

Company Registration No. 08039416 (England and Wales)

Charity No: 1148498



**DEBT ADVICE FOUNDATION**

**REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2021**

**DEBT ADVICE FOUNDATION  
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FOR THE YEAR ENDED 31 AUGUST 2021**

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**DEBT ADVICE FOUNDATION  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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The Trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2021. The Trustees confirm that the Annual Report and financial statements of the company comply with current statutory requirements, the requirements of the company's governing document and 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 published in October 2019.

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Name of charity**

Debt Advice Foundation

**Registered company number**

08039416 (England and Wales)

**Registered charity number**

1148498

**Registered office & operational address**

1 Anchor Court  
Commercial Road  
Darwen  
Blackburn  
BB3 0DB

**Company Secretary & Chief Executive Officer**

David Rodger

**Trustees & Company Directors**

Dennis Benson (Chairman)  
Karol Sanderson  
Jeffrey Moore  
Peter Sargent  
Susan Ireland

**Independent Examiners**

Peaks & Valleys Business Enhancement Ltd  
1<sup>st</sup> Floor, Block C  
The Wharf  
Manchester Road  
Burnley  
BB11 1JG

**Bankers**

Royal Bank of Scotland  
St Ann Square Branch  
St Ann Street  
Manchester  
M60 2SS

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FOR THE YEAR ENDED 31 AUGUST 2021**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

Debt Advice Foundation is a charitable company limited by guarantee, number 08039416, governed by its Memorandum and Articles of Association dated 20 April 2012. It registered as a charity, number 1148498, with the Charities Commission, on the 9 August 2012.

**Organisational structure including the appointment and training of trustees**

Debt Advice Foundation is governed by its Trustee Board / Board of Directors which is responsible for setting the strategic direction of the organisation and the policy of the charity. The Trustees carry the ultimate responsibility for the conduct of Debt Advice Foundation and for ensuring that the charity satisfies its legal and contractual obligations. Trustees meet as a minimum twice a year and delegate the day to day operation of the organisation to David Rodger, the Chief Executive Officer. The Trustee Board is independent from management.

The directors of the company are also charity Trustees for the purposes of charity law and under the company's Articles are known as members. Under the requirements of the Memorandum and Articles of Association there shall be at least 3 Trustees at any one time. All future Trustees shall be appointed by a majority vote of the existing Trustees. One third (or the number nearest one third) of the Trustees must retire each year at the conclusion of the AGM. A retiring Trustee may be reappointed. Decisions relating to the charity are determined by a majority of votes of the trustees present at the meeting.

A scheme of delegation sets out what authority has been delegated by the board to committees and executive members of the organisation. The scheme of delegation ensures an appropriate level of delegation from the board so that there is effective and timely input into decision-making. It also ensures that Trustees are able to fulfil their legal and constitutional duties, through levers which enable them to delegate, monitor and if necessary, withdraw the delegated authority.

The training and induction provided for new trustees will depend on their experience. Where necessary, an induction will provide training on charity, legal and financial matters.

**Risk management**

The Trustees recognise that any major risks to which the charity is exposed need to be reviewed and systems put in place to mitigate those risks, and a risk register has been established and is updated at least annually.

The Trustees have a duty to identify and review the risks to which the charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error. The Trustees have implemented processes which evaluate the risks associated with the key areas within the operation of the charity. These include regular review of key risks through Trustees meetings and the monitoring of the processes utilised to manage those risks.

**DEBT ADVICE FOUNDATION  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**OBJECTIVES AND ACTIVITIES**

**Mission**

At the heart of the charity's philosophy is the prevention and resolution of problem debt.

Whilst our primary focus is on helping those that are in need of advice and support today, we strongly believe that engaging with the next generation of credit users to foster a more responsible attitude towards borrowing and saving is key to tackling the burgeoning levels of UK personal debt.

**Aims, objectives, strategies and activities**

The charity's objects are:

The prevention or relief of poverty for the public benefit and, without prejudice to the generality of the foregoing, this may include:

- the provision of free, impartial and appropriate debt advice to people with unaffordable debt.
- to help people with debt problems to gain access to appropriate solutions that will help them.
- to promote education, for the public benefit, in financial capability and money management so as to reduce the likelihood of debt misuse.
- to undertake or fund research to understand why problem debt happens and its effect on individuals, families and the wider United Kingdom economy and to disseminate useful results.

**Public benefit**

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

**ACHIEVEMENT AND PERFORMANCE**

The following represents a review of the accounting period and demonstrates how activities benefited the public. The activities undertaken relate to the charity's stated purposes and objectives.

**Background**

It was another challenging year for the debt advice sector as a result of the ongoing global health crisis. Operationally, advice agencies were required to invest significantly in technology, staff and infrastructure in order to maintain vital services during the pandemic, whilst keeping their staff safe. Strategically, the sector has had to balance reduced short-term demand, suppressed by government economic protection measures, with the need to gear up for the inevitable increase in future helpline enquiries. Financially, the news that Money and Pensions Service was to overhaul how the sector is funded with the announcement of a new commissioning exercise has led to apprehension and uncertainty within the free advice sector that is currently funded by MaPS.

With the ending of legal COVID restrictions and a gradual return to normal working life now underway, focus has begun shift from short-term health and social challenges to the longer term financial impact of the pandemic, particularly how the sector can help those that have accumulated debt or fallen into fuel poverty during the crisis.

Debt Advice Foundation is a registered national debt advice and education charity (1148498).

The charity is authorised and regulated by the Financial Conduct Authority (692492).

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REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**Debt Advice & Solutions**

Debt Advice Foundation seeks to carry out its debt advice objects through its free telephone debt counselling service, which helps around 10,000 people every year, and through the free, downloadable budgeting and creditor negotiation tools that are available on its website.

The charity's free telephone helpline (0800 043 40 50) is open Monday to Friday, 8am to 6pm.

Debt Advice Foundation holds the Advice Services Alliance Advice Quality Standard (AQS) and is listed by Money Advice Service as an accredited, free provider of debt advice on its website.

The charity is a member of AdviceUK, the UK's largest support network for free, independent advice centres. It is also a registered supporter of the All-Party Parliamentary Group on Financial Education for Young People and the All-Party Parliamentary Group on Debt and Personal Finance.

The charity offers its free, impartial telephone advice service to anyone worried about debt. A detailed financial statement is taken from callers to the helpline in order to determine the most appropriate solution for their circumstances.

The charity's subsequent recommendations are based on the following key principles, taken from Debt Advice Foundation's Ethical Debt Advice Charter:

- The advice will fully solve the caller's debt problem;
- The adviser will recommend the least drastic and most appropriate solution available;
- They will aim to achieve the above in the shortest time possible

**Education**

The charity's financial education and information work is delivered under the DebtAware name ([www.debtaware.org](http://www.debtaware.org)).

DebtAware is a money management programme aimed at primary and secondary school children aged 9-13 years old.

The charity currently has over 10,000 children enrolled on the programme from over 150 schools across England and Scotland.

**HOW OUR ACTIVITIES DELIVER PUBLIC BENEFIT**

**Debt advice & solutions**

At the start of the global health crisis, debt advice enquires fell sharply as government emergency economic protection measures did their job and suppressed demand. This trend began to reverse during the accounting period as those protections, such as the Coronavirus Job Retention Scheme, began to wind down. During the accounting period, 5,108 people, with over £10.7m of unmanageable unsecured debt, contacted the charity's free telephone helpline.

A further 48,000 people visited the charity's website where they were able to access the free, downloadable money management tools and the COVID finance guide on offer.

38% of callers were referred either by Money Advice Service or by other partner organisations such as local authorities, consumer advocate websites and charities. 62% of callers found out about the charity's helpline via internet searches.

Credit cards accounted for 35% of total unsecured debt reported by callers to the charity's helpline with personal loans the next highest average value, accounting for 29% of total debt.

The number one specified cause of financial difficulty was loss of job (19.2%).

**DEBT ADVICE FOUNDATION  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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13% of cases managed by the charity's helpline advisers required a managed debt solution intervention (Administration Order, Debt Relief Order, Bankruptcy, Individual Voluntary Arrangement, Free Debt Management Plan). Of the non-solution enquiries, disputed liabilities (11%) and legal matters (8%) represented the most common caller concerns.

Breathing Space legislation came into effect in May 2021 to provide short-term legal protection for debtors whilst they sought debt advice. Whilst the introduction of the instrument has brought with it significant additional case work for the charity's advisers, it has nevertheless proved to be a welcome and much needed addition to the adviser toolkit.

Debt Advice Foundation retained its Advice Quality Standard (AQS) Telephone Advice accreditation during the accounting period for a further two years.

**Education**

The charity provides financial capability education lessons to over 10,000 children annually from 150 schools across England and Scotland.

The health crisis had a significant impact on the charity's Debt Aware financial capability programme during the accounting period with workplace COVID measures compromising school-based delivery. In mitigation, Debt Advice Foundation developed remote programme delivery where possible and resumed normal classroom delivery wherever individual school policies allowed.

**FUTURE PERIODS**

**Debt Advice & Solutions**

Following twelve months of restricted trading and enforced closures, the end of government economic measures such as job and debt enforcement protections and significant and sustained cost of living increases, it is inevitable that the demand for debt advice will rise. The charity is well placed to meet the inevitable increase in demand for our service.

The uncertainty created by the Money and Pensions Service commissioning exercise will inevitably impact the sector, both in the short term with respect to the retention and replacement of accredited debt advice resource, as well as in the longer term, with the potential closure of MaPS funded agencies, which could impact aggregate sector supply.

Despite this uncertainty, the new commissioning structure also brings with it exciting new opportunities to work collaboratively with agencies in other financial and related care sectors, enabling the charity to broaden the scope of its offering.

The charity is scheduled to participate in a new creditor referral hub pilot that has been developed by Money and Pensions Service, which we believe will help to identify and engage at-risk individuals at a much earlier stage of their debt advice journey.

The charity will also continue to contribute to the strategic direction of the sector as part of Money and Pension Service's Debt Advice Operational Group.

**Education**

The ending of government workplace COVID measures has allowed the charity to resume normal classroom delivery of the Debt Aware financial education programme.

The charity has also recently partnered with Chorley Local Authority to deliver the Debt Aware programme in all of the area's primary schools. Debt Advice Foundation believes the collaboration can be a blueprint for future partnerships with local authorities across the country.

The charity continues to be an active supporter of the All Party Parliamentary Group on Financial Education for Young People.

**DEBT ADVICE FOUNDATION  
REPORT OF THE TRUSTEES  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**FINANCIAL REVIEW**

**Reserves policy**

The Trustees consider that the charity should hold sufficient reserves in order that it can, from time to time, make payments at short notice to beneficiaries.

**Principal funding sources**

The charity's primary source of funding is from the provision of debt advice. Debt Advice Foundation's grant funding from Money and Pensions Service for the provision of debt advice services increased during the period and National Lottery funding for its education activities remained unchanged.

**Investment policy and objectives**

The Charity has no long term investments.

**Financial position**

In financial terms, the year proved to be challenging as a result of the ongoing COVID crisis. During this year the Charity's incoming resources were £501,555 (2020 - £581,890). Of this £260,762 (2020 - £191,019) related to restricted activities.

The surplus of £11,608 (2020 - £39,453) increased reserves to £118,488 (2020 - £106,880).

A 9.7% reduction in expenditure over the period, due primarily to the furloughing of education staff, helped to mitigate the fall in income.

**Funds in deficit**

No funds were in deficit at the balance sheet date. Where restricted funds have been used to meet costs in relation to restricted funds awaiting drawdown, the amounts due back to unrestricted reserves have been shown as interfund creditors at the year end.



**STATEMENT OF TRUSTEES' FINANCIAL RESPONSIBILITIES**

The trustees (who are also directors of Debt Advice Foundation for the 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**On behalf of the Board of Trustees**

D Benson  
Chairman

29 June 2022

**DEBT ADVICE FOUNDATION  
INDEPENDENT EXAMINER'S REPORT  
FOR THE YEAR ENDED 31 AUGUST 2021**

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I report to the charity trustees on my examination of the accounts of the charitable company for the year ended 31 August 2021 which are set out on pages 9 to 20.

**Responsibilities and basis of report**

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

**Independent examiner's statement**

Since the charitable company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

David Sharples ACA  
For and on behalf of Peaks & Valleys Business Enhancement Ltd  
1<sup>st</sup> Floor, Block C  
The Wharf  
Manchester Road  
Burnley  
BB11 1JG

29 June 2022

**DEBT ADVICE FOUNDATION**  
**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE**  
**ACCOUNT)**  
**FOR THE YEAR ENDED 31 AUGUST 2021**

Year ended 31 August 2021				Year ended 31 August 2020
	Notes	Unrestricted funds	Restricted funds	Total Funds
		£	£	£
<b>INCOME FROM:</b>				
Investments	2	64	-	64
Donations and legacies		-	-	-
Charitable activities	3	240,729	260,762	501,491
<b>Total income</b>		240,793	260,762	501,555
<b>EXPENDITURE ON:</b>				
Charitable activities	4	229,185	260,762	489,947
<b>Total expenditure</b>		229,185	260,762	489,947
<b>Net income / (expenditure) for the year</b>	6	11,608	-	11,608
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward		106,880	-	106,880
<b>Total funds carried forward</b>		118,488	-	118,488

The accompanying notes form part of these financial statements.

**DEBT ADVICE FOUNDATION**  
**BALANCE SHEET**  
**AS AT 31 AUGUST 2021**

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
<b>FIXED ASSETS</b>					
Intangible assets	<b>9</b>	11,398	-	11,398	9,240
Tangible assets	<b>10</b>	7,491	-	7,491	10,612
		<u>18,889</u>	<u>-</u>	<u>18,889</u>	<u>19,852</u>
<b>CURRENT ASSETS</b>					
Debtors	<b>11</b>	55,040	35,363	90,403	103,128
Cash at bank and in hand		96,563	-	96,563	85,948
		<u>151,603</u>	<u>35,363</u>	<u>186,966</u>	<u>189,076</u>
<b>LIABILITIES</b>					
Amounts falling due within one year	<b>12</b>	(52,004)	(35,363)	(87,367)	(102,048)
<b>NET CURRENT ASSETS</b>		<u>99,599</u>	<u>-</u>	<u>99,599</u>	<u>87,028</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>118,488</u>	<u>-</u>	<u>118,488</u>	<u>106,880</u>
<b>NET ASSETS</b>		<u>118,488</u>	<u>-</u>	<u>118,488</u>	<u>106,880</u>
<b>FUNDS OF THE CHARITY:</b>	<b>13</b>				
Unrestricted funds:					
General funds				118,488	106,880
Restricted funds				-	-
<b>TOTAL CHARITY FUNDS</b>				<u>118,488</u>	<u>106,880</u>

**DEBT ADVICE FOUNDATION  
BALANCE SHEET (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2021**

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For the year ending 31 August 2021 the charitable company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31 March 2021 in accordance with Section 476 of the Companies Act 2006.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

The financial statements were approved by the Board of Trustees on 29 June 2022 and were signed on its behalf by:

D Benson  
Trustee

**Company Registration Number: 08039416**

The accompanying notes form part of these financial statements.

**DEBT ADVICE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 AUGUST 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Net movement in funds		11,608	39,453
<b>Adjustment to cash flows from non-cash items</b>			
Depreciation		5,310	4,292
Amortisation		1,984	8,917
Investment Income	<b>2</b>	(64)	(86)
		<u>18,838</u>	<u>52,576</u>
<b>Working capital adjustments</b>			
Decrease/(increase) in debtors	<b>11</b>	17,487	26,651
(Decrease)/increase in creditors	<b>12</b>	(19,443)	23,201
		<u>16,882</u>	<u>102,428</u>
Net cash flows from operating activities			
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	<b>2</b>	64	86
Purchase of intangible fixed assets	<b>9</b>	(4,142)	(9,240)
Purchase of tangible fixed assets	<b>10</b>	(2,189)	(7,498)
		<u>(6,267)</u>	<u>(16,652)</u>
Net cash flows from investing activities			
<b>Cash flows from financing activities</b>			
Repayment of borrowing		-	-
		<u>-</u>	<u>-</u>
Net cash flows from financing activities			
Net increase in cash and cash equivalents	<b>20</b>	10,615	85,776
Cash and cash equivalents at 1 September		85,948	172
Cash and cash equivalents at 31 August		<u>96,563</u>	<u>85,948</u>

All of the cash flows are derived from continuing operations during the above two periods.

## **1. ACCOUNTING POLICIES**

### **Basis of preparation of financial statements**

The financial statements have been prepared 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Debt Advice Foundation meets the definition of a public entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

### **Preparation of the accounts on a going concern basis**

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

### **Income**

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

Bank interest is included in the income and expenditure account on receipt.

### **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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for particular purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

### **Expenditure**

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

Charitable expenditure comprises those costs incurred in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements for the charity and include accountant's fees and cost linked to the strategic management of the charity.

## **1. ACCOUNTING POLICIES (CONTINUED)**

### **Taxation**

The Charity is exempt from corporation tax on its charitable activities. Although the Charity is registered for VAT, it is not able to recover all input VAT incurred, and subsequent irrecoverable VAT is expensed to the Statement of Financial Activities.

### **Pensions**

Employees of the charity are entitled to join a defined contribution money purchase scheme. The charity contribution is restricted to the contributions disclosed in note 8.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	20% straight line
Fixtures, fittings and equipment	33% straight line
Computer equipment	33% straight line

### **Goodwill**

Goodwill represents the excess of the cost of acquisition of incorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

### **Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments and accrued income comprise payments made in advance relating to the following year and income relating to the current year, which will not be invoiced until after the balance sheet date.

### **Cash at bank and in hand**

Cash at bank and cash in hand are basic financial assets and include cash in hand.

### **Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## **2. INVESTMENT INCOME**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total funds 2021</b>	<b>Total funds 2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank interest received	64	-	64	86
	<u>64</u>	<u>-</u>	<u>64</u>	<u>86</u>



**DEBT ADVICE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021**

**3. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
<b>Grant Income</b>				
Money Advice Services	-	231,517	231,517	162,056
National Lottery Community grant	-	29,245	29,245	28,963
Income from providing debt advice	240,729	-	240,729	390,785
	<u>240,729</u>	<u>260,762</u>	<u>501,491</u>	<u>581,804</u>

**4. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

All resources expended relate to the provision of the charity's primary purpose of providing general debt advisory services.

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Staff costs (see note 8)	131,632	157,028	288,660	298,529
Depreciation and amortisation	7,295	-	7,295	13,210
Other costs	86,958	103,734	190,692	227,398
Governance costs (see note 5)	3,300	-	3,300	3,300
	<u>229,185</u>	<u>260,762</u>	<u>489,947</u>	<u>542,437</u>

**5. GOVERNANCE AND SUPPORT COSTS**

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total Funds £
Independent Examiner's remuneration	1,800	-	1,800	1,800
Accountancy fees	1,500	-	1,500	1,500
	<u>3,300</u>	<u>-</u>	<u>3,300</u>	<u>3,300</u>

**6. INCOME FOR THE YEAR**

This is stated after charging:

	2021 £	2020 £
Amortisation of intangible assets	1,984	8,917
Depreciation of tangible assets	5,311	4,293
Independent Examiner's remuneration	1,800	1,800
	<u></u>	<u></u>

## **7. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or benefits for the year ended 31 August 2021, nor for the year ended 31 August 2020.

### **Trustees' expenses**

There were no trustees expenses paid during the year ended 31 August 2021 (2020 - £Nil).

## **8. STAFF COSTS**

	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
Wages and salaries	265,393	266,816
Social security costs	18,681	26,573
Pension costs	4,586	5,140
	<u>288,661</u>	<u>298,529</u>

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

	<b>2021</b> <b>No.</b>	<b>2020</b> <b>No.</b>
	12	13
	<u>12</u>	<u>13</u>

No employee received remuneration amounting to more than £60,000 in the year.

## **9. INTANGIBLE ASSETS**

	<b>Goodwill</b> <b>£</b>	<b>Website</b> <b>£</b>	<b>Total</b> <b>£</b>
<b>Cost</b>			
At 1 September 2020	52,451	9,240	61,691
Additions	-	4,142	4,142
At 31 August 2021	<u>52,451</u>	<u>13,382</u>	<u>65,833</u>
<b>Amortisation</b>			
At 1 September 2020	52,451	-	52,451
Charge for the year	-	1,984	1,984
At 31 August 2021	<u>52,451</u>	<u>11,398</u>	<u>54,435</u>
<b>Net book value</b>			
At 31 August 2021	<u>-</u>	<u>11,398</u>	<u>11,398</u>
At 31 August 2020	<u>-</u>	<u>9,240</u>	<u>9,240</u>

Goodwill is written off in equal annual installments over its estimated useful economic life.

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**10. TANGIBLE ASSETS**

	<b>Leasehold improvements</b>	<b>Fixtures, fittings and equipment</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 September 2020	7,038	6,171	20,603	33,812
Additions	-	-	2,189	2,189
At 31 August 2021	<u>7,038</u>	<u>6,171</u>	<u>22,792</u>	<u>36,001</u>
<b>Depreciation</b>				
At 1 September 2020	4,020	5,781	13,399	23,200
Charge for the year	1,464	390	3,456	5,310
At 31 August 2021	<u>5,484</u>	<u>6,171</u>	<u>16,855</u>	<u>28,510</u>
<b>Net book value</b>				
As 31 August 2021	1,554	-	5,937	7,491
At 31 August 2020	<u>3,018</u>	<u>390</u>	<u>7,205</u>	<u>10,612</u>

**11. DEBTORS**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>2021 Total funds</b>	<b>2020 Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	19,502	-	19,502	15,555
Other debtors	1,850	-	1,850	2,318
Prepayments and accrued income	33,688	-	33,688	54,654
Interfund debtors	-	35,363	35,363	30,601
	<u>55,040</u>	<u>35,363</u>	<u>90,403</u>	<u>103,128</u>

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**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>2021 Total funds £</b>	<b>2020 Total funds £</b>
Trade creditors	10,963	-	10,963	20,749
Taxation and social security	1,956	-	1,956	14,612
Other creditors	3,722	35,363	39,085	36,086
Interfund creditors	35,363	-	35,363	30,601
	<u>52,004</u>	<u>35,363</u>	<u>87,367</u>	<u>102,048</u>

Interfund loans are interest free and will be repaid as and when required.

**13. MOVEMENT IN FUNDS**

	<b>Balance at 01/09/2020 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Balance at 31/08/2021 £</b>
<b>Unrestricted funds</b>					
General fund	106,880	240,793	229,185	-	118,488
	<u>106,880</u>	<u>240,793</u>	<u>229,185</u>	<u>-</u>	<u>118,488</u>
<b>Restricted funds</b>					
Money Advice Service	-	231,517	231,517	-	-
National Lottery	-	29,245	29,245	-	-
Community Grant					
	<u>-</u>	<u>260,762</u>	<u>260,762</u>	<u>-</u>	<u>-</u>
<b>Total funds</b>	<u>106,880</u>	<u>501,555</u>	<u>489,947</u>	<u>-</u>	<u>118,488</u>

**14. PURPOSE OF RESTRICTED FUNDS**

Money Advice Service – funding to provide telephone debt advice services

National Lottery Community grant – funding to support the charity’s financial education work in schools.

## **15. LEGAL STATUS OF CHARITY**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. The number of members as at the 31 August 2021 was 5.

## **16. CONTROL**

The charity is controlled by its Trustees / Directors.

## **17. RELATED PARTY TRANSACTIONS**

There are no related party transactions that require disclosure in the accounts.

## **18. STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020 (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)**

	<b>Year ended 31 August 2020</b>		
	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>INCOME FROM:</b>			
Investments	86	-	86
Charitable activities	390,785	191,019	581,804
<b>Total income</b>	<u>390,871</u>	<u>191,019</u>	<u>581,890</u>
<b>EXPENDITURE ON:</b>			
Charitable activities	351,418	191,019	542,437
<b>Total expenditure</b>	<u>351,418</u>	<u>191,019</u>	<u>542,437</u>
<b>Net income/ (Expenditure) for the year</b>	<u>39,453</u>	<u>-</u>	<u>39,453</u>
<b>RECONCILIATION OF FUNDS</b>			
Total Funds brought forward	67,427	-	67,427
<b>Total funds carried forward</b>	<u>106,880</u>	<u>-</u>	<u>106,880</u>

**DEBT ADVICE FOUNDATION**  
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**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Intangible fixed assets	11,398	-	11,398
Tangible fixed assets	7,491	-	7,491
Current assets	55,040	35,363	55,040
Current liabilities	(52,004)	(35,363)	(52,004)
Total net assets	<u>21,925</u>	<u>-</u>	<u>21,925</u>

**20. ANALYSIS OF FUNDS**

	<b>At 01/09/2020</b>	<b>Cash flow</b>	<b>At 31/8/2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	<u>85,948</u>	<u>10,615</u>	<u>96,563</u>

**21. COMMITMENTS UNDER OPERATING LEASES**

At 31 August 2021 the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases as set out below:

	<b>Land and Buildings</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating leases which expire:</b>	<b>£</b>	<b>£</b>
Within 1 year	21,999	21,999
Within 2 - 5 years	-	21,999
	<u>21,999</u>	<u>43,998</u>