

ADVICE UK

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

Charity Registration No. 299342

Company No. 02023982

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ADVICE UK

REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2022

Trustees

B Badesha
V Greenwood (appointed 25 November 2021)
J Ipyana (appointed 15 July 2021)
H Kendall
J Kennedy (resigned 25 November 2021)
A Mandalia (appointed 25 November 2021)
A Quinn (appointed 15 July 2021)
N Wayne (resigned 21 July 2022)

Chair

B Badesha

Chief Executive and Company Secretary

S Johnson

Company Number

02023982 (England & Wales)

Charity Number

299342

Registered Office

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

Website

www.adviceuk.org.uk

Auditor

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

ADVICE UK

REPORT OF THE TRUSTEES For the year ended 31 March 2022

The Trustees are pleased to present their annual report together with the consolidated financial statements for the year ended 31 March 2022.

Structure and History

Legal structure

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

History

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

Membership structure

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

Connected companies

The Charity has a number of Group subsidiaries and associated companies: “**Independent Advice Services Limited**” 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 Limited**”, 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. The AdvicePro case management intellectual property rights are owned by the Charity. Advice UK owns 50% of the shares.

Purposes and Plans

Public Benefit

The Trustees have regard to the Charity Commission's public benefit guidance in all their decision-making. This Annual Report contains details of how they have carried out the Charity's purposes for the public benefit. Advice UK's charitable activities are focused on enabling people to access advice to help them resolve problems that are affecting their quality of life. Though this is done 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.

REPORT OF THE TRUSTEES

For the year ended 31 March 2022

Principal aims

The Charity's Objects, as defined in its Articles, are to:

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

The Charity's vision and mission are:

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

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

Strategy & Plans

The Trustees review the Charity's vision and mission periodically in the context of updating their strategy and plans. Full reviews occur approximately once every four years with interim reviews annually. A new corporate strategy was adopted in 2014 recognising insufficiency of sustainable income (mainly due to declining grant income) as the major threat to the Charity being 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 be financially sustainable and successful in pursuit of its Objects. This was seen as requiring the further development of a business group around the Charity to complement and provide funds for its work. The strategy identifies two guiding policies and five key Objects. The strategy was most recently reviewed in November 2021 and deemed to be still relevant and appropriate. Annual plans in furtherance of the strategy are made for each financial year and these, in turn, influence the setting of annual budgets.

Governance and Management

The Board of Trustees

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

Trustee Appointment, Induction and Terms of Office

In accordance with decisions arising from a governance review commenced in 2016, the maximum size of the Board is now 15 to comprise 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; 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 the 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 twice annually to review staff terms and conditions and any budgetary implications and to make recommendations to the Board. The Board has rarely had resort to other committees or sub-committees. A Chief Executive is appointed by the Trustees to manage the operations of the Charity. The Chief Executive also currently serves as the Company Secretary.

REPORT OF THE TRUSTEES
For the year ended 31 March 2022

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 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.

Management and Staffing

Operations are led by a Senior Management Team appointed by the Chief Executive. Total staffing at March 2022 was 16, comprising 13 employees (10.6 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 has fallen significantly in the past decade, now standing at approximately 40% of what it was in 2008. While numbers have decreased, productivity has increased but employees are 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 and staffing structures. A full review occurred during 2021 and revised contracts were issued to all staff in January 2022.

Employee Involvement

Advice UK seeks to fully engage its entire staff in pursuit of its Objects. 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. The Charity has always operated at significant risk of not having adequate income to meet its commitments and pursue its Objects. None of its income sources can be regarded as secure. The Charity has also always been under-staffed relative to the work that it wishes to do and so has sought to optimise external impact through lean, non-bureaucratic and flexible systems depending on high degrees of delegation. This is a relatively high risk manner of operation. The known risks are continually monitored and actively managed by 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 risks are minimised by the procedures in place for authorisation of expenditure and commitments. Insurance cover is in place where appropriate.

REPORT OF THE TRUSTEES
For the year ended 31 March 2022

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

Like so many other organisations, we endured in 2021-22; having survived in 2020-21. Fortunately, we endured quite successfully and managed to press on with our planned workstreams as well as respond effectively to issues affecting our members. Staff continued to perform magnificently in the circumstances and productivity continued to improve as we built upon our smooth transition to remote working in the previous year and the benefits of our systems improvements programme. All staff continued to work mostly or entirely from home in what increasingly became our “new normal” working arrangements. By autumn 2021 the Board had agreed a 9 months’ trial of ultra-flexible working in order to prepare for a decision in summer 2022 on whether to retain our hardly-used office premises or exercise the break clause in the lease and make alternative plans for the longer term. The trial arrangements proved to be productive and without detriment so the decision was taken in July 2022 to adopt them as the basis for future working and to exercise the break clause in the lease. The current premises will therefore be vacated by the end of March 2023 at the latest and a much smaller central London drop-in facility sought instead.

There were many positives during the year which, for longer-serving staff and Trustees especially, contributed to a feeling that the long years of difficulty after 2008-09 were finally well behind us. These positives were afforded by increasingly sound finances giving confidence and security to our staff and enabling us to continue investing in improvements. The financial surpluses achieved in recent years, built on gradually rising unrestricted income, allowed us to continue thinking of increasing, rather than maintaining or reducing, staff numbers for the first time in many years. Recruitment to three new roles began towards the end of the financial year. These member-facing roles will enable us to increase communications and engagement with members. The Charity was also able to continue, as planned, with its programme of developing and integrating our internal and member-facing systems. This included a complete re-design of our main website with full integration of our members’ portal for renewals, bookings and purchases. The Charity combined this with a full Advice UK re-brand including adoption of a new logo. Membership renewals for 2022 via the portal went more smoothly and quickly than ever before while automated reminders meant less work for staff. 15% more renewals were completed within 10 weeks compared with 2021. In the last quarter of the year, plans were finalised and contracts let for the next 2022-23 phases of the improvements programme which will include further work on websites, adoption of a more integrated and automated marketing and communications system and integration of our accounting software with Salesforce. The staff appointments that we made in 2020 and 2021 are enabling us to do a great deal of the work in-house including process changes, automations and reporting enhancements while keeping the overall project approximately on time and on budget.

During 2021 our Influencing and Engagement team, in particular, spent a great deal of time transferring recording of their contacts and activities onto Salesforce in order to enhance their communications, analysis and reporting capabilities in preparation for publishing a first annual Impact Report in 2022. In the autumn of 2021 they needed to step up their engagement with our specialist debt advice members over the long-delayed new contracting proposals announced by the Money and Pensions Service (MaPS). The Charity, most of our members and most other organisations involved in debt advice found the proposals deeply flawed and felt that they would be damaging to the interests of people seeking debt advice. In consultation with our members and others we launched the first “PRESS PAUSE” phase of what we anticipated would be a long campaign to change the proposals. In January 2022, MaPS did indeed pause their proposals and the team embarked on a second “PRESS RESET” phase of the campaign which at the time of writing still continues. They are now working with affected members and other stakeholders to develop alternative proposals which will form the basis of a further phase of the campaign. This will be pursued alongside work with members that we know will be arising from the current cost of living crisis affecting so many families’ finances and increasing the demand for advice.

REPORT OF THE TRUSTEES
For the year ended 31 March 2022

Overall, 2021-22 has been a successful year for the Charity. The Charity responded effectively to challenges affecting its members and conducted business as usual while still working through a programme of planned change that is likely to continue for some years to come. Besides the digital and systems improvements intended to improve productivity and effectiveness, that programme includes governance succession arrangements which were stalled in 2020-21 due to two untimely deaths. Four new Trustees were welcomed onto the Board during the year and in November 2021 a timetable was agreed for a handover of Chairmanship from Naomi Wayne to Baljit Badesha in July 2022. This will be accompanied by further additions to the Board arising from the advertisement of vacancies about to begin now. Our change programme also includes completion of the transition from one financial model to another with a high reliance on earned income and an absence of grant dependency, progress towards greater pro-activity in the way that we develop and offer the Charity's services to members and a more focused and better-resourced approach to influencing public policy in collaboration with our members. We continued to make reasonable progress in all of these areas during 2021-22 but eventual success will be the work of several years not one. Achieving it will require the sound finances that the Charity continues to maintain and gradually build but at the close of 2021-22 the Charity can look forward with some optimism and say that once again, it is in a more positive position than in previous years and better placed to pursue its Objects in what continues to be a challenging environment for the whole of the UK charity sector.

Membership

The Network Membership year runs from January to December. Members join and leave at all points during the year. The peak number of Network Members during 2021-22 was at the end of December 2021 when total membership stood at 790 (31 December 2020: 753). Though we continue to lose some members due to closures, mergers and non-renewals due to cuts in funding, there are always new members joining. New members included organisations both large (e.g. housing association advice units) and small (voluntary, community and self-help projects). Some were new organisations illustrating the vibrancy of the voluntary sector in responding to need and emergent gaps in provision. The highest concentration of members continues to be in Greater London where there were 232 member organisations 31 (December 2020: 229). Distribution of members across the four home countries was England 607 (592), Wales 29 (24), Scotland 85 (68) and Northern Ireland (passported members of Advice NI) 69 (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.

Other activities and achievements

Our Learning & Skills operation continued to build the online training offer and develop new relationships, such as with Crisis and the Thomas Pocklington Trust, for qualifications and training. A members' survey in the autumn confirmed satisfaction with the continued online/face-to-face blended training approach. The geographical reach of online learning is obviously far greater than that of face-to-face so we are already serving a broader section of our membership which is very pleasing. The team provided 636 training places in the year (2020-21: 697) across both in-house and open courses. These included more specialist mental health courses as well as a bespoke "Managing under Pressure" course. The number of new registrations for qualifications showed a welcome increase to 120 (2020-21: 75). The new registrants joined more than 200 continuing learners throughout the country (2020-21:150) being supported towards vocational qualifications.

Our insurances operation continued to offer a full range of covers to meet members' diverse needs. Professional Indemnity Insurance (PII) and Trustees, Directors & Officers' insurance continued to be sourced from our own insurance subsidiary, VCS Insurance Company Limited (VCS). VCS made a small profit during the year of £5,185 (2019-20: £11,449). There was a 15% 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. In July 2021, it was decided to increase premiums by 10% for 2022-23 in response to rising costs and very big increases in market premiums during the past three years. Our premiums still remain very competitive which is likely to continue attracting more customers in the coming year.

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REPORT OF THE TRUSTEES For the year ended 31 March 2022

Our 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 almost 620, encompassing nearly 10,000 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 development focus is currently on further optional modules in addition 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 restrictions, enabling continuation of service and seamless transition to home-working. More than 6 million cases are now held on the system with around 60,000 new ones being added each month. Our associate company, Advanced Case Management Solutions Limited, which develops and supports AdvicePro, had another successful year, reporting a year-end profit of £535,203 (2021: £501,679).

Financial Review

Financial result

The Group

Total Group income during the year was £3,274,646, a decrease of £185,517 compared with £3,460,163 in the previous year. Total expenditure during the year was £2,893,762, a decrease of £209,552 compared with £3,103,314 in the previous year. Overall, the Group had a surplus of £407,720 for the year (2021: £404,966). At 31 March 2022 the Group had unrestricted funds of £2,367,157 (2021 as restated: £1,974,343) and restricted funds of £110,340 (2021: £101,517). The Trustees plan to continue applying some portion of surpluses to investment in staffing, equipment and product development in order to improve services to members.

The Charity

Total income for the Charity during the year to 31 March 2022 was £2,836,615, a decrease of £245,401, compared with £3,082,016 in the previous year. Expenditure on governing the Charity increased slightly to £28,743 (2021: £23,908) but remains below 1.0% of total expenditure. The Charity's total unrestricted income during the year was £2,568,865 (2021 as restated: £2,215,316). Associated expenditure was £2,436,909 (2021: £2,045,616). Total restricted income during the year was £267,750 (2021: £866,700 – most of which was for distribution to members). Associated expenditure was £259,210 (2021: £895,677) funded by income during the year. The balance of £8,540 is carried forward for use in 2022-23.

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 £2,836,615 only £267,750 was restricted income in the form of grants for specified activities representing just 9.3% 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

When reviewing its reserves policy in 2019, the Board of Trustees decided that it would henceforth classify tangible assets and investments within designated funds in order to show more clearly the amount of assets remaining as both liquid and uncommitted and therefore immediately available as free reserves. In accordance with this policy the Charity's free reserve at the close of the year, stood at £1,084,026 (2021 £943,240). This exceeds an amount equivalent to 6 months expenditure on staff and overheads (currently approx. £500,000) which, in recent years, the Board has decided it would be prudent to hold as a free reserve. In November 2020 the Board decided to carry out a review of business risks on which to base a revised reserves policy. This review eventually occurred in May 2022 resulting in decisions to increase the designated funds to be held on deposit as investments. These decisions will be implemented during the remainder of the 2022 calendar year. In the meantime, the Board considers the current free reserve adequate to cover its business risks and support its policies of aiming to achieve at least balanced budgets while investing in capacity to raise income and facilitate growth.

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- Total funds that the Charity held at the last year end;
- The mix of unrestricted and restricted funds currently held;
- The mix of immediately liquid funds and those that could only be realised by disposals of assets or investments;
- Emerging and possible calls upon reserves including transfers required to cover completion of any activities that are underfunded by restricted funds;
- Requirements for designated funds within reserves to cover costs of particular risks and future commitments; 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 and, for the foreseeable future, annual plans are likely to contain similar priorities consistent with the strategy and the guiding policy.

Investments Policy

Historically, aside from seeking to retain a prudent amount in reserves, most of the Charity's funds 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. The Board now intends to increase the funds on deposit with CCLA. Shorter term investment options for relatively small amounts have been very limited while both inflation and bank interest rates have been very low but that is changing now that inflation and interest rates are rising. 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 at the date of this report and the insurance provides cover up to £1,000,000 on any one claim.

Appointment of Auditor

The auditor for 2022-23 will be appointed in accordance with section 495 of the Companies Act 2006 at a Board meeting to be held in November 2022.

ADVICE UK

REPORT OF THE TRUSTEES For the year ended 31 March 2022

Trustees' Responsibilities Statement

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

In so far as the Trustees are aware:

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

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 1st November 2022 and signed on its behalf by:



S Johnson
Secretary

Opinion

We have audited the financial statements of Advice UK (the 'Parent Charitable Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprises the Consolidated Statement of Financial Activities (incorporating an Income & Expenditure Account), the Consolidated Balance Sheet, the Charitable Company 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 Parent Charitable Company's affairs as at 31 March 2022 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 Parent Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Parent Charitable Company'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.

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 Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Use of our report

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



Adam Smith, Senior Statutory Auditor

For and on behalf of
Scrutton Bland LLP, Statutory Auditor

Fitzroy House
Crown Street
Ipswich
Suffolk
IP1 3LG

Date: 3 November 2022

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	Total Funds 2021 (as restated see note 28)
		£	£	£	£
INCOME FROM					
Donations	3	171,014	-	171,014	90,427
Charitable activities	4	2,591,345	267,750	2,859,095	3,155,913
Investments	5	9,334	-	9,334	9,146
Share of profits of associate		235,203	-	235,203	204,677
Total Income		<u>3,006,896</u>	<u>267,750</u>	<u>3,274,646</u>	<u>3,460,163</u>
EXPENDITURE ON:					
Raising funds	6	9,357	-	9,357	17,158
Charitable activities	7	2,625,195	259,210	2,884,405	3,086,156
Total Expenditure		<u>2,634,552</u>	<u>259,210</u>	<u>2,893,762</u>	<u>3,103,314</u>
Net gains on investments	13	20,753	-	20,753	35,796
Net income		<u>393,097</u>	<u>8,540</u>	<u>401,637</u>	<u>392,645</u>
Transfer between funds	19	(283)	283	-	-
Net movement in funds	19	<u>392,814</u>	<u>8,823</u>	<u>401,637</u>	<u>392,645</u>
RECONCILIATION OF FUNDS					
Fund balances brought forward		<u>1,974,343</u>	<u>101,517</u>	<u>2,075,860</u>	<u>1,683,215</u>
Fund balances carried forward		<u>2,367,157</u>	<u>110,340</u>	<u>2,477,497</u>	<u>2,075,860</u>

The 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 19 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 2021

	Notes	Unrestricted Funds 2021 (as restated see note 28) £	Restricted Funds 2021 £	Total Funds 2021 (as restated see note 28) £
INCOME FROM				
Donations	3	85,427	5,000	90,427
Charitable activities	4	2,294,213	861,700	3,155,913
Investments	5	9,146	-	9,146
Share of profits of associate		204,677	-	204,677
Total Income		<u>2,593,463</u>	<u>866,700</u>	<u>3,460,163</u>
EXPENDITURE ON:				
Raising funds	6	17,158	-	17,158
Charitable activities	7	2,190,479	895,677	3,086,156
Total Expenditure		<u>2,207,637</u>	<u>895,677</u>	<u>3,103,314</u>
Net gains on investments	13	35,796	-	35,796
Net income		<u>421,622</u>	<u>(28,977)</u>	<u>392,645</u>
Transfer between funds	19	(10,794)	10,794	-
Net movement in funds	19	410,828	(18,183)	392,645
RECONCILIATION OF FUNDS				
Fund balances brought forward		<u>1,563,515</u>	<u>119,700</u>	<u>1,683,215</u>
Fund balances carried forward		<u>1,974,343</u>	<u>101,517</u>	<u>2,075,860</u>

The 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 19 to 40 form part of these financial statements.

BALANCE SHEET

As at 31 March 2022

	Notes	Group 2022	Group 2021 (as restated see note 28)	Charity 2022	Charity 2021 (as restated see note 28)
		£	£	£	£
Fixed assets					
Intangible assets	11	57,735	65,930	57,735	65,930
Tangible assets	12	5,704	6,622	5,704	6,622
Investments	13	997,045	741,089	365,886	345,133
Total fixed assets		<u>1,060,484</u>	<u>813,641</u>	<u>429,325</u>	<u>417,685</u>
Current assets					
Debtors	14	1,376,903	1,262,019	1,718,771	1,497,083
Cash at bank and in hand		2,105,800	1,745,603	1,509,817	1,303,070
Total current assets		<u>3,482,703</u>	<u>3,007,622</u>	<u>3,228,588</u>	<u>2,800,153</u>
Creditors: amounts falling due within one year	15	<u>(2,021,388)</u>	<u>(1,714,691)</u>	<u>(2,034,222)</u>	<u>(1,755,396)</u>
Net current assets		<u>1,461,315</u>	<u>1,292,931</u>	<u>1,194,366</u>	<u>1,044,757</u>
Total assets less current liabilities		<u>2,521,799</u>	<u>2,106,572</u>	<u>1,623,691</u>	<u>1,462,442</u>
Provisions for liabilities	17	(44,302)	(30,712)	-	-
Total net assets		<u><u>2,477,497</u></u>	<u><u>2,075,860</u></u>	<u><u>1,623,691</u></u>	<u><u>1,462,442</u></u>
Funds					
Restricted funds	19	110,340	101,517	110,340	101,517
Unrestricted funds					
Designated funds	19	1,003,981	744,249	372,821	348,293
General funds	19	<u>1,363,176</u>	<u>1,230,094</u>	<u>1,140,530</u>	<u>1,012,632</u>
Total unrestricted funds	19	<u>2,367,157</u>	<u>1,974,343</u>	<u>1,513,351</u>	<u>1,360,925</u>
Total Charity funds	20	<u><u>2,477,497</u></u>	<u><u>2,075,860</u></u>	<u><u>1,623,691</u></u>	<u><u>1,462,442</u></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 Parent Charity for the year ended 31 March 2022 was £161,249 (2021 as restated: £176,519).

Approved and authorised for issue by the Trustees on 1st November 2022 and signed on its behalf.



B Badesha – Director

The notes on pages 19 to 40 form part of these financial statements.

ADVICE UK**CONSOLIDATED STATEMENT OF CASHFLOWS**

For the year ended 31 March 2022

	Notes	2022	2021
		£	£
Cash flows from operating activities:			
Net cash provided by operating activities	21	371,595	569,282
Cash flows from investing activities:			
Interest received		9,334	9,146
Purchase of property, plant and equipment		(5,527)	(5,476)
Purchase of computer software		(15,205)	(13,096)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		360,197	559,856
Cash and cash equivalents at the beginning of the year		1,745,603	1,185,747
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	22	2,105,800	1,745,603
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 19 to 40 form part of these financial statements.

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General information

Advice UK is a public benefit entity and a company limited by guarantee, company number 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 101E, Universal House, 88 - 94 Wentworth Street, London, E1 6LS.

Advice UK operates as a co-ordination and support network for organisations that provide independent social welfare advice to the public.

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

1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise stated in the relevant accounting policy notes and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Financial Reporting Standard 103 – 'Insurance Contracts' ('FRS 103') and the Companies Act 2006.

The principal accounting policies that have been applied to all periods presented in these financial statements are set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

1.3 Going concern

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

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. For this reason, the going concern basis continues to be adopted in the preparation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

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. (see note 28).
- Insurance income is recognised at the time that the policy is commenced or renewed by the insured at the amount received from the insured (the premium plus Insurance Premium Tax).
- Voluntary income is recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability.
- Investment income and other incoming resources are recognised on a receivable basis.

1.6 Deferred income

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.7 Expenditure

Expenditure 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.

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 Statement of Financial Activities as they arise.

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

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

1.12 Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life 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 (2021 – not occurred), therefore the Trustees have made a judgement to recognise £204,975 (2021 - £75,600) 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 £44,302 (2021: £30,712).

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

3. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Donations	171,014	-	171,014	90,427

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 (as restated see note 28) £
Member services	2,580,393	-	2,580,393	2,306,038
Policies and campaigns	10,190	-	10,190	9,210
Projects on behalf of members grant income	-	267,750	267,750	140,000
Scotland activities grant income	-	-	-	700,000
Other income	762	-	762	665
	<u>2,591,345</u>	<u>267,750</u>	<u>2,859,095</u>	<u>3,155,913</u>

The restricted funds for Member services relates to a grant received of £nil (2021: £21,700).

5. INVESTMENT INCOME

	Total Funds 2022 £	Total Funds 2021 £
Bank interest receivable	<u>9,334</u>	<u>9,146</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds 2022	Total Funds 2021
	£	£	£	£
Staff costs	9,307	-	9,307	17,003
Other costs	50	-	50	155
	<u>9,357</u>	<u>-</u>	<u>9,357</u>	<u>17,158</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

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
Scotland activities	-	-	-	-
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				
Project on behalf of members	<u>23,627</u>	<u>221,726</u>	<u>14,117</u>	<u>259,210</u>
Year ended 31 March 2021	Project and activity staff costs	Project and activity other costs	Support costs	Total Funds 2021 <small>(as restated see note 28)</small>
	£	£	£	£
Members services	217,713	1,561,567	234,767	2,014,047
Policy and campaigns	118,705	2,687	76,867	198,259
Projects on behalf of members	26,895	85,461	17,986	130,342
Scotland activities	42,407	668,027	33,074	743,508
	<u>405,720</u>	<u>2,317,742</u>	<u>362,694</u>	<u>3,086,156</u>
Restricted fund expenditure				
Members services	11,863	9,897	67	21,827
Projects on behalf of members	26,895	85,461	17,986	130,342
Scotland activities	42,407	668,027	33,074	743,508
	<u>81,164</u>	<u>763,385</u>	<u>51,127</u>	<u>895,677</u>

Included in the Project and activity other costs for Scotland activities, a sum of £nil was paid to 29 separate money advice agencies as part of the Debt Advice Project (2021: £654,502).

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

7. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

SUPPORT COSTS

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
Scotland activities	-	-	-	-	-
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>

Year ended 31 March 2021	Staff costs	Premises	Governance costs	Other	Total Funds 2021
	£	£	£	£	£
Members services	90,326	46,036	23,908	74,497	234,767
Policy and campaigns	48,508	24,723	-	3,636	76,867
Projects on behalf of members	11,709	5,968	-	309	17,986
Scotland activities	16,727	8,525	-	7,822	33,074
	<u>167,270</u>	<u>85,252</u>	<u>23,908</u>	<u>86,264</u>	<u>362,694</u>

8. NET INCOME FOR THE YEAR

This is stated after charging:	2022	2021
	£	£
Depreciation of tangible fixed assets:		
- owned by the Charity	5,790	5,112
Loss on disposal of tangible fixed assets	655	-
Amortisation of intangible assets	23,400	17,932
Auditor's remuneration		
- Audit fees	13,000	12,700
- Accountancy fees	1,030	1,000
- Other services	515	500
- Subsidiary auditor's fees	9,800	7,950
Operating leases:		
- land and buildings	<u>66,065</u>	<u>62,445</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2022

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>	
	2022	2021
	£	£
Wages and salaries	496,139	455,162
Social security costs	48,905	45,774
Employer's contribution to defined contribution pension scheme	29,384	27,641
Other employee benefits	57,943	61,413
	<u>632,371</u>	<u>589,990</u>

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

	2022	2021
£60,001 - £70,000	1	1
£90,001 - £100,000	1	1

Pension costs paid for employees earning above £60,000 amounted to £9,520 (2021: £9,426). These employees participated in the defined contribution pension scheme.

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

	<u>Group & Charity</u>	
	2022	2021
Projects and activities	10	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 £168,184 (2021: £166,519). Of these amounts £nil (2021: £Nil) related to the Trustees.

During the year, travelling and subsistence expenses amounting to £2,777 (2021: £458) and training expenses of £nil (2021: £50) were incurred by the trustees.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

11. INTANGIBLE ASSETS**GROUP AND CHARITY**

	Computer Software £
Cost	
At 1 April 2021	101,554
Additions	<u>15,205</u>
At 31 March 2022	<u>116,759</u>
Amortisation	
At 1 April 2021	35,624
Amortisation charge	<u>23,400</u>
At 31 March 2022	<u>59,024</u>
NBV at 31 March 2022	<u>57,735</u>
NBV at 31 March 2021	<u>65,930</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**

	Leasehold Building Improvements £	Computer Equipment £	Furniture & Equipment £	Total £
Cost				
At 1 April 2021	66,773	53,246	26,117	146,136
Additions	-	5,527	-	5,527
Disposals	<u>-</u>	<u>(885)</u>	<u>-</u>	<u>(885)</u>
At 31 March 2022	<u>66,773</u>	<u>57,888</u>	<u>26,117</u>	<u>150,778</u>
Depreciation				
At 1 April 2021	66,773	46,700	26,041	139,514
Charge for the year	-	5,714	76	5,790
Disposals	<u>-</u>	<u>(230)</u>	<u>-</u>	<u>(230)</u>
At 31 March 2022	<u>66,773</u>	<u>52,184</u>	<u>26,117</u>	<u>145,074</u>
NBV at 31 March 2022	<u>-</u>	<u>5,704</u>	<u>-</u>	<u>5,704</u>
NBV at 31 March 2021	<u>-</u>	<u>6,546</u>	<u>76</u>	<u>6,622</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. FIXED ASSET INVESTMENTS

CHARITY

Cost	Subsidiaries	Associates	Listed Investments	Total
	£	£	£	£
At 1 April 2021	101,000	40	244,093	345,133
Net gains	-	-	20,753	20,753
At 31 March 2022	101,000	40	264,846	365,886

As at 31 March 2022 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.

The Charity also holds 111 shares (1.3% shareholding) of £1 each in Change Account Limited (Company number: 08425566), a prepaid card trading company registered in England and Wales.

GROUP

Cost	Associates	Listed Investments	Total
	£	£	£
At 1 April 2021	496,996	244,093	741,089
Change in fair value	-	20,753	20,753
Share of profit of associate			
- Operating profit	588,325	-	588,325
- Taxation	(53,122)	-	(53,122)
- Dividend	(300,000)	-	(300,000)
At 31 March 2022	732,199	264,846	997,045

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

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	1,750	5,554	(3,804)	(63,899)
VCS Insurance Company Limited	333,975	328,790	5,185	222,168

Advanced Case Management Solutions Limited

The aggregate of the share capital and reserves as at 31 March 2022 was £864,397 (2021: £708,317)

Advice UK results excluding subsidiary companies

	2022	2021 (as restated see note 28)
	£	£
Total income	2,836,615	3,082,016
Total expenditure	(2,696,119)	(2,941,293)
	140,496	140,723
Net gains on investment	20,753	35,796
Net income	161,249	176,519
Fund balances brought forward at 1 April 2021	1,462,442	1,285,923
Fund balances carried forward at 31 March 2022	1,623,691	1,462,442

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

14. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2022	2021 (as restated see note 28)	2022	2021 (as restated see note 28)
	£	£	£	£
Trade debtors	559,419	454,145	536,623	443,175
Amounts owed by subsidiary undertakings	-	-	393,394	265,344
Amounts owed by participating interest	1,681	92,400	1,681	92,400
Other debtors	53,438	43,563	24,708	24,253
Prepayments and accrued income	762,365	671,911	762,365	671,911
	<u>1,376,903</u>	<u>1,262,019</u>	<u>1,718,771</u>	<u>1,497,083</u>

Included within amounts owed by subsidiary undertakings is a £150,000 (2021: £150,000) unsecured loan due from VCS Insurance Company Limited. On 31 July 2014 Independent Advice Services Limited transferred their shares and this loan to Advice UK. A new loan agreement dated the same date was entered into on the same terms. The loan is unsecured and bears interest at 1% over base rate, which is payable annually in arrears on or before the year end date of 31 March 2022. 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>	
	2022	2021 (as restated see note 28)	2022	2021 (as restated see note 28)
	£	£	£	£
Trade creditors	43,696	14,258	43,696	14,258
Amounts owed to subsidiary undertakings	-	-	108,109	107,166
Amounts owed to participating interest	360,678	294,224	360,678	294,224
Other taxation and social security	29,547	57,007	29,547	57,007
Other creditors	302,045	147,215	208,624	80,754
Accruals	40,012	44,150	38,158	44,150
Deferred income	1,245,410	1,157,837	1,245,410	1,157,837
	<u>2,021,388</u>	<u>1,714,691</u>	<u>2,034,222</u>	<u>1,755,396</u>

Included within other creditors is an amount of £457 in respect of outstanding pension contributions (2021: £452).

Included within amounts owed to subsidiary undertakings is a £100,000 unsecured loan from VCS Insurance Company Limited (2021: £100,000). The loan is repayable on demand and bears interest at 3% per annum payable in arrears and accrued on a daily basis.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

16. DEFERRED INCOME

	2022	2021 (as restated see note 28)
	£	£
At 1 April 2021	1,157,837	719,834
Income deferred in the current year	1,245,410	1,157,837
Amounts released from previous years	<u>(1,157,837)</u>	<u>(719,834)</u>
At 31 March 2022	<u>1,245,410</u>	<u>1,157,837</u>

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

17. PROVISION FOR LIABILITIES

GROUP ONLY

	2022	2021
	£	£
Technical reserves		
Outstanding claims reserve at 1 April 2021	30,712	20,750
Movement in prior years' claim provisions	(30,712)	(20,750)
Provisions for new claims	<u>21,070</u>	<u>13,000</u>
Outstanding claims reserve at 31 March 2022	21,070	13,000
IBNER reserve	<u>23,232</u>	<u>17,712</u>
	<u>44,302</u>	<u>30,712</u>

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

Insurance claims development triangle

	2018	2019	2020	2021	2022	Cumulative
In year of claim (or brought forward)	48,905	28,160	24,930	14,946	9,070	348,960
One year later	(43,915)	1,061	202	16,275	-	(94,252)
Two years later	(2,301)	3,487	(775)	-	-	(67,876)
Three years later	(2,355)	1,412	-	-	-	(62,027)
Current estimate of ultimate claims	344	34,120	24,357	31,221	9,070	124,805
Cumulative payments	<u>(334)</u>	<u>(25,820)</u>	<u>(15,292)</u>	<u>(13,354)</u>	<u>-</u>	<u>(80,503)</u>
In balance sheet	<u>-</u>	<u>8,300</u>	<u>9,065</u>	<u>17,867</u>	<u>9,070</u>	<u>44,302</u>

18. FINANCIAL RISK MANAGEMENT

The Charity monitors and manages its financial risks relating to insurance contracts. The Group's only assets held for insurance purpose consist of cash held in pound sterling by the 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 2022

19. STATEMENT OF FUNDS - GROUP

	Opening Balance (as restated see note 28) £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
RESTRICTED FUNDS					
Members services	-				
Projects on behalf of members	14,658	267,750	(259,210)	283	23,481
Scotland activities	86,859	-	-	-	86,859
Total Restricted funds	<u>101,517</u>	<u>267,750</u>	<u>(259,210)</u>	<u>283</u>	<u>110,340</u>
UNRESTRICTED FUNDS					
General fund	1,230,094	3,006,587	(2,634,552)	(238,953)	1,363,176
Designated funds					
Premises fund	66,667	-	-	33,333	100,000
Foundation fund	108,034	309	-	-	108,343
Fixed asset fund	569,548	-	-	226,090	795,638
Total Unrestricted funds	<u>1,974,343</u>	<u>3,006,896</u>	<u>(2,634,552)</u>	<u>20,470</u>	<u>2,367,157</u>
TOTAL FUNDS	<u>2,075,860</u>	<u>3,274,646</u>	<u>(2,893,762)</u>	<u>20,753</u>	<u>2,477,497</u>

STATEMENT OF FUNDS - CHARITY

	Opening Balance (as restated see note 28) £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
RESTRICTED FUNDS					
Members services	-				
Projects on behalf of members	14,658	267,750	(259,210)	283	23,481
Scotland activities	86,859	-	-	-	86,859
Total Restricted funds	<u>101,517</u>	<u>267,750</u>	<u>(259,210)</u>	<u>283</u>	<u>110,340</u>
UNRESTRICTED FUNDS					
General fund	1,012,632	2,568,556	(2,436,909)	(3,749)	1,140,530
Designated funds					
Premises fund	66,667	-	-	33,333	100,000
Foundation fund	108,034	309	-	-	108,343
Fixed asset fund	173,592	-	-	(9,114)	164,478
Total Unrestricted funds	<u>1,360,925</u>	<u>2,568,865</u>	<u>(2,436,909)</u>	<u>20,470</u>	<u>1,513,351</u>
TOTAL FUNDS	<u>1,462,442</u>	<u>2,836,615</u>	<u>(2,696,119)</u>	<u>20,753</u>	<u>1,623,691</u>

19. STATEMENT OF FUNDS – (CONTINUED)

Designated funds

The premises fund is maintained to cover the future cost of moving office premises at expiry or surrender of the current lease. The cost of moving is estimated to be approx. £100,000. The earliest point at which the lease could end is in two years' time (March 2023). It is therefore intended to increase the fund by £33,333 in each year to meet the estimate and then, if not used, maintain it at the cumulative level until at least expiry of the lease in 2025.

The Foundation fund is an amount that had been designated in the prior year 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 £25,000 was received from the Cornerstone Fund through the City Bridge Trust as a stage 1 grant to scope the possibility of a larger Stage 2 piece of work. 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 £227,750 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.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Fixed assets	1,060,484	-	1,060,484
Current assets	3,372,363	110,340	3,482,703
Current liabilities	(2,021,388)	-	(2,021,388)
Provision for liabilities	(44,302)	-	(44,302)
	<u>2,367,157</u>	<u>110,340</u>	<u>2,477,497</u>

Charity

	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
Fixed assets	429,325	-	429,325
Current assets	3,118,248	110,340	3,228,588
Current liabilities	(2,034,222)	-	(2,034,222)
	<u>1,513,351</u>	<u>110,340</u>	<u>1,623,691</u>

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

	2022	2021 (as restated see note 28)
Net income for the year	401,637	392,645
Adjustments for:		
Depreciation charges	5,790	5,112
Amortisation charges	23,400	17,932
Loss on disposal of tangible fixed assets	655	-
Gains on investments	(20,753)	(35,796)
Share of profits of associated undertaking	(235,203)	(204,677)
Interest from investments	(9,334)	(9,146)
Increase in debtors	(114,884)	(320,406)
Increase in creditors	306,697	713,656
Increase in provision	13,590	9,962
Net cash provided by operating activities	<u>371,595</u>	<u>569,282</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash at bank and in hand	2,105,800	1,745,603
Total cash and cash equivalents	<u>2,105,800</u>	<u>1,745,603</u>

23. ANALYSIS OF NET FUNDS

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash in hand	1,745,603	360,197	2,105,800
	<u>1,745,603</u>	<u>360,197</u>	<u>2,105,800</u>

24. CAPITAL COMMITMENTS

At the end of the year there were capital commitments of £nil for which full provision has not been made in these financial statements (2021: £9,254).

25. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2022 the Group and the Charity had total future minimum lease payments under non-cancellable operating leases was:

	2022 £	2021 £
Amounts due within one year	69,685	66,065
Amounts due between 1 and 5 years	-	69,685
Total	<u>69,685</u>	<u>135,750</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

26. RELATED PARTY TRANSACTIONS

Advanced Case Management Solutions Limited

The Charity was charged £1,513,066 (2021 - £1,400,206) for the provision of AdvicePro software and consultancy services by Advanced Case Management Solutions Limited. A balance of £360,678 (2021 - £294,224) was due as at 31 March 2022.

The Charity received a management fee from Advanced Case Management Solutions Limited, of £nil (2021 - £66,000) during the year. £1,681 (2021 - £79,200) was outstanding as at 31 March 2022 and included within amounts owed by participating interest.

The Charity received a gift aid donation from Advance Case Management Solutions Limited of £144,000 during the year (2021 - £84,000).

In 2022 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 (2021 - £38,000). In addition to this, commissions were received of £90,265 (2021 - £76,889). The Charity charged interest on loans of £1,789 (2021 - £1,650).

The Charity purchased £nil during the period (2021 - £nil). The Charity was charged interest on loans of £943 (2021 - £850).

At 31 March 2022, £358,593 was owed to the Charity (2021 - £228,539). In addition to this, £101,793 was owed by the Charity (2021 - £100,850).

Independent Advice Services Limited

The Charity charged interest on loans of £1,900 (2021 - £1,900).

At 31 March 2022, £98,700 was owed to the Charity (2021 - £96,900). The Charity has recognised a provision against this balance reducing the balance recoverable to £34,801 (2021 - £36,805). In addition to this, £6,316 was owed by the Charity (2021 - £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 £15,996 for 30 September 2021.

28. PRIOR YEAR ADJUSTMENT

During the year the Charity reviewed the accounting policy relating to the recognition of income arising from membership subscriptions and determined that in prior years it had not been recognised in accordance with FRS 102. In prior years the income and associated costs had been recognised fully at the start of the contract with the customer, whereas UK accounting standards required that the income is recognised across the term of the subscription. Accordingly, the comparatives have been restated for this material error. The restatement has resulted in prepayments as at 31 March 2021 increasing by £610,825, deferred income as at 31 March 2021 increasing by £699,052, opening unrestricted reserves as at 1 April 2020 decreasing by £75,906, income for the year ended 31 March 2021 decreasing by £133,425 and expenditure for the same period decreasing by £121,104. These financial statement impacts were the same for the Charity and the Group.