

**ADVICE UK**

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**Charity Registration No. 299342**

**Company No. 02023982**

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## ADVICE UK

### REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2023

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Trustees	B Badesha V Greenwood J Ipyana H Kendall A Mandalia A Quinn N Sombu (appointed 18 May 2023) N Wayne (resigned 21 July 2022) C White (appointed 18 May 2023)
Chair	B Badesha
Chief Executive	L Bayram
Company Secretary	S Johnson
Company Number	02023982 (England & Wales)
Charity Number	299342
Registered Office	Suite 610 150 Minories London EC3N 1LS
Website	<a href="http://www.adviceuk.org.uk">www.adviceuk.org.uk</a>
Auditor	SB Audit LLP Fitzroy House Crown Street Ipswich Suffolk IP1 3LG

## ADVICE UK

### REPORT OF THE TRUSTEES

For the year ended 31 March 2023

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The Trustees are pleased to present their Annual Report together with the consolidated financial statements for the year ended 31 March 2023.

#### 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 its 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 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 owns 100% of the shares. “**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 100% 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.

##### **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 primarily 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. By contrast; 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.

##### **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”.*

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**For the year ended 31 March 2023**

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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. Full reviews occur approximately once every four years with interim reviews annually. A new corporate strategy was adopted in 2014 which recognised insufficient sustainable income (mainly due to declining grant income) as the major threat and obstacle to the Charity being able to effectively pursue its Objects. The new strategy emphasised a policy of raising more income from enterprise activities in order for the Charity to both grow and be financially sustainable and thereby be successful in pursuit of its Objects. This was seen as requiring further development of a business Group around the Charity to complement and provide funds for its work. The strategy identified two guiding policies and five key objectives. A full review of the strategy was most recently carried out in November 2021 which concluded that it was 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 of 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; current 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 a budget and plans; 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 once or 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.

**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 budgets and plans) it is the prerogative of the Chief Executive to prepare reports and make recommendations for consideration by the Trustees.

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**For the year ended 31 March 2023**

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**Management and Staffing**

Operations are led by a Senior Management Team appointed by the Chief Executive. Total staffing at March 2023 was 18, comprising 15 employees (12.2 full-time equivalents), 1 secondee and 2 regularly engaged freelancers. This staffing level is supplemented by reliance on a growing number of freelance and micro-company trainers, consultants and technicians. The overall number of staff fell very significantly between 2009 and 2019 to only about 40% of what it had been in 2008 but in recent years that trend has at last begun to be reversed. Though staff numbers are still a fraction of what they once were, productivity has increased but staff are, nevertheless, still generally overstretched. Greater use of freelancers and contractors does at least mean that the Charity is more able to flex its costs and capacity in response to fluctuating income and commitments.

**Key management personnel remuneration**

Remuneration of all employees, including senior managers, is reviewed annually by a Committee of Trustees making recommendations to the Board. Non-salary terms and conditions are standard for all employees. Salary levels are reviewed with regard to market rates, inflation and affordability.

**Staffing Policies**

The Board periodically reviews its personnel policies, procedures, key documents and salaries & staffing structures. A full review occurred during 2021 and revised contracts were issued to all staff in January 2022. A further review was conducted in mid-2022 in light of home-working having become the effective norm during the Covid-19 pandemic and it being adjudged an agreeable success in terms of productivity, costs and staff well-being. That review resulted in staff contracts being revised again in October 2022.

**Employee Involvement**

Advice UK seeks to fully engage its entire staff in pursuit of its objectives. A framework of management meetings, team meetings, all-staff days, regular online meetings and a policy of openness in communications are aimed at keeping all staff fully informed, engaged, involved and empowered.

**Health and Safety**

Reviews of activities and risks are carried out by a designated manager who will make proposals for any necessary remedial action. The Chief Executive has overall responsibility for Health & Safety, for evaluation of proposals and for implementation of necessary actions.

**Environmental Responsibility**

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 Board meetings. In 2021 the Board also approved a new Risk Appetite Statement clarifying its risk tolerances across six categories of recognised risk and this is also now subject to annual review.

Throughout its history, the Charity has operated at significant risk of not having adequate income to pursue its objectives or even meet its commitments. None of its income sources can be regarded as secure. It has also always been under-staffed relative to the work that it wishes to do. To optimise external impact it has therefore sought to adopt lean, non-bureaucratic and flexible ways of working dependent upon high degrees of delegation. This is acknowledged to be a relatively high risk manner of operation but the known risks are continually monitored and actively managed by senior management and the Board. 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 management risks are minimised by the procedures in place for authorisation of expenditure and commitments. Insurance cover is in place where appropriate.

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**Financial Control**

The Board sets annual budgets and requires reporting against them at least quarterly. It monitors all aspects of financial performance and financial management through its quarterly meetings. 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**

2022-23 was one of the Charity's busiest ever years and one of its most eventful and successful. We were able to respond effectively to challenges affecting its members and conduct business as usual with the benefit of numerous process improvements. There were significant changes in the areas of governance, senior leadership, staff contracts and pay, key operating systems, investments and premises which together provide the Charity with a refreshed platform from which to continue moving forward.

**Membership**

Despite closures, mergers and non-renewals due to cuts in funding, there are always new members joining AdviceUK. The peak number of Network Members during 2022-23 was at the end of December 2022 when total membership stood at 781 (December 2021: 790).

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 224 member organisations (2021: 232). Distribution of Members across the four home countries was England 598 (607), Wales 32 (29), Scotland 83 (85) and Northern Ireland (passported members of Advice NI) 68 (69).

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.

**Influencing & Engagement**

During the year, our Influencing and Engagement team continued to engage with members and other stakeholders in the "PRESS RESET" phase of our campaign to get the Money and Pensions Service (MaPS) to change direction in relation to the central funding of debt advice services. The focus of the work now is on developing alternative proposals as a basis for a sector-wide further stage of the campaign. In August the team published its first Impact Report which referenced the success of the first "PRESS PAUSE" phase of the MaPS campaign and the outcomes of other strands of its work.

At the end of the year, the team was informed of a very successful outcome to one of those strands, namely its engagement with the London Funders group. This led to an application for funding from the group's Propel Robust Safety Net Mission, which aims to explore potential solutions to current workforce challenges in the advice sector.

The Charity has long argued that workforce development in the sector has been neglected over many years, so are excited that our application has resulted in a grant from London Legal Support Trust of £600,000 over three years. The project will support members advising minority ethnic communities and vulnerable migrants in London. The learning and resources generated through this project will also benefit Members in other parts of England, Scotland and Wales.

Almost all of the funding will be spent on covering the costs of Members' participation in the project. None of it will be applied to the Charity's own core recurring budget. This is in keeping with the Charity's policy of seeking grant funding only for its own priorities and, ideally, working together with its Members on projects that channel resources to them.

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Following a successful funding distribution by AdviceUK to its members in 2020, the Head of Welfare and Debt Advice Services in the Scottish Government met with members of the Charity's Engagement and Influencing Team early in 2023 to discuss potential further funding for AdviceUK members in Scotland, as they were seeking to expand advice provision in health, education and community settings.

The Charity is administering the Advice in Accessible Settings Fund on behalf of the Scottish Government to its Members and their respective partner organisations. The agreement is between Scottish Government and AdviceUK.

The proposed funding is being offered to resource advice; to help target issues driven by the cost-of-living crisis and to increase the availability of advice in accessible settings in Scotland. The overall amount of funding that will soon be made available for AdviceUK to distribute to members and other advice services in the sector, is £1,000,000 per year over a period of two years starting in July 2023 (The funding for the second year is subject to Budgetary Approval by the Scottish Government).

**Products & Services**

***Learning & Skills***

The Learning & Skills Team consolidated the online training offer and its relationships with Crisis, Debt Free London and the Council for Somali Organisations for in-house training. Crisis added more to the qualification numbers for Advice & Guidance as well as the Education and training Award. The Team continued to offer training across a wide geographical spread of members as well as offering more face to face sessions in 2022-23. This was due to member demand for particular courses such as supervision training running in person; there was more in-house face to face training delivered as well.

The team provided 756 training places in the year (2021-22: 636) across both in-house and open courses, and continued to provide more specialist mental health courses due to member demand, working closely with the Influencing & Engagement Team to develop a trauma informed approach to advice skills training. Registrations for qualifications was a steady 95 across the financial year and NVQ support was offered to a strong cohort of advisers in Student Union advice services.

For several years, it has been acknowledged that the Learning & Skills operation would require substantial investment in order to better serve Members' needs and aspirations. Towards the end of the year the Board agreed to the commencement of a preparatory business development

project aimed at fully understanding members' needs and demands in relation to learning & skills and presenting a sound business case for investing to adequately address them. The project is expected to report towards the end of 2023.

***Insurance***

The 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 the Group's insurance subsidiary, VCS Insurance Co. Ltd ("VCS"). VCS made a profit during the year of £44,319 (2021-22: £5,185). There was a 16% increase in earned premiums. Retained surpluses from previous years continued to ensure very healthy liquidity. In every year since formation in 2006 VCS either reduced or froze premiums so helping to reduce a significant element of Members' running costs. After raising premiums for the first time since 2006 by 10% across the board for 2022-23 in response to rising costs and very big increases in market premiums, the VCS Board decided on no further increases for 2023-24. VCS's premiums thus remain very competitive which is likely to continue attracting more customers in the coming year.

***AdvicePro***

The Charity's software operation, providing the AdvicePro on-line electronic case management system, had another very successful year. The number of organisations using the system is now 654, encompassing 11,083 individual users. Now in its sixth iteration as a product, 'AdvicePro 6', is the most widely used system in the sector. Customer satisfaction continues to be very high and re-investment in development continues apace. The current development focus continues to be on introducing further optional modules in addition

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to progressive improvements to the core product. The system offers many advantages to members including better client data security, anytime-anywhere working and improved quality-control. It proved itself indispensable to many customers during Covid-19 pandemic restrictions, enabling continuation of service and seamless transition to home-working. More than 8 million cases are now held on the system with around 90,000 new ones being added each month. The Group's associate company, ACMS Ltd, which develops and supports AdvicePro, had another successful year, reporting a year-end profit before dividends of £407,728 (2022: £535,203).

**Systems**

Two key milestones in the Charity's ongoing systems-transformation programme were achieved during the year with the integration of both its accounting software and a more capable and automated marketing and communications system with the Charity's Salesforce database system. The accounting integration has further to go with a second phase due to be completed in the coming year. Both have changed how staff work and what they can ultimately deliver. Both represent a huge leap forward for the organisation though there is still a lot further to go.

Alongside the major integrations within our systems transformation programme the Charity completed numerous small digital automations and improvements entirely in-house and introduced systems and procedures for raising, recording, prioritising and implementing tasks. The volume of smaller improvement tasks is now such that, apart from the second phase of the Salesforce / accounting integration, the main focus in 2023 will be on smaller improvements and documenting and consolidating all of the changes made in the last two years.

**Governance, Senior Leadership and Staff**

The changes relating to governance and senior leadership represented the end of an era for the Charity and were the product of discussions about succession between the Trustees and the Chief Executive, Steve Johnson, dating back to early 2020. The Chief Executive at that time, having been in post for 24 years, indicated that he planned to retire. So he and the Board worked together to develop the transition arrangements needed to support his retirement; the appointment of a new Chair and the recruitment of a number of new Trustees to grow the total size of the Board. In this year, the transition plan was completed.

In July 2022, as planned, Baljit Badesha became Chair of Trustees and Naomi Wayne, the then Chair, retired. Recruitment of a new Chief Executive commenced in the autumn of 2022 and concluded with the appointment of Liz Bayram, an experienced national charity Chief Executive, in late January 2023. Steve Johnson's retirement and her appointment were announced to Members and externally in March. The Board, staff and members of AdviceUK would like to recognise and thank Steve for his long and dedicated service to AdviceUK. Liz took up her post at the start of April 2023 following a thorough handover programme.

Staff contracts were revised and re-issued twice during 2022 - in January 2022 following a full cyclical revision to reflect legislative changes and provide greater clarity and again in October when the Board confirmed that the temporary working arrangements in place since 2020 (including employees' homes being their main place of work) would remain in place for the foreseeable future. Both sets of changes were made with the agreement of all staff. The timetable for the latter changes had been set by the need to make a decision by September 2022 on whether to exercise the break clause in the lease of the current office premises; which would be larger than needed if most staff continued to work from home for most of time.

A review of the effectiveness of home-based working was therefore conducted during summer 2022. It concluded that it had been an agreeable success in terms of productivity, costs and staff well-being. Staff contracts were therefore revised again and notice to break the lease in March 2023 was served on the landlord in August 2022. The review of home-based working was carried out concurrently with a cyclical review of the salaries structure. The last such review had taken place in 2015 and it had since become clear that some re-gradings were necessary to reflect increased market rates or to restore or create appropriate differentials.

The Board pledged that no employee would be worse off as a result of the review. The opportunity was also taken to review the longstanding London weighting allowance since it had been amply demonstrated

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that most staff roles do not need to be location specific, which had led to some staff being recruited on that basis and others moving out of London or intending to do so. That element of the review resulted in a new and fairer regional weightings structure (reflecting comparative costs of living across the whole of the UK) being incorporated into the new salaries structure. It is expected that the new structure will help in the recruitment and retention of the best talent in future years.

Three additional employees were recruited during 2022, all of them Member-facing and thereby significantly increasing the Charity's capacity to communicate and engage with our members. The full costs of all three were explicitly under-written for a minimum of two years from reserves as a budgetary precaution. Thankfully, however, the Charity is able to meet the costs from increased net income, thus providing the prospect of further recruitments next year.

**New Address**

The final major change, which occurred in March 2023, was a move to 150 Minorities, Aldgate, a single office room within serviced offices with excellent shared facilities. This move brings to an end, after 25 years, the Charity's history of leased premises proportionate to the size of its staff group; something only possible thanks to digital storage of almost all records and resources and secure connected remote working. The cost savings are substantial but the Charity is conscious that other considerations might yet prompt an expectation of more office-based working or some other costly departure from the recent norm – hence the establishment of the long-term premises reserve.

**Reserves**

In May 2022, in the course of examining the attendant risks associated with the succession plan and future operations, the Board decided to create four designated reserve funds to hold on deposit as investments with the Churches, Charities & Local Authorities (CCLA) investment managers where they would hopefully grow over time. A general purpose wind-down / business re-direction reserve was established recognising that, in the event of one of the Charity's main income sources suddenly coming under threat, it would likely take at least two years to re-structure its finances so a fund capable of covering core costs and continued service to members for such a period would be required. This fund was established incorporating the existing funds on deposit with CCLA of approx. £240,000.

A new premises reserve was created recognising that, if a return to office-based working were to become imperative, the up-front cost to the Charity of securing premises and having options would be very considerable and it would increase over time. A new investment reserve was created to begin building a long term, potentially income-generating, endowment for the Charity and a Foundation Fund reserve was created to hold existing and expected donations received for the purpose of eventually providing hardship or development grants to members out of income. £200,000 was placed in each of the four funds bringing the total invested with CCLA to more than £1million.

The certainty of these reserves and medium-to-long term provisions means that, for the first time in its existence, the Charity does not need to set aside some or all of any annual surpluses to cover against worst eventualities. If the Charity's unrestricted income can continue to gradually grow (as it has in recent years) all of any surpluses can be applied to investment in additional capacity to deliver on its mission.

**Conclusion**

Aside from these major changes, there were other positives during the year which, for longer-serving staff and Trustees especially, added to the feeling that the Charity was now making steady incremental progress towards having greater capacity and being more effective.

Though the Charity's improvement programme will be the work of several years and full transition to an independent financial model capable of fully supporting adequate capacity is still a major challenge, the Charity's can already say that we are free from grant dependency and it now has a level of reserved assets that will allow it to prioritise investment.

The Charity can therefore report that, at the end of 2022-23, the Charity is, once again, in a more positive position than in previous years and, with a refreshed Board and a new Chief Executive in place, it looks forward to achieving further progress in pursuit of its objects.

## Financial Review

### Financial Result

#### The Group

Total Group income during the year was £3,275,454, an increase of £808 compared with £3,274,646 in the previous year. Total expenditure during the year was £3,347,541, an increase of £453,779 compared with £2,893,762 in the previous year. Overall, the Group had a deficit of £83,400 for the year (2022: surplus of £401,637). At 31 March 2023 the Group had unrestricted funds of £2,221,579 (2022: £2,367,157) and restricted funds of £172,518 (2022: £110,340). The Trustees plan to apply most of any annual 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 2023 was £2,986,136, an increase of £149,521, compared with £2,836,615 in the previous year. Expenditure on governing the Charity increased slightly to £38,462 (2022: £28,743) but remains below 1.3% of total expenditure. The Charity's total unrestricted income during the year was £2,700,186 (2022: £2,568,865). Associated expenditure was £2,713,621 (2022: £2,436,909) Total restricted income during the year was £285,950 (2022: £267,750) – most of which was for distribution to members). Associated expenditure was £223,772 (2022: £259,210) funded by income during the year. The balance of £172,518 is carried forward for use in 2023-24.

#### 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 £2,986,136 only £285,950 was restricted income in the form of grants for specified activities representing just 9.6% 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 / grant funding does at least serve to underwrite its flexibility and independence.

#### Fundraising

Fundraising activity was restricted to project bids developed by employees. 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.

#### Reserves Policy

Since reviewing its reserves policy in 2019, the Board has classified tangible assets and investments within designated funds in order to show more clearly the amount of assets remaining as uncommitted and therefore available as free reserves. In accordance with this policy the Charity's free reserve at the close of the year, stood at £1,081,021 (2022: £1,084,026). In May 2022 the Board carried out a review of business risks on which to base a revised reserves policy. This resulted in decisions to increase the designated funds to be held on deposit as investments. These decisions were implemented in March 2023 and the Board now considers the amounts in reserve adequate to cover the levels of business risk inherent in its policies aimed at achieving further growth in its income to enable investment in more capacity to effectively pursue its objects.

- 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;

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- Requirements for designated funds within reserves to cover costs of particular risks and future commitments; and
- 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 in the years following 2008-09. 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. Plans in recent years have prioritised a coherent set of actions in these areas. With a new Chief Executive now in post, the year ahead will provide an opportunity to reflect on progress so far and, at the Board's request, look at the current strategy with fresh eyes. The aim is to move to a three-year rolling business plan that sets out AdviceUK's priorities over that period with an underpinning financial strategy. Both will support the Board to decide where it may want to invest in the future as well as where it may want to change aspects of its current strategy. AdviceUK is in a strong, stable position now and the Board is keen to consider what more the charity can do to grow its income, so it can further improve its benefits and reach more members.

**Investments Policy**

Historically, aside from seeking to retain a prudent amount in reserves, most of the Charity's funds were required for spending in the short term so there were 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 in order to achieve a level of return. Having now substantially increased the funds on deposit with CCLA the Board has no current plans for further investment. The Board now intends to place amounts not needed for immediate spending on short-term deposit with its principal and/or other bankers in order to achieve at least some level of return.

**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**

Our auditors Scrutton Bland LLP transferred their audit registration and therefore that part of their business to a newly incorporated limited liability partnership, SB Audit LLP, on 1 April 2023. Accordingly Scrutton Bland LLP formally resigned as the Company's auditor with the directors duly appointing SB Audit LLP to fill the vacancy arising.

Auditors for 2023-24 will be appointed in accordance with section 495 of the Companies Act 2006 at a Board meeting to be held in November 2023.

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**Trustees' Responsibilities Statement**

The Trustees (who are also Directors of AdviceUK 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 Charity 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity 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 Charity 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 Charity'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 Charity'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 July 2023 and signed on its behalf by:



**Baljit Badesha**  
Chair

## Opinion

We have audited the financial statements of Advice UK (the 'Charity') and its subsidiaries (together the 'Group') for the year ended 31 March 2023 which comprises of the Consolidated Statement of Financial Activities (incorporating an Income & Expenditure Account), the Consolidated Balance Sheet, the Charity Balance Sheet, the 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 Charity's affairs as at 31 March 2023 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 Charity and Group 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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## 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.

## **ADVICE UK**

### **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 Group and the Charity 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 Charity 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 Charity's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees' were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' 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 Charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Group and the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group and the Charity 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial experience and through discussions and enquiries of the Trustees and management. During the engagement team briefing, the outcomes of these discussions were shared with the team, as well as consideration as to where and how fraud may occur in the Group.

The following laws and regulations were identified as being of significance to the Group:

- Those laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, taxation regulations and the Charities Act 2011;
- The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, safeguarding, human rights and employment law and GDPR compliance.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the Group complies with such regulations; enquiries of management and those charged with governance concerning any actual or potential litigation or claims, inspection of relevant legal documentation, review of Board minutes, testing the appropriateness of entries in the nominal ledger, including journal entries and the performance of analytical procedures to identify any unexpected movements in account balances which may be indicative of fraud.

The likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the Group's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAS (UK).

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.

**ADVICE UK**

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

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**Use of our report**

This report is made solely to the Charity'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 Charity'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 Parent Charitable Company and the Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Adam Smith, Senior Statutory Auditor**

For and on behalf of  
**SB Audit LLP, Statutory Auditor**

Fitzroy House  
Crown Street  
Ipswich  
Suffolk  
IP1 3LG

Date: 25 July 2023

ADVICE UK

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

For the year ended 31 March 2023

	Notes	Unrestricted Funds 2023	Restricted Funds 2023	Total Funds 2023	Total Funds 2022
		£	£	£	£
<b>INCOME FROM</b>					
Donations	3	326,049	-	326,049	171,014
Charitable activities	4	2,655,897	285,950	2,941,847	2,859,095
Investments	5	7,558	-	7,558	9,334
Share of profits of associate		-	-	-	235,203
<b>Total Income</b>		<u>2,989,504</u>	<u>285,950</u>	<u>3,275,454</u>	<u>3,274,646</u>
<b>EXPENDITURE ON:</b>					
Raising funds	6	9,389	-	9,389	9,357
Charitable activities	7	2,951,245	223,772	3,175,017	2,884,405
Share of losses of associate		163,135	-	163,135	-
<b>Total Expenditure</b>		<u>3,123,769</u>	<u>223,772</u>	<u>3,347,541</u>	<u>2,893,762</u>
<b>Net (losses)/ gains on investments</b>	13	(11,313)	-	(11,313)	20,753
<b>Net (expenditure)/income</b>		<u>(145,578)</u>	<u>62,178</u>	<u>(83,400)</u>	<u>401,637</u>
<b>Transfer between funds</b>	19	-	-	-	-
<b>Net movement in funds</b>	19	<u>(145,578)</u>	<u>62,178</u>	<u>(83,400)</u>	<u>401,637</u>
<b>RECONCILIATION OF FUNDS</b>					
<b>Fund balances brought forward</b>		<u>2,367,157</u>	<u>110,340</u>	<u>2,477,497</u>	<u>2,075,860</u>
<b>Fund balances carried forward</b>		<u>2,221,579</u>	<u>172,518</u>	<u>2,394,097</u>	<u>2,477,497</u>

The Consolidated Statement of Financial Activities includes all gains and losses recognised in both the current and prior years. All income and expenditure derive from continuing activities.

The notes on pages 20 to 40 form part of these financial statements.

ADVICE UK

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

For the year ended 31 March 2022

	Notes	Unrestricted Funds 2022	Restricted Funds 2022	Total Funds 2022
		£	£	£
<b>INCOME FROM</b>				
Donations	3	171,014	-	171,014
Charitable activities	4	2,591,345	267,750	2,859,095
Investments	5	9,334	-	9,334
Share of profits of associate		235,203	-	235,203
		<u>3,006,896</u>	<u>267,750</u>	<u>3,274,646</u>
<b>Total Income</b>				
<b>EXPENDITURE ON:</b>				
Raising funds	6	9,357	-	9,357
Charitable activities	7	2,625,195	259,210	2,884,405
		<u>2,634,552</u>	<u>259,210</u>	<u>2,893,762</u>
<b>Total Expenditure</b>				
Net gains on investments	13	20,753	-	20,753
Net income		<u>393,097</u>	<u>8,540</u>	<u>401,637</u>
Transfer between funds	19	(283)	283	-
Net movement in funds	19	<u>392,814</u>	<u>8,823</u>	<u>401,637</u>
<b>RECONCILIATION OF FUNDS</b>				
Fund balances brought forward		<u>1,974,343</u>	<u>101,517</u>	<u>2,075,860</u>
Fund balances carried forward		<u>2,367,157</u>	<u>110,340</u>	<u>2,477,497</u>

The Consolidated Statement of Financial Activities includes all gains and losses recognised in both the current and prior years. All income and expenditure derive from continuing activities.

The notes on pages 20 to 40 form part of these financial statements.

## BALANCE SHEET

As at 31 March 2023

	Notes	Group 2023	Group 2022	Charity 2023	Charity 2022
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11	47,887	57,735	47,887	57,735
Tangible assets	12	5,122	5,704	5,122	5,704
Investments	13	822,597	997,045	354,573	365,886
<b>Total fixed assets</b>		<u>875,606</u>	<u>1,060,484</u>	<u>407,582</u>	<u>429,325</u>
<b>Current assets</b>					
Debtors	14	1,367,205	1,376,903	1,612,157	1,718,771
Cash at bank and in hand		2,444,762	2,105,800	1,923,075	1,509,817
<b>Total current assets</b>	22	<u>3,811,967</u>	<u>3,482,703</u>	<u>3,535,232</u>	<u>3,228,588</u>
Creditors: amounts falling due within one year	15	<u>(2,243,776)</u>	<u>(2,021,388)</u>	<u>(2,268,026)</u>	<u>(2,034,222)</u>
<b>Net current assets</b>		<u>1,568,191</u>	<u>1,461,315</u>	<u>1,267,206</u>	<u>1,194,366</u>
<b>Total assets less current liabilities</b>		2,443,797	2,521,799	1,674,788	1,623,691
Provisions for liabilities	17	(49,700)	(44,302)	(13,667)	-
<b>Total net assets</b>		<u>2,394,097</u>	<u>2,477,497</u>	<u>1,661,121</u>	<u>1,623,691</u>
<b>Funds</b>					
<b>Restricted funds</b>	19	172,518	110,340	172,518	110,340
<b>Unrestricted funds</b>					
Designated funds	19	831,090	1,003,981	263,066	372,821
General funds	19	1,390,489	1,363,176	1,225,537	1,140,530
Total unrestricted funds	19	<u>2,221,579</u>	<u>2,367,157</u>	<u>1,488,603</u>	<u>1,513,351</u>
<b>Total Charity funds</b>	19,20	<u>2,394,097</u>	<u>2,477,497</u>	<u>1,661,121</u>	<u>1,623,691</u>

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

The surplus of the Charity for the year ended 31 March 2023 was £37,430 (2022: £161,249).

Approved and authorised for issue by the Board of Trustees on 20 July 2023 and signed on its behalf.



B Badesha – Director

The notes on pages 20 to 40 form part of these financial statements.

**ADVICE UK****CONSOLIDATED STATEMENT OF CASHFLOWS**

For the year ended 31 March 2023

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	21	352,530	371,595
<b>Cash flows from investing activities:</b>			
Interest received		7,558	9,334
Purchase of property, plant and equipment		(4,186)	(5,527)
Purchase of computer software		(16,940)	(15,205)
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>		338,962	360,197
<b>Cash and cash equivalents at the beginning of the year</b>		2,105,800	1,745,603
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	22	2,444,762	2,105,800
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 20 to 40 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2023

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.1 General information**

Advice UK (the "Charity" is a public benefit entity and a private company limited by guarantee, company number 02023982 registered in England and Wales. 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 Suite 610,150 Minorities, London EC3N 1LS.

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 prepared a going concern basis.

The Trustees confirm that at the time of approving the financial statements, there are no material uncertainties regarding the Group's and 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. Based upon their assessment the Trustees consider that the Charity will be able to continue to meet its liabilities as they fall due and continue to trade for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on the going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2023

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

**1.4 Consolidation**

The consolidated financial statements 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 Group's accounting policies. The subsidiary companies have the same reporting date as Advice UK of 31 March.

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

The Group has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

**1.5 Income**

Income is recognised when the Group 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 Group 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. Training income is recognised when the training occurs. Membership subscription income is recognised over the period of the agreement.
- 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 2023

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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. Grants received on behalf of delivery partners are accrued to equate to the percentage of grant income to be distributed.

- 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 subsidiary 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 subsidiary 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 subsidiary company 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, 15% in year one, 10% in year two, 5% 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 2023

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#### ACCOUNTING POLICIES (CONTINUED)

##### 1.9 Investments in subsidiaries

Investments in subsidiaries are held at cost less provision for impairment.

##### 1.10 Investments in associated entities

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

##### 1.11 Investments in securities

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

All gains and losses are taken to the Consolidated 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 Consolidated Statement of Financial Activities based on the market value at the year end.

##### 1.12 Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life which is deemed to be 5 years.

##### 1.13 Tangible Assets

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

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

##### 1.14 Cash and cash equivalents

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

**ACCOUNTING POLICIES (CONTINUED)**

**1.15 Operating leases**

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

**1.16 Financial instruments**

The only financial instruments held by Advice UK are debtors, creditors, loans and investments. Investments are referred to in Note 1.9, 1.10 and 1.11 above and, the remaining are categorised as 'basic' in accordance with Section 11 of FRS 102 and are initially recognised at transaction price. These are subsequently measured at transaction price less any impairment.

**1.17 Pensions**

The Group 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 Group, being invested with insurance companies. Pension costs charged in the Statement of Financial Activities represent the contributions payable during the year.

**1.18 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**2. SIGNIFICANT JUDGEMENTS AND ESTIMATES**

**Critical judgements in applying the Group's policies:**

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

**Money and Pensions Service distribution**

During the year and prior year, restricted income in the form of a grant was received from the Money and Pensions Service (MaPS) in relation to the administration of Debt Relief Orders (DRO). Under the agreement with MaPS, Advice UK are required to distribute 90% of the funding to recipients. At the year end, the distribution had not occurred (2022 – not occurred), therefore the Trustees have made a judgement to recognise £148,276 (2022: £204,975) as an expense for the year to reflect the contractual obligation to distribute the funds. These amounts are included in restricted expenditure with the liability included as other creditors in the Balance Sheet.

**Technical provisions**

Provision is made for the estimated cost of settling all known claims at the subsidiary 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 subsidiary 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 Balance Sheet is £36,033 (2022: £44,302).

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Donations	326,049	-	326,049	171,014

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Member services	2,644,639	-	2,644,639	2,580,393
Policies and campaigns	9,883	-	9,883	10,190
Projects on behalf of members grant income	-	285,950	285,950	267,750
Scotland activities grant income	-	-	-	-
Other income	1,375	-	1,375	762
	<u>2,655,897</u>	<u>285,950</u>	<u>2,941,847</u>	<u>2,859,095</u>

5. INVESTMENT INCOME

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Bank interest receivable	7,558	-	7,558	9,334

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2023

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Staff costs	9,196	-	9,196	9,307
Other costs	193	-	193	50
	<u>9,389</u>	<u>-</u>	<u>9,389</u>	<u>9,357</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

Year ended 31 March 2023	Project and activity staff costs £	Project and activity other costs £	Support costs £	Total Funds 2023 £
Members services	223,227	1,963,404	194,442	2,381,073
Policy and campaigns	187,520	4,590	111,356	303,466
Projects on behalf of members	24,247	183,895	15,630	223,772
Development	135,338	8,218	123,150	266,706
	<u>570,332</u>	<u>2,160,107</u>	<u>444,578</u>	<u>3,175,017</u>

**Restricted fund expenditure**

Project on behalf of members	<u>24,247</u>	<u>183,895</u>	<u>15,630</u>	<u>223,772</u>
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Year ended 31 March 2022	Project and activity staff costs £	Project and activity other costs £	Support costs £	Total Funds 2022 £
Members services	187,591	1,810,204	163,985	2,161,780
Policy and campaigns	142,368	2,260	81,816	226,444
Projects on behalf of members	23,367	221,726	14,117	259,210
Development	114,542	7,588	114,841	236,971
	<u>467,868</u>	<u>2,041,778</u>	<u>374,759</u>	<u>2,884,405</u>

**Restricted fund expenditure**

Projects on behalf of members	<u>23,627</u>	<u>221,726</u>	<u>14,117</u>	<u>259,210</u>
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**NOTES TO THE FINANCIAL STATEMENTS**  
 For the year ended 31 March 2023

**7. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)**
**SUPPORT COSTS**

Year ended 31 March 2023	Staff costs	Premises	Governance costs	Other	Total Funds 2023
	£	£	£	£	£
Members services	65,790	43,070	38,462	47,120	194,442
Policy and campaigns	55,668	36,444	-	19,244	111,356
Projects on behalf of members	6,748	4,417	-	4,465	15,630
Development	40,486	26,505	-	56,159	123,150
	<u>168,692</u>	<u>110,436</u>	<u>38,462</u>	<u>126,988</u>	<u>444,578</u>
Year ended 31 March 2022	Staff costs	Premises	Governance costs	Other	Total Funds 2022
	£	£	£	£	£
Members services	62,078	36,177	28,743	36,987	163,985
Policy and campaigns	46,558	27,132	-	8,126	81,816
Projects on behalf of members	7,760	4,522	-	1,835	14,117
Development	38,799	22,610	-	53,432	114,841
	<u>155,195</u>	<u>90,441</u>	<u>28,743</u>	<u>100,380</u>	<u>374,759</u>

**8. NET INCOME FOR THE YEAR**

This is stated after charging:	2023	2022
	£	£
Depreciation of tangible fixed assets:		
- owned by the Charity	4,768	5,790
Loss on disposal of tangible fixed assets	-	655
Amortisation of intangible assets	26,788	23,400
Auditor's remuneration		
- Audit fees	14,000	13,000
- Accountancy fees	1,100	1,030
- Tax Services	575	515
- Subsidiary auditor's fees	10,000	9,800
Operating leases:		
- land and buildings	<u>27,863</u>	<u>66,065</u>

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

#### 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>	
	2023	2022
	£	£
Wages and salaries	447,036	496,139
Social security costs	46,013	48,905
Employer's contribution to defined contribution pension scheme	25,015	29,384
Other employee benefits	61,464	57,943
	<u>579,528</u>	<u>632,371</u>

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

	2023	2022
£60,001 - £70,000	1	1
£90,001 - £100,000	1	1

Pension costs paid for employees earning above £60,000 amounted to £9,996 (2022: £9,520). These employees participated in the defined contribution pension scheme.

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

	<u>Group &amp; Charity</u>	
	2023	2022
Projects and activities	13	10
Administration	2	2

All employees are employed by the Charity.

#### 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 £165,637 (2022: £168,184). Of these amounts £Nil (2022: £Nil) related to the Trustees.

During the year, travelling and subsistence expenses amounting to £5,878 (2022: £2,777) were reimbursed to Trustees.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2023

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

	<b>Computer Software £</b>
<b>Cost</b>	
At 1 April 2022	116,759
Additions	<u>16,940</u>
At 31 March 2023	<u>133,699</u>
<b>Amortisation</b>	
At 1 April 2022	59,024
Amortisation charge	<u>26,788</u>
At 31 March 2023	<u>85,812</u>
<b>NBV at 31 March 2023</b>	<u>47,887</u>
NBV at 31 March 2022	<u>57,735</u>

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 Group generates its income.

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

	<b>Leasehold Building Improvements £</b>	<b>Computer Equipment £</b>	<b>Furniture &amp; Equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2022	66,773	57,888	26,117	150,778
Additions	-	4,186	-	4,186
Disposals	<u>(66,773)</u>	<u>(33,472)</u>	<u>(26,117)</u>	<u>(126,362)</u>
At 31 March 2023	<u>-</u>	<u>28,602</u>	<u>-</u>	<u>28,602</u>
<b>Depreciation</b>				
At 1 April 2022	66,773	52,184	26,117	145,074
Charge for the year	-	4,768	-	4,768
Disposals	<u>(66,773)</u>	<u>(33,472)</u>	<u>(26,117)</u>	<u>(126,362)</u>
At 31 March 2023	<u>-</u>	<u>23,480</u>	<u>-</u>	<u>23,480</u>
<b>NBV at 31 March 2023</b>	<u>-</u>	<u>5,122</u>	<u>-</u>	<u>5,122</u>
NBV at 31 March 2022	<u>-</u>	<u>5,704</u>	<u>-</u>	<u>5,704</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2023

13. FIXED ASSET INVESTMENTS

CHARITY

Cost	Subsidiaries	Associates	Listed Investments	Total
	£	£	£	£
At 1 April 2022	101,000	40	264,846	365,886
Net losses on change in fair value	-	-	(11,313)	(11,313)
At 31 March 2023	101,000	40	253,533	354,573

As at 31 March 2023 the Charity's subsidiaries were:

	Country of Incorporation	Activity	Proportion of Ordinary Shares Held and voting rights
Independent Advice Services Limited (Company number: 03583609)	England and Wales	Non-trading	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.

GROUP

Cost	Associates	Listed Investments	Total
	£	£	£
At 1 April 2022	732,199	264,846	997,045
Change in fair value	-	(11,313)	(11,313)
Share of profit of associate			
- Operating profit	246,508	-	246,508
- Taxation	(9,643)	-	(9,643)
- Dividend	(400,000)	-	(400,000)
At 31 March 2023	569,064	253,533	822,597

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2023

13. FIXED ASSET INVESTMENTS (CONTINUED)

The financial results of the subsidiaries were:

	Income	Expenditure	Surplus/(deficit) for the year	Net assets/ (liabilities)
	£	£	£	£
Independent Advice Services Limited	32,666	3,767	28,899	£nil
VCS Insurance Company Limited	405,713	361,393	44,320	266,488

**Advanced Case Management Solutions Limited**

The aggregate of the share capital and reserves as at 31 March 2023 was £338,127 (2022: £864,397)

**Advice UK results excluding subsidiary companies**

	2023	2022
	£	£
Total income	2,986,136	2,836,615
Total expenditure	<u>(2,921,503)</u>	<u>(2,696,119)</u>
	48,743	140,496
<b>Net gains on investment</b>	(11,313)	20,753
<b>Net income</b>	<u>37,430</u>	<u>161,249</u>
Fund balances brought forward at 1 April 2022	<u>1,623,691</u>	<u>1,462,442</u>
<b>Fund balances carried forward at 31 March 2023</b>	<u><b>1,661,121</b></u>	<u><b>1,623,691</b></u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 March 2023

14. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	547,225	559,419	546,728	536,623
Amounts owed by subsidiary undertakings	-	-	282,175	393,394
Amounts owed by participating interest	-	1,681	-	1,681
Other debtors	60,252	53,438	23,526	24,708
Prepayments and accrued income	759,728	762,365	759,728	762,365
	<u>1,367,205</u>	<u>1,376,903</u>	<u>1,612,157</u>	<u>1,718,771</u>

Included within amounts owed by subsidiary undertakings is a £150,000 (2022: £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. It is repayable only when all liabilities of the borrower have been extinguished or by written permission of the Guernsey Financial Services Commission ('GFSC') and in the Trustees' view, the loan is unlikely to be repaid within one year.

15. CREDITORS

	<u>Group</u>		<u>Charity</u>	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	40,224	43,696	40,224	43,696
Amounts owed to subsidiary undertakings	-	-	114,000	108,109
Amounts owed to participating interest	425,221	360,678	425,221	360,678
Other taxation and social security	48,826	29,547	48,826	29,547
Other creditors	246,677	302,045	156,927	208,624
Accruals	62,151	40,012	62,151	38,158
Deferred income	1,420,677	1,245,410	1,420,677	1,245,410
	<u>2,243,776</u>	<u>2,021,388</u>	<u>2,268,026</u>	<u>2,034,222</u>

Included within other creditors is an amount of £450 in respect of outstanding pension contributions (2022: £457).

Included within amounts owed to subsidiary undertakings is a £100,000 unsecured loan from VCS Insurance Company Limited (2022: £100,000). The loan is repayable on demand and bears interest at 0.75% over the base rate per annum payable in arrears and accrued on a daily basis.

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

16. DEFERRED INCOME

	2023 £	2022 £
At 1 April 2022	1,245,410	1,157,837
Income deferred in the current year	1,420,677	1,245,410
Amounts released from previous years	<u>(1,245,410)</u>	<u>(1,157,837)</u>
At 31 March 2023	<u>1,420,677</u>	<u>1,245,410</u>

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

17. PROVISION FOR LIABILITIES

CHARITY

	2023 £	2022 £
<b>Dilapidations Provision</b>		
At 1 April 2022	-	-
Expensed in the year	13,667	-
At 31 March 2023	<u>13,667</u>	<u>-</u>

GROUP

	2023 £	2022 £
<b>Dilapidations Provision</b>		
At 1 April 2022	-	-
Expensed in the year	13,667	-
At 31 March 2023	<u>13,667</u>	<u>-</u>

**Technical reserves**

Outstanding claims reserve at 1 April 2022	44,302	30,712
Movement in prior years' claim provisions	(44,302)	(30,712)
Provisions for new claims	8,000	21,070
Outstanding claims reserve at 31 March 2023	<u>8,000</u>	<u>21,070</u>

**IBNER reserve**

	28,033	23,232
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Provision for liabilities at 31 March 2023	<u>49,700</u>	<u>44,302</u>
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The dilapidation provision is management's best estimate of the potential costs that may be incurred at the end of the property lease to return the property to its original state.

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

## ADVICE UK

### NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

#### 17. PROVISION FOR LIABILITIES (CONTINUED)

##### Insurance claims development triangle

	2019	2020	2021	2022	2023	Cumulative
In year of claim (or brought forward)	28,160	24,930	14,946	9,070	24,298	373,258
One year later	1,061	202	16,275	25,820	-	(68,432)
Two years later	3,487	(775)	(13,273)	-	-	(81,149)
Three years later	1,412	(9,065)	-	-	-	(71,092)
Four years later	(8,300)	-	-	-	-	(8,300)
Current estimate of ultimate claims	25,820	15,292	17,948	34,890	24,298	144,285
Cumulative payments	(25,820)	(15,292)	(13,354)	(23,500)	(4,249)	(108,252)
In balance sheet	-	-	4,594	11,390	20,049	36,033

#### 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 its subsidiary undertaking, VCS Insurance Company Limited, therefore there is no currency or market price risk. The Group 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 Group 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 2023

19. STATEMENT OF FUNDS - GROUP

	Opening Balance	Income	Expenditure	Net losses on investments and transfers	Closing Balance
	£	£	£	£	£
<b>RESTRICTED FUNDS</b>					
Projects on behalf of members	23,481	285,950	(223,772)	-	85,659
Scotland activities	86,859	-	-	-	86,859
<b>Total Restricted funds</b>	<u>110,340</u>	<u>285,950</u>	<u>(223,772)</u>	<u>-</u>	<u>172,518</u>
<b>UNRESTRICTED FUNDS</b>					
General fund	1,363,176	2,988,830	(3,123,769)	262,252	1,490,489
<b>Designated funds</b>					
Premises fund	100,000	-	-	(100,000)	-
Foundation fund	108,343	674	-	-	109,017
Fixed asset fund	795,638	-	-	(173,565)	622,073
<b>Total Unrestricted funds</b>	<u>2,367,157</u>	<u>2,989,504</u>	<u>(3,123,769)</u>	<u>(11,313)</u>	<u>2,221,579</u>
<b>TOTAL FUNDS</b>	<u><b>2,477,497</b></u>	<u><b>3,275,454</b></u>	<u><b>(3,347,541)</b></u>	<u><b>(11,313)</b></u>	<u><b>2,394,097</b></u>

STATEMENT OF FUNDS - CHARITY

	Opening Balance	Income	Expenditure	Net losses on investments and transfers	Closing Balance
	£	£	£	£	£
<b>RESTRICTED FUNDS</b>					
Projects on behalf of members	23,481	285,950	(223,772)	-	85,659
Scotland activities	86,859	-	-	-	86,859
<b>Total Restricted funds</b>	<u>110,340</u>	<u>285,950</u>	<u>(223,772)</u>	<u>-</u>	<u>172,518</u>
<b>UNRESTRICTED FUNDS</b>					
General fund	1,140,530	2,699,512	(2,713,621)	99,116	1,225,537
<b>Designated funds</b>					
Premises fund	100,000	-	-	(100,000)	-
Foundation fund	108,343	674	-	-	109,017
Fixed asset fund	164,478	-	-	(10,429)	154,049
<b>Total Unrestricted funds</b>	<u>1,513,351</u>	<u>2,700,186</u>	<u>(2,713,621)</u>	<u>(11,313)</u>	<u>1,488,603</u>
<b>TOTAL FUNDS</b>	<u><b>1,623,691</b></u>	<u><b>2,986,136</b></u>	<u><b>(2,937,393)</b></u>	<u><b>(11,313)</b></u>	<u><b>1,661,121</b></u>

19. STATEMENT OF FUNDS – (CONTINUED)

**Designated funds**

The premises fund was maintained to cover the future cost of moving office premises at expiry or surrender of the operating lease. The Charity has moved to a small serviced office at the end of March 2023 where no commitment is required after adopting a hybrid working environment and will continue to do so for a foreseeable future. There is no plan to move to a leased property, therefore, no premises fund is required until further notice and the fund has been transferred into unrestricted general funds.

The Foundation fund is an amount that was designated to make future grants to members.

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

**Restricted funds**

Restricted funds were used on one category categories of activity, Projects on behalf of members.

Projects on behalf of members

A grant of £15,000 was received from Aviva for a project to improve the financial wellbeing of households living in an area of high deprivation in Bristol and the dissemination of learning from the project to other independent providers of advice and social welfare support across the UK. The project will work with individuals and households using a systems-thinking approach to understand how current services operate and how they can be redesigned for improved financial capability and inclusion.

A grant of £106,200 was received from the City Bridge Trust, the funding arm of The City of London Corporation's charity. The grant supported Advice UK to build a partnership with 11 London based Advice UK members using the Whole Person/Whole Community approach to start to understand the impact of monitoring and evaluation on their ability to do the right thing for their clients.

A grant of £164,750 was received from Money and Pensions Service to support the administration of Debt Relief Orders (DROs) by AdviceUK members employing DRO intermediaries. The ultimate purpose of the grant is to increase the accessibility of DROs as a debt solution for advice centre clients. 90% of the funding is to be distributed to members with the remainder being retained towards AdviceUK's costs.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2023

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

**Group**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2023 £</b>
Fixed assets	875,606	-	875,606
Current assets	3,639,449	172,518	3,811,967
Current liabilities	(2,243,776)	-	(2,243,776)
Provision for liabilities	(49,700)	-	(49,700)
	<u>2,220,903</u>	<u>173,194</u>	<u>2,394,097</u>

**Charity**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total Funds 2023 £</b>
Fixed assets	407,582	-	407,582
Current assets	3,362,714	172,518	3,535,232
Current liabilities	(2,268,026)	-	(2,268,026)
Provision for liabilities	(13,667)	-	(13,667)
	<u>1,488,603</u>	<u>172,518</u>	<u>1,661,121</u>

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

	<b>2023</b>	<b>2022</b>
<b>Net (expenditure)/income for the year</b>	(83,400)	401,637
<b>Adjustments for:</b>		
Depreciation charges	4,768	5,790
Amortisation charges	26,788	23,400
Loss on disposal of tangible fixed assets	-	655
(Losses)/Gains on investments	11,313	(20,753)
Share of profits of associated undertaking	163,135	(235,203)
Interest from investments	(7,558)	(9,334)
Decrease/(increase) in debtors	9,698	(114,884)
Increase in creditors	222,388	306,697
Increase in provision	5,398	13,590
	<u>352,530</u>	<u>371,595</u>
<b>Net cash provided by operating activities</b>	<u>352,530</u>	<u>371,595</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2023

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

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<u>2,444,762</u>	<u>2,105,800</u>
<b>Total cash and cash equivalents</b>	<u><b>2,444,762</b></u>	<u><b>2,105,800</b></u>

**23. ANALYSIS OF NET FUNDS**

	<b>At 1 April</b>	<b>Cash flows</b>	<b>At 31 March</b>
	<b>2022</b>		<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand	<u>2,105,800</u>	338,962	<u>2,444,762</u>
	<u>2,105,800</u>	<u>338,962</u>	<u>2,444,762</u>

**24. CAPITAL COMMITMENTS**

At the end of the year there were no capital commitments (2022: £Nil).

**25. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2023 the Group and the Charity had total future minimum lease payments under non-cancellable operating leases was:

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Amounts due within one year	27,863	69,685
Amounts due between 1 and 5 years	-	-
<b>Total</b>	<u><b>27,863</b></u>	<u><b>69,685</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 March 2023

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**26. RELATED PARTY TRANSACTIONS**

**Advanced Case Management Solutions Limited**

The Charity was charged £1,612,758 (2022 - £1,513,066) for the provision of AdvicePro software and consultancy services by Advanced Case Management Solutions Limited. A balance of £425,227 (2022 - £360,678) was due as at 31 March 2023. A balance of £Nil was owed

No amounts were outstanding (2022 - £1,681) as at 31 March 2023 and included within amounts owed by participating interest.

The Charity received a gift aid donation from Advance Case Management Solutions Limited of £300,000 during the year (2022 - £144,000).

In 2023 the following transactions took place between the Charity and its wholly owned Subsidiaries:

**VCS Insurance Company Limited**

The Charity received an admin fee of £38,000 (2022 - £38,000). In addition to this, commissions were received of £94,175 (2022 - £90,265). The Charity charged interest on loans of £4,955 (2022 - £1,789).

The Charity was charged interest on loans of £3,053 (2022 - £943).

At 31 March 2023, £282,175 was owed to the Charity (2022 - £358,593). In addition to this, £114,000 was owed by the Charity (2022 - £101,793).

**Independent Advice Services Limited**

The Charity charged interest on loans of £1,900 (2022 - £1,900).

At 31 March 2023, £Nil was owed to the Charity (2022 - £98,700). The Charity recognised a provision in the previous year against this balance reducing the balance recoverable to £34,801 at 31 March 2022. On 31 March 2023, Advice UK waived the loan and the assets of Independent Advice Services Limited were transferred to Advice UK. In addition to this, £Nil was owed by the Charity (2022 - £6,316).

**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 provided by a subsidiary company. 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 £11,122 for 30 September 2022.

**28. POST BALANCE SHEET EVENTS**

Since the year end, Advice UK have invested a further £800,000 with CCLA. This amount was committed to at the year end 31 March 2023.