

ADVICE UK

ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Charity Registration No. 299342

Company No. 02023982

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REFERENCE AND ADMINISTRATIVE DETAILS For the year ended 31 March 2021

Trustees

S Azimi (until 06.01.2021)
A Bearn (resigned 20.10.2020)
B Badesha
H Kendall
D Mulling (resigned 12.10.2020)
J Kennedy
W Palmer (resigned 11.11.2020)
N Wayne
P Whittle (resigned 31.07.2020)
J Ipyana (appointed 15.07.2021)
A Quinn (appointed 15.07.2021)

Chair N Wayne

Chief Executive and Company Secretary S Johnson

Company Number 02023982 (England & Wales)

Charity Number 0299342

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

Website www.adviceuk.org.uk

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

ADVICE UK

REPORT OF THE TRUSTEES

For the year ended 31 March 2021

The trustees are pleased to present their annual report together with the consolidated financial statements for the year ending 31 March 2021.

Structure and History

Legal structure

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

History

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

Membership structure

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

Connected companies

The Charity has a number of Group subsidiaries and associated companies: "**Independent Advice Services Ltd**" is a private company limited by shares formed in 1998 to facilitate non primary-purpose trading activities. Advice UK owns 100% of the shares. "**VCS Insurance Company Limited**" based in Guernsey, is a private company limited by shares formed by AdviceUK in 2006 as a specialist insurer (underwriter) for organisations working in and with the voluntary and community sector. Advice UK owns 100% of the shares. Since forming the company, Advice UK has sourced some of the insurances that it arranges for advice agencies from VCS Insurance Company Ltd. "**Advanced Case Management Solutions Ltd**", based in Glasgow, is a private company limited by shares formed in 2011 to continue provision of the AdvicePro case management software service to Network Members and other advice organisations. Advice UK owns 50% of the shares and this is treated as an associate.

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 2021

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

Governance and Management

The Board of Trustees

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

Trustee Appointment, Induction and Terms of Office

In accordance with decisions arising from a governance review commenced in 2016, the maximum size of the Board is now 15 to comprise 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 an annual budget and plan; to review policies and services and to plan for the future. The planning session is usually at least one full day and will also review governance. A Resources Committee, comprising the Chair and two Vice-Chairs usually meets twice annually to review staff terms and conditions and any budgetary implications and to make recommendations to the Board. The Board has rarely had resort to other committees or sub-committees. A Chief Executive is appointed by the Trustees to manage the operations of the Charity. The Chief Executive also currently serves as the Company Secretary.

REPORT OF THE TRUSTEES

For the year ended 31 March 2021

Operations

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

Management and Staffing

Operations are led by a Senior Management Team comprising the Chief Executive and the Executive Director. Total staffing at March 2021 was 15, comprising 12 employees (10.8 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

Senior management remuneration is reviewed annually, in the same way as remuneration of all other employees, by a Committee of Trustees making recommendations to the Board. Non-salary terms and conditions 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 and procedures, including current salary levels and the salary structure.

Employee Involvement

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

Health and Safety

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

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For the year ended 31 March 2021

Financial Control

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

Review of the Year

Summary

The year under review has, of course, been a year like no other due to measures in response to the Covid 19 pandemic. All staff have been working from home for the whole of the year following closure of the AdviceUK office on 17th March 2020 at the commencement of the first "lock-down". At the time of writing (June 2021), the lifting of all Covid restrictions has just been delayed for a further few weeks and we, like so many other organisations, are not anticipating a return to office working until the autumn. During the past fifteen months our working patterns and arrangements have changed so significantly and, for the most part, so successfully that when we do return to using our premises it will be in ways that are different from before. The details of our particular "new normal" working arrangements have yet to be decided. They will take account of changed practices and expectations all around us but they will mostly be determined by the accelerated shifts in our capabilities that have occurred in the past year, by the requirements of our beneficiaries and by the preferences of our staff – who have performed magnificently in changed circumstances. They have remained buoyant throughout and their "can-do" attitude has been exemplary. They have looked on difficulties as opportunities, turned problems into improvements and generally done whatever it took to get things done. Productivity has not dipped but increased. This has more than borne out our belief that capable, motivated people will not just embrace but shape change and drive improvements in a system that authorises them to do so. Underpinned by the digital developments we have continued to implement during the year, we expect that whatever "new normal" arrangements we decide upon will deliver further improvements.

Our smooth transition to remote working last year was partly enabled by having the necessary infrastructure already in place and some experience of using it. Crucially, it was also afforded by sound finances, built over several years, enabling us to guarantee security to our staff beyond one year, no matter what the impact on our income might be as a result of the pandemic. None of our staff were furloughed, enabling us to proceed with planned developments as well as respond to the effects of Covid restrictions on our members' activities – which were much more significant for them than for us. Many of our members' finances were severely affected by government restrictions, especially among those reliant on contract income tied to volumes of people being seen. Many faced immediate cash-flow crises and a high risk of closure. This being most acute amongst casework agencies of all types, it threatened to permanently injure the whole of the advice sector. Commendably, a co-ordinated effort by relevant foundations and other funders, supported by government, raised several millions of pounds in emergency funding which then had to be distributed. The major part of our work during the year, all unplanned, then became engagement with funders, influencing proposed grants schemes, gathering data on members' needs, advocacy on behalf of our members, support to members around funding sources and applications and, in Scotland, becoming a grant-making organisation for the first time as the most efficient means of getting supplementary funding to front-line agencies. Working at high intensity, we hit every deadline we committed to. To achieve all of this we needed to engage temporary freelance capacity for which we received some supplementary funding. This, plus grant funds received for distribution and little effect on our main income streams as a result of Covid meant that our overall income actually increased compared with the previous year. This may turn out to be a temporary 'blip' or it might continue if we are a preferred distribution route for additional funding to support responses to the expected tsunami of demand for advice once the Treasury's household income and business support packages and debt recovery and housing eviction restrictions come to an end. The important achievement of the past year, though, is that most of the advice sector remains intact, ready to try to meet that challenge when it comes and we have played our part in that. We have done so alongside the planned work of continuing to digitise, integrate and develop our internal and member-facing systems. We set on two additional staff during the year, as planned, to progress that project. It remains on-time and broadly on-budget and has delivered the expected benefits to date. One of these is an online booking system for training courses and events which were the areas of our 'business as usual' activities that were most affected by Covid restrictions. The shift to online provision has effectively been accelerated thanks to the sterling efforts of both staff and freelance trainers, who are to be commended. Take-up is currently

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increasing with online already being the preferred booking channel. The next phase of the project, running into 2022, is currently being planned.

Overall, although 2020-21 has been the strangest of years, we can say that we managed to meet every challenge we could conceivably have met while continuing with business as usual *and* working through a programme of planned change that is likely to continue for some years to come. That programme includes governance succession arrangements which is an area in which we suffered two tragic set-backs occasioned by the deaths of two highly respected and much loved individuals. Firstly Kathryn Burgess, a former trustee who was due to return to the Board as Chair in November but who died very suddenly a few days before she was due to take office. Secondly, serving trustee Simin Azimi, who died unexpectedly on 6th January. Both are sadly missed and still deeply mourned by the many scores of people in the advice sector who knew them. Their deaths prompted renewed attempts to recruit additional trustees which resulted in the selection of four candidates for appointment in the current financial year. Our change programme also includes the challenging transition from one financial model to another with a high reliance on earned income and an absence of grant dependency; movement towards greater pro-activity in the way that we develop and offer our services to members and a more focused and better-resourced approach to public policy work aimed at engaging with members to influence decisions in those spheres which affect advice provision and the need and demand for advice. We made reasonable progress in all of these areas during 2020-21 but eventual success will be the work of several years not one. Achieving it will require the sound finances that we continue to maintain and gradually build. We can thereby look forward to making further progress in years to come. At the close of 2020-21 the Charity was, once again, in a more positive position than in previous years and better placed than many 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 2020-21 was at the end of December 2020 when total membership stood at 753 (December 2019: 743). 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 229 organisations (December 2019: 220). Distribution of members across the four home countries was England 592 (590), Wales 24 (22), Scotland 68 (60) and Northern Ireland 69 (71). The profile of members remained very diverse in terms of types of advice offered and communities served. Members continue to work in some of the poorest locations in the UK serving some of the most vulnerable communities and excluded groups.

Other activities and achievements

Our Learning & Skills operation experienced a year of severe disruption due to Covid following two successive years of difficulties due to a down-turn in demand for training which appeared to be cyclically related to downward pressure on members' budgets. The team, nevertheless, provided 697 training course places in the year (2019-20 742; 2018-19 842), by accelerating the conversion of course contents to make them suitable for online delivery. The number of new registrations for qualifications was 75 (2019-20 60; 2018-19 395). This signalled the beginnings of a recovery from a dip in 2019 due to a partnership with another national charity coming to an end. The new registrants joined more than 150 continuing learners throughout the country (2019-20 150) 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 Co. Ltd. VCS made a small profit during the year of £11,449 (2019-20 a loss of £13,835). There was a 13% increase in the number of customers. Retained surpluses from previous years continued to ensure very healthy liquidity. In every year since formation VCS has been able to reduce or freeze premiums so helping to reduce a significant element of members' running costs. This is likely to attract more customers in the coming year since market premiums for PII have increased sharply during the past two years.

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Our software operation, providing the AdvicePro online electronic case management system, had another very successful year. The number of organisations using the system now exceeds 550, encompassing more than 7,000 individual users. It is now the most widely used system in the sector. Customer satisfaction continues to be excellent. Re-investment in development of the product also continues apace. The sixth iteration of the product, 'AdvicePro 6', has now been rolled-out to all existing customers. 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 5.5 million cases are now held on the system with around 60,000 new ones being added each month. A significant data set is being accumulated so that the strategic goal of consistent data reporting across our membership is coming into view. Our associate company, ACMS Ltd, which develops and supports AdvicePro, had another successful year, reporting a year-end profit before dividends of £499,353 (2020 £322,503).

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Financial Review

Financial result

The Group

Total group income during the year was £3,593,588, an increase of £1,016,755 compared with £2,576,833 in the previous year. Total expenditure during the year was £3,224,418, an increase of £891,391 compared with £2,333,027 in the previous year. Overall, the group had a surplus of £404,966 for the year (2020: £233,491). At 31 March 2021 the group had unrestricted funds of £2,062,570 (2020: £1,759,421) and restricted funds of £101,517 (2020: £119,700). The Directors plan to continue applying some portion of surpluses to investment in staffing, equipment and product development in order to improve services to members.

The Charity

Total income for the Charity during the year to 31 March 2021 was £3,215,441, an increase of £951,245, compared with £2,264,196 in the previous year. Expenditure on governing the Charity increased slightly to £23,908 (2020: £22,194) but remains below 0.8% of total expenditure. The Charity's total unrestricted income during the year was £2,348,741. Associated expenditure was £2,166,720. Total restricted income during the year was £866,700 (2020: £141,400). Associated expenditure was £895,677 funded by income during the year and a balance of £119,700 brought forward. The balance of £101,517 is carried forward for use in 2021-22.

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 £3,215,441 only £866,700 was restricted income in the form of grants for specified activities representing just 27.0% of total income. No core support was received from central government despite increasingly high expectations of organisations such as ours, not least on the part of government itself. The Charity's high proportion of unrestricted income and low proportion of government / public funding does at least serve to underwrite its flexibility and independence.

Fundraising

Fundraising activity consisted of project bids developed by employees as part of their wider duties. The charity does not use the services of professional fund-raisers; neither does it have specialist 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

The Board of Trustees reviewed its reserves policy in November 2019 and 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 £1,100,859 (2020: £918,832). This exceeds an amount equivalent to 6 months expenditure on staff and overheads (currently approx. £400,000) which, in recent years, the Board has decided it would be prudent to hold as a free reserve. In November 2019 the Board decided to carry out a review of business risks in 2020 to arrive at a detailed statement on the basis of which a new free reserve target would be set. Other priorities in 2020, and to date, meant that the review did not occur. It is now likely to be undertaken in 2022 with the benefit of reflection on all that has happened in 2020-21. While the free reserves that were in place prior to the pandemic proved adequate to meet the ensuing challenges, it might easily have been otherwise. The review might conclude that changes to the current policy are required. In the meantime, the policy of aiming to achieve at least balanced budgets in order to build reserves while not precluding investment in capacity to raise income or facilitate growth will continue to apply. In advance of the full business risks review, there will be the usual annual review of the reserves position in November 2021. This will have regard to a range of factors including:

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For the year ended 31 March 2021

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

Plans for future periods

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

Investments Policy

Historically, aside from seeking to retain a prudent amount in reserves, most of the charity's funds 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. Short term investment options for relatively small amounts are very limited at the present time and the Board considers that the return on balances obtained from its principal bankers are the best that can be obtained in the circumstances.

Trustees' liability

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

Appointment of Auditors

Scrutton Bland were re-appointed as auditors in accordance with section 495 of the Companies Act 2006 at a Board meeting held in January 2021. This was for a three-year term spanning 2020-21, 2021-22 and 2022-23.

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Trustees' Responsibilities Statement

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

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

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

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

Statement as to disclosure of information to auditors

In so far as the trustees are aware:

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

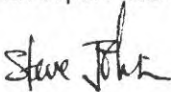
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Small Companies Regime

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

This report was approved by the Board on 14 October 2021

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 2021 which comprises the Consolidated Statement of Financial Activities incorporating Income and 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 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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 Auditors' 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

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

other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 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 company.

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

- 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 charitable company is subject to many other laws and regulations where the consequences of noncompliance 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 company 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.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAS (UK).

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

ADVICE UK

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

Use of our report

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

Sharon Bland LLP

Sharon Gravener, Senior Statutory Auditor

For and on behalf of
Scrutton Bland LLP, Statutory Auditor

Fitzroy House
Crown Street
Ipswich
Suffolk
IP1 3LG

Date: 29 October 2021

ADVICE UK

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

For the year ended 31 March 2021

	Note	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Restated Total Funds 2020 £
INCOME FROM					
Donations	3	85,427	5,000	90,427	85,908
Charitable activities	4	2,427,638	861,700	3,289,338	2,312,442
Investments	5	9,146	-	9,146	8,231
Share of profits of associate		204,677	-	204,677	170,252
Total Income		2,726,888	866,700	3,593,588	2,576,833
EXPENDITURE ON:					
Raising Funds	6	17,158	-	17,158	29,309
Charitable activities	7	2,311,583	895,677	3,207,260	2,303,718
Total Expenditure		2,328,741	895,677	3,224,418	2,333,027
Net gains/(losses) on investments	13	35,796	-	35,796	(10,315)
Net income/(expenditure)		433,943	(28,977)	404,966	233,491
Transfer between funds	19	(10,794)	10,794	-	-
Net movement in funds	19	423,149	(18,183)	404,966	233,491
RECONCILIATION OF FUNDS					
Fund balances brought forward		1,759,421	119,700	1,759,121	1,525,630
Fund balances carried forward		2,062,570	101,517	2,164,087	1,759,121

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 19 to 38 form part of these accounts.

ADVICE UK

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

For the year ended 31 March 2020

	Note	Restated Unrestricted Funds 2020 £	Restricted Funds 2020 £	Restated Total Funds 2020 £
INCOME FROM				
Donations	3	85,908	-	85,908
Charitable activities	4	2,171,042	141,400	2,312,442
Investments	5	8,231	-	8,231
Share of profits of associate		170,252	-	170,252
Total Income		2,435,433	141,400	2,576,833
EXPENDITURE ON:				
Raising Funds	6	29,309	-	29,309
Charitable activities	7	2,281,834	21,884	2,303,718
Total Expenditure		2,311,143	21,884	2,333,027
Net (losses)/gains on investments	13	(10,315)	-	(10,315)
Net income		113,975	119,516	233,491
Transfer between funds	19	(184)	184	-
Net movement in funds	19	113,791	119,700	233,491
RECONCILIATION OF FUNDS				
Fund balances brought forward		1,525,630	-	1,525,630
Fund balances carried forward		1,759,121	119,700	1,759,121

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 19 to 38 form part of these accounts.

BALANCE SHEET

As at 31 March 2021

	Notes	Group 2021 £	Restated Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Intangible assets	11	65,930	70,766	65,930	70,766
Tangible assets	12	6,622	6,258	6,622	6,258
Investments	13	741,089	500,616	345,133	309,337
Total fixed assets		<u>813,641</u>	<u>577,640</u>	<u>417,685</u>	<u>386,361</u>
Current assets					
Debtors	14	651,194	451,892	886,258	717,365
Cash at bank and in hand		1,745,603	1,185,747	1,303,070	760,434
Total current assets		<u>2,396,797</u>	<u>1,637,639</u>	<u>2,189,328</u>	<u>1,477,799</u>
Liabilities:					
Creditors: amounts falling due within one year	15	(1,015,639)	(435,408)	(1,056,344)	(502,331)
Net current assets		<u>1,381,158</u>	<u>1,202,231</u>	<u>1,132,984</u>	<u>975,468</u>
Total assets less current liabilities		<u>2,194,799</u>	<u>1,779,871</u>	<u>1,550,669</u>	<u>1,361,829</u>
Provisions for liabilities	17	(30,712)	(20,750)	-	-
Total net assets		<u>2,164,087</u>	<u>1,759,121</u>	<u>1,550,669</u>	<u>1,361,829</u>
Funds					
Restricted funds	19	101,517	119,700	101,517	119,700
Unrestricted funds					
Designated funds	19	744,249	430,576	348,293	323,297
General funds	19	1,318,321	1,208,845	1,100,859	918,832
Total unrestricted funds	19	<u>2,062,570</u>	<u>1,639,421</u>	<u>1,449,152</u>	<u>1,242,129</u>
Total Charity Funds	20	<u>2,164,087</u>	<u>1,759,121</u>	<u>1,550,669</u>	<u>1,361,829</u>

These accounts 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 for the year ended 31 March 2021 was £188,840 (2020: £66,656)

Approved and authorised for issue by the Trustees on 14 October 2021 and signed on its behalf.



N.Wayne - Director

The notes on pages 19 to 38 form part of these accounts.

ADVICE UK

CONSOLIDATED STATEMENT OF CASHFLOW

For the year ended 31 March 2021

	Note	Total 2021 £	Total 2020 £
Cash flows from operating activities:			
Net cash provided by operating activities	21	569,282	14,676
Cash flows from investing activities:			
Interest received		9,146	8,231
Purchase of property, plant and equipment		(5,476)	(8,686)
Purchase of computer software		(13,096)	(88,458)
Change in cash and cash equivalents in the reporting period		559,856	(74,237)
Cash and cash equivalents at the beginning of the reporting period		1,185,747	1,259,984
Cash and cash equivalents at the end of the reporting	22	1,745,603	1,185,747

The notes on pages 19 to 38 form part of these financial statements.

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General information

Advice UK is a public benefit entity and a company limited by guarantee, company number 2023982 registered in England. Advice UK is also a charity registered with the Charity Commission (charity registration number 299342). The registered office and its principal place of business is 101E, Universal House, 88 - 94 Wentworth Street, London, E1 6LS.

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

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

1.2 Basis of preparation

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

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

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

1.3 Going Concern

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

The Trustees confirm that at the time of approving the financial statements, there are no material uncertainties regarding the Charity's ability to continue in operational existence for the foreseeable future.

In arriving at this conclusion the Trustees have taken account of current and anticipated financial performance in the current economic conditions, including the impact of Covid-19, its Corporate Plan and its reserves position. For this reason, the going concern basis continues to be adopted in the preparation of the Charity's financial statements.

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1.4 Consolidation

The group accounts incorporate the financial statements of Advice UK and its wholly owned subsidiaries, VCS Insurance Company Limited and Independent Advice Services Limited on a line-by-line basis using the standard Group accounting policies. The subsidiary companies have the same reporting date of 31 March.

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

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

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

1.6 Deferred income

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

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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.

1.9 Investments in subsidiaries

Investments in subsidiaries are held at cost

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

ACCOUNTING POLICIES (CONTINUED)

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.

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

1.14 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.

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.

ACCOUNTING POLICIES (CONTINUED)

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 and 1.10 above and, the remaining are categorised as 'basic' in accordance with Section 11 of FRS 102 and are initially recognised at transaction price. These are subsequently measured at transaction price less any impairment.

1.17 Pensions

The Charity has arranged a defined contribution pension scheme for those employees who wish to join it. The assets of this scheme are held separately from those of the Charity, being invested with insurance companies. Pension costs charged in the Statement of Financial Activities represent the contributions payable during the year.

1.18 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:

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 statement of financial position is £30,712 (2020: £20,750).

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

3. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Donations	85,427	5,000	90,427	85,908

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Member Services	2,417,763	21,700	2,439,463	2,173,392
Policies and campaigns	9,210	-	9,210	19,224
Projects on behalf of members grant income	-	140,000	140,000	-
Scotland activities grant income	-	700,000	700,000	119,700
Corporate/other income (Foundation Fund)	665	-	665	126
	2,427,638	861,700	3,289,338	2,312,442

The restricted funds for Member Services relates to a grant received of £21,700 (2020: £21,700).

5. INVESTMENT INCOME

	Total Funds 2021 £	Total Funds 2020 £
Bank interest receivable	9,146	8,231

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds 2021	Total Funds 2020
	£	£	£	£
Staff costs	17,003	-	17,003	16,704
Other costs	155	-	155	12,605
	<u>17,158</u>	<u>-</u>	<u>17,158</u>	<u>29,309</u>

7. EXPENDITURE ON CHARITABLE ACTIVITIES

Year to 31 March 2021	Project and activity staff costs	Project and activity other costs	Support costs	Total Funds 2021
	£	£	£	£
Members Services	217,714	1,682,671	234,767	2,135,152
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	42,406	668,027	33,074	743,507
	<u>405,720</u>	<u>2,438,846</u>	<u>362,694</u>	<u>3,207,260</u>

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

Included in the Project and activity other costs for Scotland Activities, a sum of £654,502 was paid to 29 separate money advice agencies as part of the Debt Advice Project (2020 - £nil).

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

7. EXPENDITURE ON CHARITABLE ACTIVITIES (CONTINUED)

SUPPORT COSTS

Year to 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>
Year to 31 March 2020	Staff costs	Premises	Governance costs	Other	Total Funds 2020
	£	£	£	£	£
Members Services	99,672	59,760	22,194	69,734	251,360
Policy and Campaigns	33,224	19,920	-	6,319	59,463
Projects on behalf of members	-	-	-	-	-
Scotland Activities	-	-	-	-	-
	<u>132,896</u>	<u>79,680</u>	<u>22,194</u>	<u>76,053</u>	<u>310,823</u>

8. NET INCOME/(EXPENDITURE) FOR THE YEAR

This is stated after charging:	2021 £	2020 £
Depreciation of tangible fixed assets:		
- owned by the charity	5,112	22,360
Amortisation of intangible assets	17,932	17,692
Auditors' remuneration		
- Audit fees	12,700	13,285
- Accountancy fees	1,000	2,050
- other services	500	825
- Subsidiary auditor's fees	7,950	5,000
Operating leases:		
- land and buildings	<u>62,445</u>	<u>58,405</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

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:

	Group and Charity	
	2021	2020
	£	£
Wages and salaries	455,162	495,851
Social security costs	45,774	45,555
Employer's contribution to defined contribution pension scheme	27,641	29,122
Other employee benefits	61,413	34,325
	<u>589,990</u>	<u>604,853</u>

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

	2021	2020
£60,001 - £70,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>

Pension costs paid for employees earning above £60,000 were £9,426 (2020: £9,241). These employees participated in a defined contribution scheme.

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

	Group & Charity	
	2021	2020
Projects and activities	10	12
Administration	<u>2</u>	<u>2</u>

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 £166,519 (2020: £163,254). Of these amounts £Nil (2020: £Nil) related to the Trustees.

During the year, travelling and subsistence expenses totalling £458 (2020: £1,800) and training expenses of £50 (2020: £1,800) were incurred by all (2020: all) trustees.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

11. INTANGIBLE ASSETS**GROUP AND CHARITY**

	Computer Software	Total
	£	£
Cost		
At 1 April 2020	88,458	88,458
Additions	13,096	13,096
At 31 March 2021	101,554	101,554
Amortisation		
At 1 April 2020	17,692	17,692
Amortisation charge	17,932	17,932
At 31 March 2021	35,624	35,624
NBV at 31 March 2021	65,930	65,930
NBV at 31 March 2020	70,766	70,766

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

12. TANGIBLE ASSETS**GROUP AND CHARITY**

	Leasehold Buildings Improvements	Computer Equipment	Furniture & Equipment	Total
	£	£	£	£
Cost				
At 1 April 2020	66,773	48,710	26,117	141,600
Additions	-	5,476	-	5,476
Disposals	-	(940)	-	(940)-
At 31 March 2021	66,773	53,246	26,117	146,136
Depreciation				
At 1 April 2020	66,773	42,605	25,964	135,342
Charge for the Year	-	5,035	77	5,112
Disposals	-	(940)	-	(940)-
At 31 March 2021	66,773	46,700	26,041	139,514
NBV at 31 March 2021	-	6,546	76	6,622
NBV at 31 March 2020	-	6,105	153	6,258

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

13. FIXED ASSET INVESTMENTS

CHARITY

Cost	Subsidiaries	Associates	Other	Listed Investment	Total
	£	£	£	£	£
At 1 April 2020	101,000	40	4,184	204,113	309,337
Net gains/(losses)	-	-	(4,184)	39,980	35,796
At 31 March 2021	101,000	40	-	244,093	345,133

The Charity's subsidiaries are:

	Country of Incorporation	Activity	Proportion of Ordinary Shares Held and voting rights
Independent Advice Services Limited (Company number: 03583609)	UK	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 of £1 each in Change Accounts Limited (Company number: 08425566), a prepaid card trading company registered in United Kingdom.

GROUP

Cost	Associates	Other	Listed Investment	Total
	£	£	£	£
At 1 April 2020	292,319	4,184	204,113	500,616
Change in fair value	-	(4,184)	39,980	35,796
Share of profit of associate				
- Operating profit	359,819	-	-	359,819
- Taxation	(50,142)	-	-	(50,142)
- Dividend	(105,000)	-	-	(105,000)
At 31 March 2021	496,996	-	244,093	741,089

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

13. FIXED ASSET INVESTMENTS (CONTINUED)

The financial results of the subsidiaries were:

	Income	Expenditure	Surplus/(Deficit) for the period	Net assets/ (liabilities)
	£	£	£	£
Independent Advice Services Limited	1,750	4,852	(3,102)	(60,095)
VCS Insurance Company Limited	291,009	279,560	11,449	216,983

Advanced Case Management Solutions Limited

The aggregate of the share capital and reserves as at 31 March 2021 was £705,991 (2020: £416,638)

Advice UK results excluding subsidiary companies

	2021 £	2020 £
Total income	3,215,441	2,264,196
Total expenditure	(3,062,397)	(2,187,225)
	153,044	76,971
Net gain/(loss) on investment	35,796	(10,315)
Net income/(expenditure)	188,840	66,656
Fund balances brought forward at 1 April 2020	1,361,829	1,295,173
Fund balances carried forward at 31 March 2021	1,550,669	1,361,829

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

14. DEBTORS

	<u>Group</u>		<u>Charity</u>	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	454,145	292,070	443,175	274,274
Other debtors	43,563	24,236	24,253	18,970
Prepayments and accrued income	61,086	56,192	61,086	56,192
Amounts owed by subsidiary undertakings	-	-	265,344	288,535
Amount owed by participating interest	92,400	79,394	92,400	79,394
	<u>651,194</u>	<u>451,892</u>	<u>886,258</u>	<u>717,365</u>

Included within amounts owed by subsidiary undertakings is a £150,000 (2020: £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 2021. 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>	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	14,258	17,408	14,258	17,427
Deferred income	458,785	154,207	458,785	154,207
Other creditors	147,215	50,060	80,754	7,613
Accruals	44,150	31,783	44,150	31,783
Other taxation and social security	57,007	13,411	57,007	10,618
Amounts owed to subsidiary undertakings	-	-	107,166	112,324
Amount owed to participating interest	294,224	168,539	294,224	168,359
	<u>1,015,639</u>	<u>435,408</u>	<u>1,056,344</u>	<u>502,4331</u>

Included within other creditors is an amount of £452 in respect of pension contributions (2020: £3,509).

Included within amounts owed to subsidiary undertakings is a £100,000 unsecured loan from VCS Insurance Company Limited (2020: £100,000). The loan is repayable on demand and bears interest at 3% per annum payable in arrears and accrued on a daily basis.

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

16. DEFERRED INCOME

	2021 £	2020 £
At 1 April 2020	154,207	262,736
Income deferred in the current year	458,785	154,207
Amounts released from previous years	(154,207)	(262,736)
At 31 March 2021	458,785	154,207

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

17. PROVISION FOR LIABILITIES

	2021 £	2020 £
Technical reserves		
Outstanding claims reserve at 1 April 2020	20,750	27,531
Movement in prior years' claim provisions	(20,750)	(27,531)
Provisions for new claims	13,000	8,000
Outstanding claims reserve at 31 March 2021	13,000	8,000
IBNER reserve	17,712	12,750
	30,712	20,750

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

Insurance claims development triangle

	2017	2018	2019	2020	2021	Cumulative
In year of claim (or brought forward)	47,344	48,905	28,160	24,930	14,946	339,890
One year later	(24,591)	(43,915)	1,061	202	-	(110,527)
Two years later	(2,798)	(2,301)	3,487	-	-	(67,101)
Three years later	(2,919)	(2,355)	-	-	-	(63,439)
Current estimate of ultimate claims	17,036	344	32,708	25,132	14,946	98,823
Cumulative payments	(17,036)	(334)	(25,820)	(15,292)	(962)	(68,111)
In balance sheet	0	0	6,888	9,840	13,984	30,712

18. FINANCIAL RISK MANAGEMENT

The charity monitors and manages its financial risks relating to insurance contracts. The group's only assets held for insurance purpose consist of cash held in pound sterling by the subsidiary, therefore there is no currency or market price risk. The company considers the credit worthiness of the reinsurance underwriter before renewing its policy. The liquidity of the subsidiary is overseen by Guernsey regulators and capital or loan finance will be injected to meet specified requirements.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk and changes in sentiment concerning equities and within particular sectors or sub-sectors.

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

19. STATEMENT OF FUNDS - GROUP

	Restated Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
RESTRICTED FUNDS					
Members Services	-	21,700	(21,827)	127	-
Projects on behalf of members	-	145,000	(130,342)	-	14,658
Scotland activities	119,700	700,000	(743,508)	10,667	86,859
Total Restricted funds	<u>119,700</u>	<u>866,700</u>	<u>(895,677)</u>	<u>10,794</u>	<u>101,517</u>
UNRESTRICTED FUNDS					
General Fund	1,124,845	2,726,569	(2,328,741)	(204,352)	1,318,321
Designated funds					
Premises fund	33,334	-	-	33,333	66,667
Foundation fund	107,715	319	-	-	108,034
Fixed asset fund	373,527	-	-	196,021	569,548
Total Unrestricted funds	<u>1,639,421</u>	<u>2,726,888</u>	<u>(2,326,991)</u>	<u>25,002</u>	<u>2,062,570</u>
TOTAL FUNDS	<u>1,759,121</u>	<u>3,593,588</u>	<u>(3,224,418)</u>	<u>35,796</u>	<u>2,164,087</u>

STATEMENT OF FUNDS - CHARITY

	Opening Balance £	Income £	Expenditure £	Gains, losses and transfers £	Closing Balance £
RESTRICTED FUNDS					
Members Services	-	21,700	(21,827)	127	-
Projects on behalf of members	-	145,000	(130,342)	-	14,658
Scotland activities	119,700	700,000	(743,508)	10,667	86,859
Total Restricted funds	<u>119,700</u>	<u>866,700</u>	<u>(895,677)</u>	<u>10,794</u>	<u>101,517</u>
UNRESTRICTED FUNDS					
General Fund	918,832	2,348,422	(2,166,720)	325	1,100,859
Designated funds					
Premises fund	33,334	-	-	33,333	66,667
Foundation fund	107,715	319	-	-	108,034
Fixed asset fund	182,248	-	-	(8,656)	173,592
Total Unrestricted funds	<u>1,242,129</u>	<u>2,348,741</u>	<u>(2,166,720)</u>	<u>25,002</u>	<u>1,449,152</u>
TOTAL FUNDS	<u>1,361,829</u>	<u>3,215,441</u>	<u>(3,062,397)</u>	<u>35,796</u>	<u>1,550,669</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

19. STATEMENT OF FUNDS – (CONTINUED)

Designated funds

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

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

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

Restricted funds

Restricted funds were used on three categories of activity: Members' services, Projects on behalf of members and Scotland activities.

Members' services

A grant of £21,700 was received from Provident Financial to support our member services work including specialised support to those members that provide money advice. Such support included direct support and engagement with government, funders and the credit industry on their behalf.

Projects on behalf of members

Two grants of £20,000 and £26,000 were received from The Legal Education Foundation a donation of £5,000 was received to enable additional work by AdviceUK in response to the impact of the pandemic and government restrictions upon advice services. The grants paid for support to AdviceUK members around adjusting service delivery models and submitting bids for emergency funding and also for engagement with funders such as the combined Community Justice Fund on members' behalf.

A grant of £10,000 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 £84,000 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.

Scotland activities

AdviceUK was appointed by the Scottish Government to distribute up to £700,000 from the Devolved Debt Advice Levy Fund to AdviceUK members providing debt advice in Scotland. The funding was to cover activities in the period 1 October 2020 to the 31 March 2021 with approximately 5% being retained by AdviceUK towards its costs. AdviceUK instituted a grants programme resulting in 29 organisations receiving funding for 38 projects across Scotland. Collectively, the projects supported 2,630 clients, securing over £1.1 million of financial gains for them and managing over £3.6 million of debt.

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

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Fixed assets	813,641	-	813,641
Current assets	2,295,280	101,517	2,396,797
Current liabilities	(1,015,639)	-	(1,015,639)
Provision for liabilities	(30,712)	-	(30,712)
	<u>1,986,970</u>	<u>101,517</u>	<u>2,164,087</u>

Charity

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Fixed assets	417,685	-	417,685
Current assets	2,087,811	101,517	2,189,328
Current liabilities	(1,056,344)	-	(1,056,344)
	<u>1,449,152</u>	<u>101,517</u>	<u>1,550,669</u>

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

	2021	2020 £
Net income/(expenditure) for the reporting period	404,966	233,491
Adjustments for:		
Depreciation charges	5,112	22,360
Amortisation charges	17,932	17,692
Loss/(Gain) on investments	(35,796)	10,315
Share of profits of associated undertaking	(204,677)	(170,252)
Interest from investments	(9,146)	(8,231)
Decrease/(Increase) in debtors	(199,302)	50,593
(Decrease)/Increase in creditors	580,231	(134,511)
(Decrease)/Increase in provision	9,962	(6,781)
Net cash provided by operating activities	<u>569,282</u>	<u>14,676</u>

ADVICE UK

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2021

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Cash in hand	1,745,603	1,185,747
Total cash and cash equivalents	1,745,603	1,185,747

23. ANALYSIS OF NET DEBT

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash in hand	1,185,747	559,856	1,745,603
	<u>1,185,747</u>	<u>559,856</u>	<u>1,745,603</u>

24. CAPITAL COMMITMENTS

At the end of the year there were capital commitments of £9,254 for which full provision has not been made in these financial statements (2020: £11,200).

25. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2021 the total future minimum lease payments under non-cancellable operating leases was:

	2021 £	2020 £
Amounts due within one year	66,065	62,445
Amounts due between 1 and 5 years	69,685	135,750
Total	135,750	198,195

26. RELATED PARTY TRANSACTIONS

Advanced Case Management Solutions

The charity was charged £1,400,206 (2020 - £1,116,735) for the provision of AdvicePro software by Advanced Case Management Solutions. A balance of £294,224 (2020 - £168,539) was due as at 31 March 2021.

The charity received a management fee from Advanced Case Management Solutions, of £66,000 (2020 - £66,000) during the year. £79,200 (2020 - £79,394) was outstanding as at 31 March 2021 and included within trade debtors.

The charity received a gift aid donation from Advance Case Management Solutions of £84,000 during the year (2020 - £78,000).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2021

26. RELATED PARTY TRANSACTIONS – (CONTINUED)

In 2021 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 (2020 - £38,000). In addition to this, commissions were received of £76,889 (2020 - £95,058). The charity charged interest on loans of £1,650 (2020 - £2,574).

The charity purchased £nil during the period (2020 - £44,342). The charity was charged interest on loans of £850 (2020 - £3,008)

At 31 March 2021, £228,539 was owed to the charity (2020 - £250,131). In addition to this, £100,850 was owed by the charity (2020 - £106,008).

Independent Advice Services Limited

The charity charged interest on loans of £1,900 (2020 - £1,598).

The charity purchased £nil during the period (2020 - £103,731).

At 31 March 2021, £96,900 was owed to the charity (2020 - £95,398). The charity has recognised a provision against this balance reducing the balance recoverable to £36,805 (2020 - £38,405). In addition to this, £6,316 was owed by the charity (2020 - £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 £23,231.02 for 30 September 2020.

28. PRIOR YEAR ADJUSTMENT

The share of profit from an associate for the year ended 31 March 2020 did not account for gift aid accrued by ACMS due to Advice UK for 2019/20 totalling £84,000, increasing the consolidated income to Advice UK by £84,000