(61,528)</u>
<b>Loss on ordinary activities</b>	<u>(17,470)</u>	<u>(3,418)</u>

Balance Sheet – Assets, liabilities and funds

	2020 £	2019 £
Current assets	520,089	491,139
Creditors amounts falling due within one year	(107,216)	(64,714)
Technical reserves	(60,974)	(57,056)
Creditors amounts falling due after one year	<u>(150,000)</u>	<u>(150,000)</u>
	<u>201,899</u>	<u>219,369</u>
Represented by		
Share capital and reserves	<u>201,899</u>	<u>219,369</u>

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2020

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

##### Advice UK results excluding subsidiary companies

	2020 £	2019 £
Total income	2,264,196	2,241,929
Total expenditure	<u>(2,130,232)</u>	<u>(2,095,821)</u>
	133,964	146,108
<b>Net gain/(loss) on investment</b>	(10,315)	8,807
<b>Net income/(expenditure)</b>	123,649	154,915
Fund balances brought forward at 1 April 2019	<u>1,295,173</u>	<u>1,140,258</u>
<b>Fund balances carried forward at 31 March 2020</b>	<u><b>1,418,822</b></u>	<u><b>1,295,173</b></u>

#### 14. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	371,464	428,445	353,668	420,235
Other debtors	24,236	21,165	18,970	13,872
Prepayments and accrued income	56,192	52,875	56,192	52,875
Amounts owed by subsidiary undertakings	-	-	288,535	267,415
	<u>451,892</u>	<u>502,845</u>	<u>717,365</u>	<u>754,397</u>

Included within amounts owed by subsidiary undertakings is a £150,000 (2019: £150,000) unsecured loan due from VCS Insurance Company Limited. On 31 July 2014 Independent Advice Services Limited transferred their shares 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 2020. 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 2020

#### 15. CREDITORS

	<u>Group</u>		<u>Charity</u>	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	185,947	197,463	185,786	195,625
Deferred income	154,207	262,736	154,207	262,736
Other creditors	50,060	62,568	7,613	15,957
Accruals	31,783	13,618	31,783	13,618
Other taxation and social security	13,411	33,534	10,618	25,697
Amounts owed to subsidiary Undertakings	-	-	112,324	139,231
	<u>435,408</u>	<u>569,919</u>	<u>502,331</u>	<u>652,864</u>

Included within other creditors is an amount of £3,509 in respect of pension contributions (2019: £3,409).

Included within amounts owed to subsidiary undertakings is a £100,000 unsecured loan from VCS Insurance Company Limited (2019: £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

	2020 £	2019 £
At 1 April 2019	262,736	342,273
Income deferred in the current year	154,207	262,736
Amounts released from previous years	<u>(262,736)</u>	<u>(342,273)</u>
At 31 March 2020	<u>154,207</u>	<u>262,736</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 2020

#### 17. PROVISION FOR LIABILITIES

	2020 £	2019 £
<b>Technical reserves</b>		
Outstanding claims reserve at 1 April 2019	27,531	43,000
Movement in prior years' claim provisions	(27,531)	(43,000)
Provisions for new claims	8,000	16,992
Outstanding claims reserve at 31 March 2020	8,000	16,992
 IBNER reserve	 12,750	 10,539
	<u>20,750</u>	<u>27,531</u>

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

#### Insurance claims development triangle

	2014	2015	2016	2017	2018	2019	2020	Cumulative
In year of claim (or brought forward)	69,572	62,437	43,596	47,344	48,905	28,160	24,930	324,944
One year later	(21,029)	(8,114)	(14,141)	(24,591)	(43,915)	1,061	-	(110,729)
Two years later	(15,514)	(26,030)	(23,945)	(2,798)	(2,301)	-	-	(70,588)
Three years later	(33,029)	(22,762)	(2,374)	(2,919)	-	-	-	(61,084)
Current estimate of ultimate claims	0	5,531	3,136	17,036	2,689	29,221	24,930	82,543
Cumulative payments	0	(5,531)	(3,136)	(17,036)	(334)	(20,464)	(15,292)	(61,793)
In balance sheet	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,919</u>	<u>2,355</u>	<u>8,757</u>	<u>9,638</u>	<u>20,750</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 2020

19. STATEMENT OF FUNDS - GROUP

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
<b>RESTRICTED FUNDS</b>				-	-
Members Services	-	21,700	(21,884)	184	-
Scotland activities	-	119,700	-	-	119,700
<b>Total Restricted funds</b>	-	141,400	(21,884)	184	119,700
<b>UNRESTRICTED FUNDS</b>					
General Fund	1,320,988	2,351,433	(2,311,143)	(236,433)	1,124,845
<b>Designated funds</b>					
Premises fund	100,000	-	-	(66,666)	33,334
Foundation fund	104,642	-	-	3,073	107,715
Fixed asset fund	-	-	-	289,527	289,527
<b>Total Unrestricted funds</b>	1,525,630	2,351,433	(2,311,143)	(10,499)	1,555,421
<b>TOTAL FUNDS</b>	<b>1,525,630</b>	<b>2,492,833</b>	<b>(2,298,027)</b>	<b>(10,315)</b>	<b>1,675,121</b>

STATEMENT OF FUNDS - CHARITY

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
<b>RESTRICTED FUNDS</b>					
Members Services	-	21,700	(21,884)	184	-
Scotland activities	-	119,700	-	-	119,700
<b>Total Restricted funds</b>	-	141,400	(21,884)	184	119,700
<b>UNRESTRICTED FUNDS</b>					
General Fund	1,090,531	2,122,796	(2,165,341)	(129,154)	918,832
<b>Designated funds</b>					
Premises fund	100,000	-	-	(66,666)	33,334
Foundation fund	104,642	-	-	3,073	107,715
Fixed asset fund	-	-	-	182,248	182,248
<b>Total Unrestricted funds</b>	1,295,173	2,122,796	(2,165,341)	(10,499)	1,242,129
<b>TOTAL FUNDS</b>	<b>1,295,173</b>	<b>2,264,196</b>	<b>(2,187,225)</b>	<b>(10,315)</b>	<b>1,361,829</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2020

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**19. STATEMENT OF FUNDS – (CONTINUED)**

**Designated funds**

The premises fund is maintained to cover the future cost of moving office premises at expiry or surrender of the current lease. The cost of moving is estimated to be approx. £100,000. The earliest point at which the lease could end is in three years' time (March 2023). It is therefore intended to increase the fund by £33,334 in each of the next three years and then, if not used, maintain it at the cumulative level until at least expiry of the lease in 2025.

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

The Fixed Asset fund is represented by the tangible fixed assets and investments used by the charity on an on-going basis to meet the charity's objects.

**Restricted funds**

Restricted funds were used on two categories of activity: Members' services and Scotland activities.

Members' services

Grants of £21,700 were received from Provident Financial in respect of our member services work including the following grants towards costs associated with the post of National Money Advice Co-ordinator. This post provides specialised support to those members that provide money advice, including engagement with government and the credit industry on their behalf:

Scotland activities

A grant of £119,700 was received from the Scottish Government for a project to encourage and support the engagement of independent advice providers in Scotland with the Consumer Scotland Data Strategy. Project activities will include working with existing AdviceUK members, identifying other relevant providers throughout Scotland and encouraging participation agreements with the aim of contributing to systematic data collection that will help shape and influence Consumer Scotland's policies for the benefit of consumers. The project will continue until the funding is expended which will likely be into mid-2021.

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



ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2020

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Fixed assets	493,640	-	493,640
Current assets	1,517,939	119,700	1,637,639
Current liabilities	(435,408)	-	(435,408)
Provision for liabilities	(20,750)	-	(20,750)
	<u>1,555,421</u>	<u>119,700</u>	<u>1,675,121</u>

Charity

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Fixed assets	386,361	-	386,361
Current assets	1,358,099	119,700	1,477,799
Current liabilities	(502,331)	-	(502,331)
	<u>1,242,129</u>	<u>119,700</u>	<u>1,361,829</u>

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

	2020	2019 £
<b>Net income/(expenditure) for the reporting period</b>	149,491	187,743
<b>Adjustments for:</b>		
Depreciation charges	22,360	19,602
Amortisation charges	17,692	-
Loss/(Gain) on investments	10,315	(8,807)
Share of profits of associated undertaking	(86,252)	(46,331)
Interest from investments	(8,231)	(8,669)
Decrease/(Increase) in debtors	50,593	107,148
(Decrease) in creditors	(134,511)	(30,234)
(Decrease) in provision	(6,781)	(29,131)
<b>Net cash provided by operating activities</b>	<u>14,676</u>	<u>191,321</u>

**ADVICE UK****NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2020****22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2020 £	2019 £
Cash in hand	1,185,747	1,259,984
<b>Total cash and cash equivalents</b>	<b>1,185,747</b>	<b>1,259,984</b>

**23. ANALYSIS OF NET DEBT**

	At 1 April 19 £	Cash flows £	At 31 March 2020 £
Cash in hand	1,259,984	(74,237)	1,185,747
	1,259,984	(74,237)	1,185,747

**24. CAPITAL COMMITMENTS**

At the end of the year there were capital commitments of £11,200 for which full provision has not been made in these financial statements (2019: £Nil).

**25. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2020 the total future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	62,445	52,490
Amounts due between 1 and 5 years	135,750	-
<b>Total</b>	<b>198,195</b>	<b>52,490</b>

**26. RELATED PARTY TRANSACTIONS**

The charity was charged £1,116,735 (2019 - £991,416) for the provision of AdvicePro software by Advanced Case Management Solutions. A balance of £168,539 (2019 - £144,454) was due as at 31 March 2020.

The charity received a management fee from Advanced Case Management Solutions, of £66,000 (2019 - £61,200) during the year. £79,394 (2019: £61,200) was outstanding as at 31 March 2020 and included within trade debtors.

The charity received a gift aid donation from Advance Case Management Solutions of £78,000 during the year (2019 - £80,000).

**27. 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 latest estimate of the liability available is £23,595 for 30 September 2019.