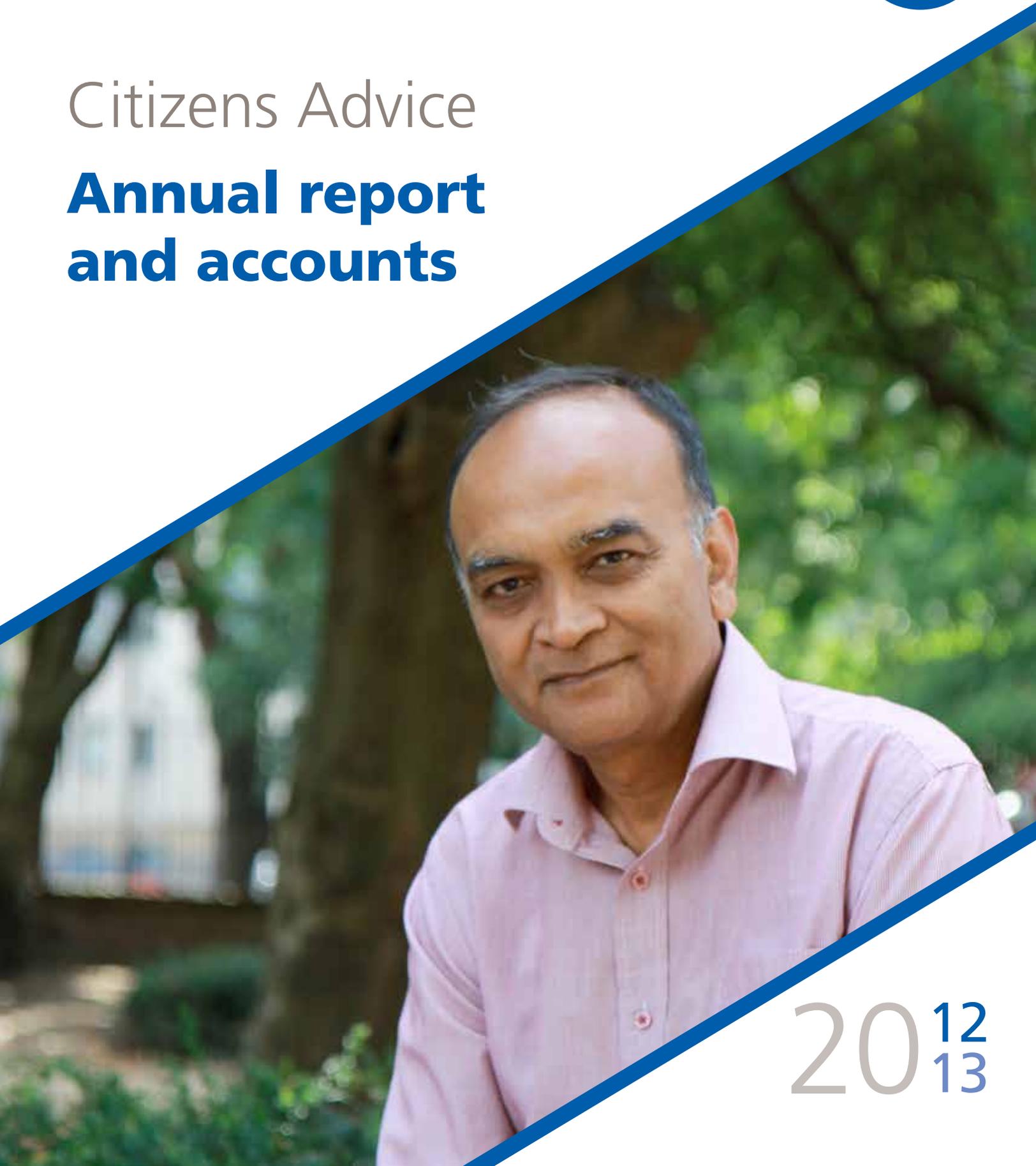




Citizens Advice

**Annual report  
and accounts**



20<sup>12</sup><sub>13</sub>



Follow us on Twitter  
**[twitter.com/CitizensAdvice](https://twitter.com/CitizensAdvice)**



Like us on Facebook  
**[facebook.com/CitizensAdvice](https://facebook.com/CitizensAdvice)**



Watch our films on YouTube  
**[youtube.com/CitizensAdvice](https://youtube.com/CitizensAdvice)**

To find your local CAB online:  
See **[www.citizensadvice.org.uk/getadvice](http://www.citizensadvice.org.uk/getadvice)**

To get advice online:  
See **[www.adviceguide.org.uk](http://www.adviceguide.org.uk)**

## Contents

Introduction from the Chair and Chief Executive	page 2
Who we are	page 4
Review of the year	page 6
Risk and uncertainties	page 11
Financial review	page 12
Governance	page 14
Statement of Internal Control	page 17
Independent auditor's report	page 19
Consolidated statement of financial activities	page 21
Consolidated balance sheet	page 22
Consolidated cash flow statement	page 23
Notes to the financial statements	page 24
Thank you to our donors	page 49

## Introduction from the Chair and Chief Executive

**More than two million people came to our service for face-to-face or phone advice**

Every person in the Citizens Advice service is here for the same reason: they want to help change people's lives for the better and make society fairer.

In introducing our annual report and accounts I am pleased to be able to say that we have been able to maintain a relatively strong financial position in Citizens Advice despite facing continuing pressures on funding and costs. Our total income for the year was £77 million, an increase from £63 million in 2011/12 primarily reflecting the additional funding we received for the Citizens Advice consumer service. Our costs have increased as a result of this extra activity but we have focused hard on delivering efficiency savings and this has helped improve our surplus in the year to £8 million. This is important because we have to be financially sustainable to support the service and it has allowed us to invest in the network and build our capability to help more people.

This report shows just how successful we have been in making this ambition a reality over the past year. More than two million people came to our service for advice, both face-to-face or on the phone; more than 12 million used our digital services; and our policy and campaigning work changed laws and practice across the public and private sectors, improving millions more lives.

**More than 12 million people used our digital services**

Such profound impact has only been possible due to the generosity and dedication of 22,200 volunteers and the staff who work alongside them on high streets across England and Wales as well as in GP's surgeries, libraries, courts and prisons – in fact wherever people need us most. We cannot thank them highly enough.

Tough economic times today, radical reforms to the welfare system and a future that looks daunting for many people, mean that our advice and influencing work are ever more crucial, and the partnerships we have built nationally and locally are more important than ever.

The loss of Legal Aid contracts alongside the continuing squeeze on public sector spending has meant the Citizens Advice service has faced a number of funding challenges. But we have worked hard as a service to bridge gaps and ensure that people can still get our help wherever they are. When funding is tight and demand pressing, we have to focus even more closely on what is most important.

In times like these, it's tempting to focus on the short term. But while it's right to make sure people are getting the help they so desperately need today, we also have a duty to secure the future of our service for the generations to come. That's why we're particularly pleased to have delivered some fundamental changes over the past year that will be profoundly important in ensuring a strong, relevant and successful service in the months and years to come.

- We have moved a long way towards becoming 'one service'. We're now working better, more constructively and collaboratively across bureaux and Citizens Advice to develop and improve our service to clients; and we're working more strongly in partnership with each other to deliver the practical help people need. Both these changes mean better services for clients. Already more than 100 bureaux are involved in developing our solutions to the big challenges we face. Our annual conference will be a chance to open up those discussions and to see them in the context of the bigger picture as we work towards a new corporate strategy consultation in 2014.
- We have built a shared consensus around how our phone services can improve to meet clients' expectations and needs, and shown through our new consumer helpline that we can deliver a high quality phone service at scale.
- We've found new sources of income for the service, including shaping the creation and delivery of the new Advice Services Transition Fund that has brought us £54 million of new funding; securing the continued provision of £20 million funding for money advice; building the confidence of the Department for Business, Innovation and Skills (BIS) to bring both £8 million of new capital funding to the service as well as new funding to improve our policy, education and influencing work, nationally and locally.
- We've launched our new equality strategy – *Stand up for equality* that will ensure we place equality at the centre of everything we do.

**Citizens Advice is looking forward to the future. We are a determined lot, and will do everything in our power to make society fairer**

It's been a year of great change, both for our clients and our service. But we have in the most part responded adeptly and, thanks to the generosity, inventiveness and brilliance of people across the service, we are in a stronger position than we have been for many years to face the challenges of our day.

Citizens Advice is looking forward to the future. We are a determined lot, and will do everything in our power to make society fairer.



**John Gladwin**  
Chair



**Gillian Guy**  
Chief Executive

**Citizens Advice Bureaux deliver advice from over 3,400 community locations in England and Wales, run by 343 individual registered charities**

## Who we are

The Citizens Advice service provides free, confidential and impartial advice to help people resolve their problems. We use evidence from client cases to campaign for policy changes that benefit the whole population and challenge practices that are unfair. We solve problems, we change lives.

Citizens Advice is a registered charity as well as being the membership organisation for bureaux. Citizens Advice Bureaux deliver advice from over 3,400 community locations in England and Wales, run by 343 individual registered charities, our members. Together we make up the Citizens Advice service.

The trustees' report explains how we have benefited the public within each of our charitable objectives. When setting the objectives and planning the work of Citizens Advice for the year, the trustees have given careful consideration to the Charity Commission's guidance on public benefit.

The trustees of the National Association of Citizens Advice Bureaux (Citizens Advice) present audited financial statements for the year ended 31 March 2013 of Citizens Advice. Citizens Advice is a separate legal entity to the bureaux across England and Wales.

## Trustee Board

Trustees	Role	Date appointed	Date resigned	Committee membership
The Rt Revd. John Gladwin	Chair	08.09.09		EC, CC, TRC
Gerald Broadbent		31.03.08		ARC, MSC
Warren Buckley		14.12.12		
Sacha Deshmukh		24.02.10		CC
Mark Gamsu		01.05.11		
Annie Hedge		24.02.10		ARC, EC
Sheila Hendrickson-Brown		08.09.09	25.07.12	
Jane Mordue	Deputy Chair	27.10.10		CC, MSC, TRC
Paul Nicholls		08.09.09		CC, CyC
Jonathan Rees		13.09.11		
Jack Scott		23.09.08	31.05.12	
Anne Stephenson		13.09.11		TRC, CyC
Mark Washer	Honorary Treasurer	07.12.11		CC, ARC
John Woodman		14.12.12		

ARC = Audit and Risk Committee (formally Performance, Review and Audit Committee PRAC)

CC = Chair's Committee

CyC = Cymru Committee

EC = Equalities Committee

MSC = Membership and Standards Committee

TRC = Trustee Recruitment Committee

## Executive directors

Gillian Guy	Chief Executive
Alistair Cromwell	Director of Finance and Transformation
Jane Deal	Chief Information Officer (joined 3 September 2012)
Mike Dixon	Assistant Chief Executive
Teresa Perchard	Director of Policy (left 24 May 2013)
Sue Wigley	Director of Network Operations

## Advisers

### Auditor:

Crowe Clark Whitehill LLP  
St Bride's House, 10 Salisbury Square,  
London EC4Y 8EH

### Internal auditor (from April 2013):

KPMG LLP  
15 Canada Square, Canary Wharf,  
London E14 5GL

### Internal auditor (to March 2013):

BDO LLP  
Emerald House, East Street, Epsom,  
Surrey KT17 1HS

### Bankers:

Barclays Bank PLC  
1 Churchill Place,  
London E14 5HP

### Solicitors:

Bates, Wells and Braithwaite  
2-6 Cannon Street,  
London EC4M 6YH

Vizards Tweedie  
42 Bedford Row,  
London WC1R 4JL

Davies Arnold Cooper  
6-8 Bouverie Street,  
London EC4Y 8DD

Dickinson Dees  
112 Quayside,  
Newcastle upon Tyne NE991SB

### Pension Scheme Actuary:

Jardine Lloyd Thompson Benefit Solutions  
251 High Street, Orpington,  
Kent BR6 0NT

**Company Secretary:** Joanne Hampton

**Company Number:** 1436945

**Registered Charity Number:** 279057

**Registered Office:** 115-123 Pentonville  
Road, London N1 9LZ

## Our legal status

Citizens Advice is a registered charity and a company limited by guarantee. All member bureaux are members of Citizens Advice, and there are no other full members. The maximum liability of each member is limited to £1. Citizens Advice is governed by its Memorandum and Articles of Association as amended in October 2000, September 2009 and September 2010.

The registered name of the Charity is The National Association of Citizens Advice Bureaux, and from 6 January 2003 the Charity has used the operating name of Citizens Advice (previously it was referred to as NACAB). Citizens Advice was incorporated as a company limited by guarantee on 13 July 1979.

Citizens Advice commenced operations on 1 October 1979 at which date the assets and liabilities of the unincorporated National Association of Citizens Advice Bureaux were acquired and included within unrestricted funds (see note 17).

The Charity has a trading subsidiary, Citizens Advice Limited (formerly Advice Services Information Limited). Consolidated accounts have been prepared. The basis of consolidation is set out in the accounting policies note.

## Review of the year

**The consumer helpline has already dealt with 1.3 million contacts and achieved a client satisfaction rating of 85%**

This has been a year of challenge and opportunity for Citizens Advice. Our clients continue to struggle against a backdrop of economic uncertainty and we continue to provide much needed advice services and to fight against social injustice.

The loss of Legal Services Commission funding and further public spending cuts, at a time when our clients are facing the biggest shake-up to the welfare system ever, has presented hurdles that we have worked hard to overcome.

As well as the Advice Services Transition Fund and the continued provision of money advice funding, the £8 million BIS capital funding will allow us to make much-needed improvements to our infrastructure so we can help even more people. The money will be used to improve our digital offering both locally and nationally, a new online training booking system for bureaux and upgrades to Petra (our case management system), as well as creating new systems and upgrading old ones.

At the start of the year we identified 11 priorities and have made good progress with them, including:

- Developing specific strategies around phones, network development and leading edge advice to ensure our service offer is consistent, accessible and high quality.
- Continuing the development of Petra, our case management system. This is now being used by over 50 per cent of our member bureaux and is scheduled to be rolled out to all members by October 2013.

- Recruiting a new Head of People who will take our People strategy forward in 2013/14. For the first time there will be an integrated approach to people across the entire service.

Our approach to these priorities is flexible and input from our members has helped shape the direction we take. This has meant we have changed direction in some areas where it makes good sense to do so and maximises the benefit to our clients.

Another highlight has been the successful transfer of Consumer Direct into the Citizens Advice consumer service in April 2012. The consumer helpline has already dealt with 1.3 million contacts and achieved a client satisfaction rating of 85 per cent.

We have campaigned as determinedly as always. Our main priorities have been responding to welfare reform and ensuring the continuity of funding for face-to-face money advice which had been secured for 2013/14.

## Delivering information and advice – the right channels

Providing quality advice and information is the bedrock of what we do. We aim to ensure it is of the highest quality and meets the changing needs of both the bureaux and the public. During 2012/13:

- Two million clients were advised by bureaux on 6.6 million problems through 5.5 million client contacts.
- Adviceline (our bureaux telephone service) dealt with just over 590,000 of those above contacts.
- There were 14.5 million visits to our advice and information website – [www.adviceguide.org.uk](http://www.adviceguide.org.uk) – from 12 million unique people during 2012/13. This is up from 13.4 million visits from 11.5 million people in 2011/12. The growth in visits has been largely driven by the new consumer content, which is now the number one issue online.

While the number of calls dealt with by Adviceline has increased by 21 per cent, the demand for our telephone service continues to grow faster than our capacity. We have undertaken a major review of our telephone strategy which we will be taking forward in 2013/14.

Citizens Advice took on responsibility for consumer advice from Consumer Direct in April 2012. In its first year of operation, the Citizens Advice Consumer service dealt with 837,000 unique issues via almost 1.3 million contacts with clients. This new responsibility is part of wider consumer landscape changes, which sees Citizens Advice take on responsibility for consumer advocacy and education in April 2013 and responsibility for representing consumers of regulated industries in 2014.

## Advice and advocacy – the right issues

We continued to lead evidence-based influencing and campaigning as one of our core activities. This helps to prevent or minimise the negative impact of policies on our clients.

- An estimated 8.2 million people positively benefited from our policy work.
- 91 per cent of our members engaged in at least one national social policy campaign and 44 per cent engaged in local campaigns.

Reacting to the welfare shake-up was the key social policy activity throughout the year. Citizens Advice lobbied extensively as the Welfare Reform Bill passed through parliament and we regularly briefed MPs and Lords.

We launched two reports about the impact of welfare reform on disabled people:

- *Disability and universal credit* which highlighted the impact of reforms on disabled people.
- *Holes in the safety net: the impact of universal credit on disabled people and their families.*

We met with ministers to discuss disability in universal credit regulations, which arose from recommendations in the reports.

**We have undertaken a major review of our telephone strategy which we will be taking forward in 2013/14**

**An estimated 8.2 million people positively benefited from our policy work**

## **We have a presence in 99% of local authorities in England and Wales**

Through stakeholder groups run by the Department for Work and Pensions (DWP), we influenced universal credit implementation in areas such as guidance, customer approach and communications. We also used these meetings to influence the development of housing costs within universal credit and the implementation of personal independence payment (PIP).

On a local level, we worked with bureaux to help them exercise a positive influence on the development of localised schemes within their authorities and to share good practice. This work is crucial to ensuring that some of the more negative impacts of reform are reduced.

## **We helped bureaux to successfully bid for £54 million of Big Lottery Advice Services Transition funding, from a total fund of £67 million**

### **Strengthening the bureaux network – developing one service**

It is the role of Citizens Advice, the national organisation, to support our members and have the infrastructure in place to ensure they can provide a quality service to clients.

- In the 2012/13 survey, 79 per cent of bureaux were satisfied with the services that Citizens Advice provides them.
- The bureau management information system (BMIS) website was rated as very helpful by 95 per cent of bureaux and was used by an average of 3,000 people each month.
- Bureaux Direct dealt with 3,605 calls during the year.
- We continued to support bureaux in financial difficulty and help them to generate additional income.
- We have a presence in 99 per cent of local authorities in England and Wales.

### **Consumer advocacy and education**

We have been working towards the transition of consumer advocacy and education functions from Consumer Focus and the Office of Fair Trading in April 2013. This new service will give bureaux access to more education resources, further support from us with local and national consumer activity and clients will have a greater influence over policy issues which affect them.

We ran a year-long pilot with 12 bureaux coordinating Consumer Empowerment Partnerships (CEPs) across England. These partnerships aimed to improve consumer education and empowerment locally through collaborative working with other local agencies, such as Trading Standards. These were successful and we plan to continue the project next year as part of our new consumer advocacy and education role.

### **Funding**

We supported 85 bureaux in England in successfully bidding for new Healthwatch contracts, both as lead agencies and as partners. Healthwatch is the consumer champion for health and social care in England and Local Healthwatch was launched in April 2013. These contracts will help bureaux to drive improvements to local services and support clients even further.

We helped bureaux to successfully bid for £54 million of Big Lottery Advice Services Transition funding, from a total fund of £67 million. The funding will enable bureaux to find new ways of working, ensuring they are sustainable for the future. It will be awarded for two years from July 2013.

## Projects in partnership

In times of funding cuts, we are under increasing pressure to bid for tendered services that we know can help our clients. Together with our member bureaux and in collaboration with other agencies, we work hard to ensure that we can reach as many clients as possible through a range of initiatives.

- We received £23 million of restricted (other public bodies and government departments) project funding to deliver projects across England and Wales.
- We passed £24.5 million of funding through to bureaux to deliver national projects.

Some highlights from our projects were:

- Through the face-to-face debt advice service, we saw 108,337 clients – 104 per cent of the target set.
- The Royal British Legion project achieved financial gains for clients of £26 million.
- Our Energy Best Deal (EBD) campaign provisional results saw 176 delivery partners deliver 854 sessions (11 per cent above target) to 3,253 frontline workers and 5,551 consumers. The EBD campaign consists of bureaux and other agencies from financial capability forums in England, Wales and Scotland.
- The Northern Rock Foundation funded integrated money advice which advised 3,298 clients face-to-face and 2,137 clients by telephone which combined were 2 per cent over target.

- Citizens Advice Cymru holds the prime contract for delivery of the face-to-face Money Advice sessions across Wales. During 2012/13, the service delivered nearly 5,800 sessions (representing 110 per cent of the project target) from 425 community locations across Wales.

## Our commitment to equality

Our commitment to equality cross-cuts our activities as we campaign for a fairer society. In 2012/13 Citizens Advice worked in partnership with bureaux and others to achieve our equality outcomes for our clients and communities. For example:

- We continued to deliver against our *Stand up for equality* strategy.
- We reached people from the most marginalised groups: 16 per cent of clients were from black, Asian and minority ethnic (BAME) communities and 23 per cent were disabled people.
- We highlighted the impacts of welfare and legal aid reform proposals on disabled people and other groups facing discrimination.

In terms of our staff:

- With a Stonewall ranking of 68 we have retained our place as the second top performing charity in its index this year.
- The overall percentage of BAME staff increased and the percentage of BAME senior managers doubled.
- We have maintained our gender balance at executive level.

**Citizens Advice Cymru holds the prime contract for delivery of the face-to-face Money Advice sessions across Wales**

**With a Stonewall ranking of 68 we have retained our place as the second top performing charity in the index this year**

**For the future, we are concentrating on six big strategy projects, three big delivery projects and three priority campaign areas**

## **Our future plans**

Next year we will continue to draw on our strengths, including our local reach and awareness, highly trusted and recognised brand, dedicated volunteer and staff base, and high quality services that change millions of people's lives each year.

### **We are concentrating on six big strategy projects:**

- **Phone strategy** – to ensure we can respond to demand and provide the depth of advice our clients need.
- **Digital strategy** – to transform our digital offer and the way we communicate with the service, our clients and the wider community.
- **Network development project** – to ensure we have the right capabilities and organisation models to provide an effective service for our clients and partners.
- **Income generation strategy** – to diversify our funding streams from non-statutory sources.
- **People strategy** – to become a better and more attractive place to work and volunteer, for everyone.
- **Training and development strategy** – to improve the way all of our volunteers and staff are trained and developed.

### **We also have three big delivery projects:**

- **Consumer Futures transition** – Consumer Futures (formerly Consumer Focus), which is responsible for representing consumers of regulated industries (energy and post), will transfer to Citizens Advice in April 2014. This will complete the three year transfer of consumer functions to Citizens Advice.
- **Petra implementation** – we will complete the roll-out of our new case management system.
- **Data network implementation** – we will provide a faster, more secure and cost effective data network.

### **We will have three priority areas as we continue to campaign to make society fairer:**

- **Consumer** – we will keep improving our new services providing information, advice, education and advocacy on consumer issues.
- **Money** – we'll make sure our debt services are as effective and efficient as possible, from sorting out debt crises right through to helping people develop great money skills and influencing policy.
- **Welfare** – we'll influence policy and the implementation of welfare reform, update our advice and information for advisers and clients, and develop our capacity to support clients as well as exploiting all funding opportunities.

We will continue to deliver against our *Stand up for equality* strategy.

## Risk and uncertainties

2013/14 will be another ambitious and challenging year. Managing our risk exposure is an important aspect of this.

Risk management is incorporated into our project methodology. The largest projects, including the deployment of Petra, will be managed by the dedicated Programme Management Office who will oversee individual risk registers (including risk mitigations) for each project.

An overview of our risk management strategy and a list of our most significant risks (and what we are doing to address them) can be found in the Statement of Internal Control on page 17.

### Risk management and internal controls

Citizens Advice manages risk by focusing on strategic objectives and the risks associated with successfully meeting these objectives.

Systems and procedures have been established to identify, monitor and manage the risks that Citizens Advice faces. Trustees and executive directors periodically review and update risks and mitigating actions.

Citizens Advice's operations expose the Charity to a variety of financial risks. However, as it is a debt free organisation with a positive cash-flow, the impact of interest rate changes, debt market prices and liquidity are extremely low. Citizens Advice has minimal exposure to equity securities. Other price risks are not considered to be significant to Citizens Advice due to the nature of its activities.

The majority of our customers are member bureaux and as a consequence payment defaults are uncommon. Citizens Advice considers that the benefits of doing credit checks on other potential customers are outweighed by the cost of the checks. Non bureaux customers are granted 30 days credit, and bureaux are granted up to 90 days. Subscriptions are cancelled on non-payment and a solicitor is contacted to recover any debt owed.

Citizens Advice receives the majority of funds in advance, and therefore debts can be met as they fall due. The surplus cash is invested for set periods of time to ensure certainty of future cash flows.

The Statement of Internal Control included within this document sets out the risk and control framework.

**2013/14 will be another ambitious and challenging year**

## Financial review

Citizens Advice is funded by a core grant from the Department for Business, Innovation and Skills (BIS), a variety of project based income, trading income and some other income.

### The headlines:

- The total income for the year was £77,553,000 (2012: £62,771,000).
- Surplus across all funds of £8,081,000 (2012: £3,182,000).
- Total funds increased to £22,528,000 (2012: £14,447,000) with an increase in fixed assets (due to capital funding from BIS) and cash at bank (due to unspent funds at year end).
- The pension fund deficit and contributions continue to be disclosed in the notes to the accounts (note 22) and not on the balance sheet.

### Summary financial performance

The Statement of financial activities for the year ended 31 March 2013, shows net income across all funds of £8,081,000 (2012: £3,182,000) being a culmination of net income and expenditure across individual funds.

The BIS unrestricted fund showed net expenditure before transfers of £342,000 (2012: net expenditure of £202,000). This was in line with the forecast following agreement by the Trustees to provide an additional voluntary contribution of £400,000 toward the pension deficit. The other unrestricted fund showed net income before transfers of £107,000 (2012: £221,000).

The BIS restricted fund showed net income before transfers of £6,959,000 (2012: £3,337,000).

This fund includes the Capital Infrastructure and Consumer Advice funding and the transitional funding we received from BIS during the year. All elements of work were successfully delivered during the year. The surplus balance is due to some funding being committed but not spent as at 31 March 2013.

The other restricted fund incorporates all non-BIS restricted income and expenditure on a variety of projects. The net income before transfers was £1,218,000 (2012: net expenditure of £174,000) which was predominantly due to timing differences between income and expenditure.

	2013 (£)	2013 (%)	2012 (£)	2012 (%)
Costs of generating funds	36,000	0	36,000	0
Delivering information and advice – the right channels	18,618,000	27	15,126,000	25
Strengthening the bureau network – developing one service	18,380,000	26	15,697,000	26
Advice and advocacy – the right issues	3,831,000	6	3,689,000	6
Partnerships	28,575,000	41	24,845,000	42
Governance costs	171,000	0	196,000	1
	<b>69,611,000</b>	<b>100</b>	<b>59,589,000</b>	<b>100</b>

## Pensions

Citizens Advice has a defined benefit multi-employer pension scheme. The other employers in the scheme are bureaux. It was closed to future accrual in 2007/08. The total deficit of the scheme as at 31 March 2013 was £53,019,000 (2012: £50,132,000). Citizens Advice pays annual contributions into the scheme of £1,050,000. The split of contributions between employers is based on affordability rather than a calculated liability.

The scheme actuary has confirmed that it is not possible to allocate assets and liabilities between the employers on a reasonable and consistent basis. Accordingly, as required by FRS17 Retirement Benefits, the scheme is treated as a defined contribution scheme. This means that no liability has been included on the balance sheet and that all disclosures, as required by FRS17, have been provided in note 22.

## Reserves policy

The reason for holding unrestricted reserves is to protect Citizens Advice from the impact of shortfalls in forecast income, unforeseen expenditure or one-off expenditure which Citizens Advice would like to commit to in the delivery of its charitable objectives.

While we aim to manage our BIS unrestricted reserves to meet the above, our maximum allowed unrestricted BIS balance is equal to one month's BIS grant. The year end balance after transfers was £15,000 (2012: £315,000) being within this limit. Other unrestricted reserves were £5,615,000 as at 31 March 2013 (2012: £5,506,000). With consideration of the risks the organisation is exposed to, a minimum level of reserves of £3,500,000 is set across all unrestricted funds. The unrestricted reserves position as at 31 March 2013 was above that level. It is the intention of the Charity that the surplus unrestricted funds are utilised for planned activities in the following year.

Restricted reserves, which showed a year end position of £16,898,000 at 31 March 2013 (2012: £8,626,000), represent the balance of on-going projects. Restricted balances are held for the purposes of the project in question and do not form part of the reserves policy other than to spend the money in accordance with the funders' restrictions.

## Going concern

The review of financial performance and the reserves position is set out above. Citizens Advice has adequate financial resources and is well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge our pension fund obligations but we have a clear strategy to recover the deficit over the next 15 years and have planned our cash flows on that basis. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future, and believe that there are no material uncertainties that call into doubt the ability of Citizens Advice to continue as a going concern.

## Investment policy

As required in its Memorandum paragraph 4(o), in furtherance of its objects, and no other purposes, Citizens Advice has the power to invest monies not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions and such consents as may for the time being be imposed or required by law.

All surplus funds are invested at the best interest rates attainable and interest rates are monitored regularly. Citizens Advice considers it to be prudent to hold all surplus funds in an interest bearing account. This is to best protect the grant awarded to Citizens Advice for the purpose it was intended.

We invest funds during the year with counter-parties. During the year, Citizens Advice reviewed its investment strategy. To mitigate investment risk, a diversification policy was agreed whereby the Charity would not invest more than 25 per cent of its funds available for long term investment in any one institution. An aim of the investment strategy is to only invest with those institutions with a high credit rating.

## Governance

### The Trustee Board

Citizens Advice is governed by the Trustee Board which:

- sets the policy of the Charity
- determines corporate strategy including setting key strategic objectives
- makes major decisions about the use of finances.

The trustees are directors of Citizens Advice for the purposes of Company Law.

The Trustee Board is made of up to 12 trustees appointed by the Trustee Board. The Standing Orders for Citizens Advice Trustee Board Recruitment provide clear guidance to ensure trustees include those with bureau expertise. There should be a balance of men and women drawn from a range of age groups, across England and Wales, religions and beliefs, sexual orientations and of disabled persons. The Trustee Recruitment Committee, made up of three trustees, two people from bureaux and an external expert, was created by the Board to lead on searching for, appointing and developing Citizens Advice Trustees.

New trustees are appointed as existing trustees' terms of office come to an end. Trustees may serve a second three year term of office if the Board is satisfied that their performance has been satisfactory and their skills are still required by the Board.

All new Trustees receive a full induction from Citizens Advice and our intranet site, CABlink, contains designated pages with information to support trustees in their roles, including a trustee handbook. All trustees have their performance and any development needs appraised annually by the Chair and Deputy Chair.

### Responsibilities of the Trustee Board

The Trustee Board and Chief Executive (as Accounting Officer) are required by law to prepare annual financial statements that give a true and fair view of Citizens Advice and of the surplus or deficit of funds for that period. In preparing those financial statements, they are required to:

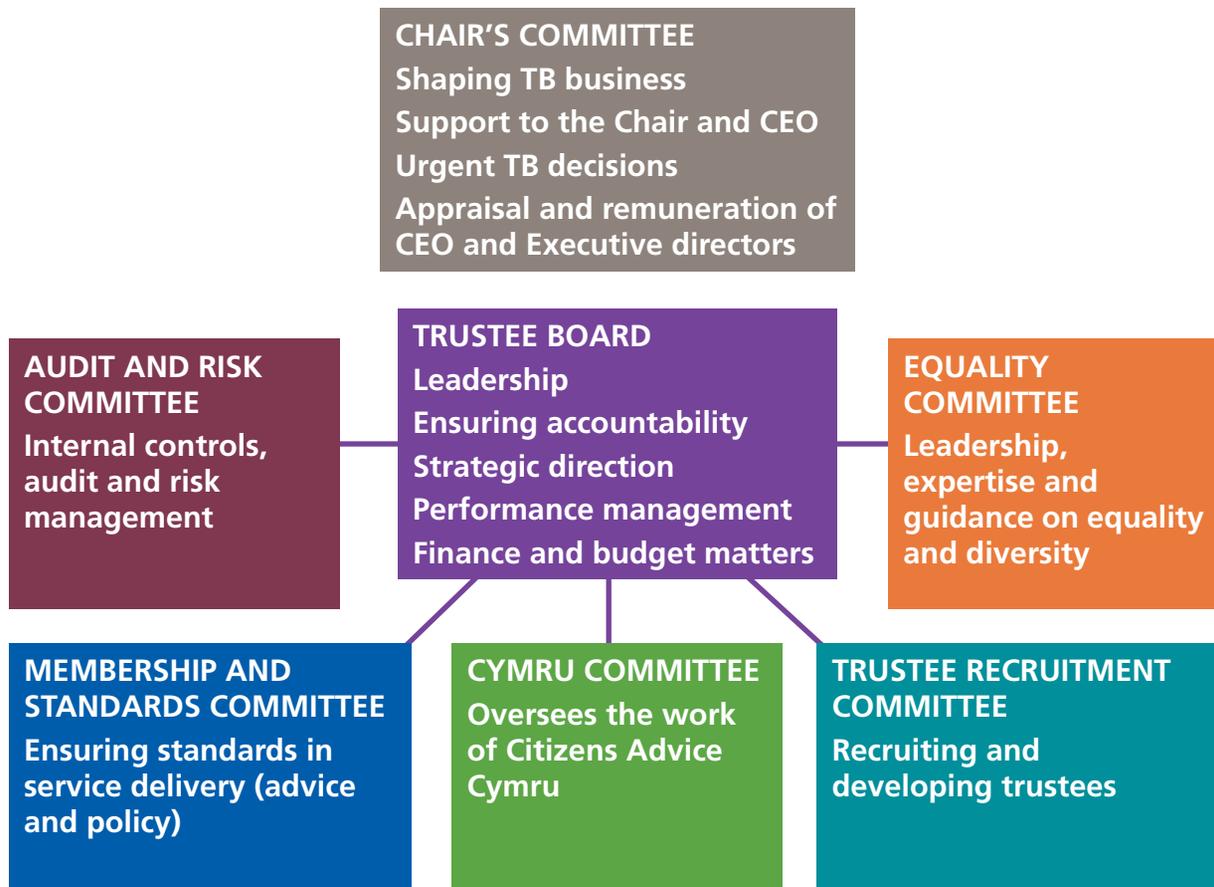
- Select appropriate accounting policies and apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, and explain where they haven't been followed.
- Use a going concern basis to reporting unless it is inappropriate to presume the charitable company will continue.
- Keep proper accounting records which disclose the financial position of Citizens Advice and enable them to ensure that the financial statements comply with the Companies Acts 1985 to 2006.
- Take such steps to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.
- Ensure the regularity and propriety of the public finances, as set out in the Financial Memorandum with BIS.
- Maintain the integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Each trustee confirms that:**

- a) in so far as the trustee is aware, there is no relevant audit information of which Citizens Advice’s auditors are unaware
- b) he/she has taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information
- c) he/she has referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the Charity’s aims and objectives and in planning future activities and setting appropriate policies for the year.

In line with the Citizens Advice Scheme of Delegation, responsibility for day-to-day management matters and the implementation of policy is delegated to the Chief Executive. The Chief Executive is supported by the Executive Team.

In October 2012 the Trustee Board’s governance review into processes and structures around decision making and Board work concluded by agreeing the following committee structure and lead responsibilities:



Trustee Board committees have terms of reference to define their roles and membership, including at least two trustees amongst their members. Decisions taken by the committees under delegated powers are recorded in written minutes and circulated to the Trustee Board as a whole. The Trustee Board meets at least six times a year.

Member bureaux take part in the policymaking in a variety of ways such as consultation, network forums, as well as by voting on the resolutions at the AGM. Network forums are also held to ensure bureaux are consulted fully about proposed changes in the service.

### **Employee involvement**

Non-confidential Trustee Board papers, including agendas and minutes, are available to all employees. Regular meetings are held between management and the union, and the union and its members to discuss Citizens Advice activities. Citizens Advice pays the costs of staff travelling to union meetings.

### **Equal opportunities**

Citizens Advice recognises the positive value of diversity, promotes equality and challenges discrimination. The service-wide equalities strategy is aligned with the service-wide strategy. As such, Citizens Advice meets all of its legal responsibilities and welcomes employees from all parts of the community, particularly under-represented groups.

Citizens Advice has an equality and diversity policy in place, and has signed up to the Positive About Disabled People scheme. It ensures the full and fair consideration and treatment of all staff, including disabled persons, during their recruitment, training and career development with due regard to their personal attributes and abilities.

### **Responsibility towards the environment**

Citizens Advice aims to minimise its impact on the environment. It has improved its system of paper recycling and encourages electronic communication where possible. We are promoting a more sustainable working environment and have an environmental strategy with key deliverables.



**John Gladwin**  
**Chair**  
24 July 2013

## Statement of Internal Control

### Scope of responsibility

The Accounting Officer and Chair of the Trustee Board have joint responsibility for maintaining a sound system of internal control that supports the achievement of Citizens Advice's policies, aims and objectives, whilst safeguarding the funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in Government Accounting and the Management Statement agreed with BIS.

The Accounting Officer is accountable to the Audit and Risk Committee, the Trustee Board and BIS for managing the risk of Citizens Advice.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of Citizens Advice's policies, aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised
- manage them efficiently, effectively and economically.

The system of internal control has been in place in Citizens Advice for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance. In addition, the trustees have considered and reviewed the Internal Controls checklist in accordance with Charity Commission guidelines, and have been given assurance by the Executive Team that these controls are properly in place.

### Capacity to handle risk

Citizens Advice has a structured risk management process and responsibility lies with the Executive Team for the identification, assessment and management of the risks.

### The risk and control framework

The risk management strategy:

- explains the organisation's approach to risk management
- provides risk definitions
- raises awareness of the principles and benefits involved in the risk management process
- identifies the main reporting procedures and promotes good risk management practice within Citizens Advice.

The Trustee Board has approved the risk management strategy and reviews the risk register. Citizens Advice has identified high level and operational level risks.

### Risks are identified and evaluated in the following ways:

- Regular review by the Trustee Board, Audit and Risk Committee and the Executive Team.
- Periodic reviews are performed by each risk owner in order to assess the likelihood and impact, relevance of risks, current strategies applied and the strength of the strategies. The residual risk is identified and action plans are created to further mitigate risk.
- The Executive Team and Finance team are responsible for monitoring external developments that may impact on the organisation.
- External and internal audit functions.
- Comprehensive budgeting systems and financial reporting which indicate financial performance against the budget and forecast are reviewed and agreed by the Audit and Risk Committee and the Trustee Board.

Citizens Advice has a balanced approach to 'risk taking' and adopts an active process to the mitigation of risk. From the risk register reviewed by the Trustee Board during the year, it was noted that 16 per cent (2012: 4 per cent) of net risks were high, 60 per cent medium (2012: 84 per cent), and 24 per cent low (2012: 12 per cent).

The most significant risks faced by Citizens Advice have been identified by the Trustee Board and relate to the following:

- The service's ability to transform itself and respond flexibly and in partnership with others to the demands created by Welfare Reform and other major changes.
- The overall financial health and sustainability of the bureaux network due to ongoing funding pressures and the demand for our services.
- The successful transfer and subsequent delivery of the Consumer Futures functions, which we are due to take on with effect from April 2014.
- The completion of the development and roll out of a new case management system (Petra) to all bureaux.
- Managing the financial implications of the pension scheme deficit.

Much work was undertaken during the year to address and mitigate these risks. Examples include:

- The development of an income generation strategy to explore new ways of generating sustainable sources of income across the service.
- Continued investment in improving Petra and in the roll out programme.
- Continued development of our programme and project management capability to help underpin the successful delivery of projects, including the design and transition of the Consumer Futures functions.
- Tight budget setting and budget management processes with a continued focus on efficiency savings and controlling costs.
- Working with our actuary to review the financial performance of the closed defined benefit pension scheme and exploring alternative strategies to manage the scheme deficit.

## Information assurance

During the year the Executive Team and Trustee Board approved a new information assurance strategy, having identified the risk presented by the significant amounts of client data held across the service. A cross-divisional Information Assurance Board exists to ensure the confidentiality, integrity and availability of all our sensitive data assets is maintained to a level which is consistent with the

requirements of our clients, our funders and our strategic partners. A programme of work to achieve an appropriate level of compliance to the Cabinet Office's Security Policy Framework and to industry best practice, as defined by the ISO 27000 series of standards is complete. In 2013, Citizens Advice successfully passed an independent audit which measured compliance to the Cabinet Office's best practice standard, HMG Information Assurance Standard No. 6.

## Review of effectiveness

Citizens Advice has engaged KPMG LLP from March 2013 to provide the current programme of internal audits. The auditors operate to standards defined in the Government Internal Audit Manual.

The internal auditors report regularly on internal audit activity within Citizens Advice. The work of the internal auditors is informed by an analysis of the risks to which the organisation is exposed and annual audit plans are based on this analysis. These are reviewed and agreed by the Audit and Risk Committee. A database of all audit recommendations is held and progress is monitored by the Audit and Risk Committee, which meets five times a year. The internal auditors' annual report includes their independent opinion on the adequacy and effectiveness of the system of internal control, which confirmed that we had a sound framework of control in place through the year.

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and comments made by the external auditors in their management letter and other reports. A plan to address weaknesses and ensure continuous improvement of the system is in place and monitored by the Audit and Risk Committee.



**Gillian Guy**  
**Chief Executive**  
24 July 2013

# Independent auditor's report to the members of National Association of Citizens Advice Bureaux

## Year ended 31 March 2013

We have audited the financial statements of National Association of Citizens Advice Bureaux for the year ended 31 March 2013 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 25.

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), which requires a specific treatment for multi-employer pension schemes that is set out and explained in the Trustees' report and note 22 of the financial statements.

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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2013 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.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- the parent charitable company has not kept adequate accounting records; 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.

*N. Hashemi*

**Naziar Hashemi**  
**Senior Statutory Auditor**

For and on behalf of:

**Crowe Clark Whitehill LLP**

Statutory Auditor

London

7 August 2013

# Consolidated statement of financial activities

Year ended 31 March 2013 Incorporating an Income and Expenditure Account

	Note	Unrestricted		Restricted		Total	Restated Total
		BIS £'000	Other £'000	BIS £'000	Other £'000	2013 £'000	2012 £'000
<b>Incoming resources</b>							
Incoming resources from generated funds:							
Voluntary income	2	-	93	-	-	93	101
Bank interest		156	50	-	40	246	210
Incoming resources from charitable activities:							
Grants	3	18,972	7	22,048	30,409	71,436	57,463
Delivery of services		2,418	1,137	248	751	4,554	3,860
Training and support		103	742	109	131	1,085	991
Other incoming resources		35	28	-	76	139	146
<b>Total incoming resources</b>	17	21,684	2,057	22,405	31,407	77,553	62,771
<b>Resources expended</b>							
Costs of generating funds							
	6	36	-	-	-	36	36
Charitable activities							
Delivering information & advice – the right channels	6	6,142	279	10,571	1,626	18,618	15,126
Advice & advocacy – the right issues	6	3,712	-	-	119	3,831	3,689
Strengthening the bureau network – developing one service	6	11,965	746	4,875	794	18,380	15,697
Partnerships	6	-	925	-	27,650	28,575	24,845
Governance costs	6,8	171	-	-	-	171	196
<b>Total resources expended</b>	6,17	22,026	1,950	15,446	30,189	69,611	59,589
<b>Net incoming/(outgoing) resources before transfers</b>	10	(342)	107	6,959	1,218	7,942	3,182
<b>Transfers</b>	17	42	2	(42)	(2)	-	-
<b>Gains/(losses) on investment assets</b>		-	-	-	139	139	-
<b>Net movement in funds</b>		(300)	109	6,917	1,355	8,081	3,182
<b>Reconciliation of funds</b>							
Fund balance brought forward	17	315	5,506	2,504	6,122	14,447	11,265
<b>Fund balance carried forward</b>	17	15	5,615	9,421	7,477	22,528	14,447

All activities derive from continuing operations. BIS is the Department for Business, Innovation and Skills (see note 3 a). Accounting policy (o) sets out the basis for consolidation of the accounts. The net income for Citizens Advice alone was £7,942,000 in 2012/13 (net expenditure £3,612,000 in 2011/12).

**Consolidated balance sheet** (Registered number 1436945)**At 31 March 2013**

	Note	Group		Citizens Advice	
		2013 £'000	Restated 2012 £'000	2013 £'000	Restated 2012 £'000
<b>FIXED ASSETS</b>					
Tangible assets	11	<b>4,522</b>	3,083	<b>4,522</b>	3,083
Investments	14	<b>3,427</b>	5,000	<b>3,427</b>	5,000
<b>CURRENT ASSETS</b>					
Investments	14	<b>3,273</b>	2,804	<b>2,101</b>	1,399
Debtors	12	<b>2,873</b>	2,199	<b>3,901</b>	3,349
Cash at bank and in hand					
Capital commitments	15	<b>3,598</b>	-	<b>3,598</b>	-
Other	15	<b>10,622</b>	9,536	<b>10,391</b>	9,400
		<b>20,366</b>	14,539	<b>19,991</b>	14,148
<b>CREDITORS:</b> amounts falling due within one year	13	<b>4,966</b>	7,172	<b>4,591</b>	6,781
Net current assets		<b>15,400</b>	7,367	<b>15,400</b>	7,367
Total assets less current liabilities		<b>23,349</b>	15,450	<b>23,349</b>	15,450
<b>PROVISIONS</b> for liabilities and charges	16	<b>821</b>	1,003	<b>821</b>	1,003
<b>TOTAL ASSETS LESS ALL LIABILITIES</b>		<b>22,528</b>	14,447	<b>22,528</b>	14,447
<b>FUNDS OF THE CHARITY</b>					
Restricted funds	17	<b>16,898</b>	8,626	<b>16,898</b>	8,626
Unrestricted funds					
General fund – non-BIS	17	<b>5,615</b>	5,506	<b>5,615</b>	5,506
General fund – BIS	17	<b>15</b>	315	<b>15</b>	315
Total unrestricted funds		<b>5,630</b>	5,821	<b>5,630</b>	5,821
<b>TOTAL FUNDS</b>	17	<b>22,528</b>	14,447	<b>22,528</b>	14,447

The financial statements were approved and authorised for issue by the Trustee Board on 24 July 2013 and signed on their behalf by:



**John Gladwin**  
Chair



**Mark Washer**  
Treasurer



**Gillian Guy**  
Chief Executive

## Consolidated cash flow statement

Year ended 31 March 2013

	Note	2013 £'000	2012 £'000
<b>Net cash inflow from operating activities</b>	A	<b>5,295</b>	8,273
Returns on investments Interest received		<b>246</b>	210
Capital expenditure and financial investment Purchase of tangible fixed assets		<b>(2,388)</b>	(1,493)
Cash placed in other liquid resources	C	<b>1,531</b>	(465)
<b>INCREASE IN CASH AND INVESTMENTS</b>	B, C	<b>4,684</b>	6,525

### Notes to the cash flow statement

A. Reconciliation of net incoming resources to net cash inflow from operating activities

	2013 £'000	2012 £'000
Net income	<b>8,081</b>	3,182
Shares received	<b>(288)</b>	-
(Gains) on investment assets	<b>(139)</b>	-
Depreciation charges	<b>1,063</b>	119
(Increase)/Decrease in debtors	<b>(674)</b>	110
(Decrease)/increase in creditors (revenue)	<b>(2,320)</b>	4,444
(Decrease)/increase in revenue provisions	<b>(182)</b>	629
Disposal of assets	-	(1)
Bank interest receivable	<b>(246)</b>	(210)
<b>Net cash inflow from operating activities</b>	<b>5,295</b>	8,273

B. Analysis of changes in cash during the year

	As at 31 March 2013 £'000	Movement £'000	As at 1 April 2012 £'000
Cash at bank and in hand	<b>14,220</b>	4,684	9,536

C. Notes 14 and 15 provide details of investments placed in other liquid resources and cash in bank and in hand.

# Notes to the financial statements

## Year ended 31 March 2013

### 1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom, the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities as revised in 2005, the Charities Act (2011) and the Companies Act (2006). The principal accounting policies, which have been applied consistently, except where noted are set out below:

The prior year figures for 2011/12 have been restated for two changes which are disclosed in note 25. These are a review of charitable objectives and a change in classification of three funds from grants to contracts.

#### a) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the valuation of investments at market value.

#### b) Going concern

The financial statements have been prepared on the going concern basis. Financial budgets are set to ensure that the organisation can continue to operate as a going concern for at least a year. Detailed financial budgets are presented and approved by the Trustee Board on a 12 month basis. At the same time of this approval, a review of a five year forecasted financial position is also conducted. Furthermore management accounts for the parent Charity are presented at regular intervals to the Trustee Board throughout the financial year on progress against budget. Any changes in funding within the year are reflected as soon as practicable and action taken by management to ensure that the Charity spends within its available resources.

#### c) Fixed assets

Fixed assets are recognised in the statement of financial activities on initial acquisition, in accordance with FRS 15.

All assets, other than investments, are held at historic cost less depreciation. Assets are reviewed

each year to ensure they are fit for the intended purpose.

Investments assets are held at market value. Unrealised gains and losses on revaluation and realised gains and losses on disposal are allocated to the fund to which the investments relate.

Only assets over £1,000 are capitalised. Depreciation is charged on a straight-line basis on the cost of assets less residual value over their estimated useful life. A full year's depreciation is charged in the year of acquisition.

The estimated lives of the assets are as follows:  
Office and computer equipment – three years.  
Infrastructure software – between five and eight years, depending on duration of license.

#### d) Leases

Rental costs under operating leases are charged to the statement of financial activities in equal amounts over the periods of the leases.

#### e) Pension costs

The National Association of Citizens Advice Bureaux (NACAB) Pension and Assurance Plan (1991) is a multi-employer defined benefit scheme which was closed during the financial year ended 31 March 2008. Having taken advice from the scheme's actuary, Citizens Advice cannot identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The disclosures under FRS 17 in this circumstance are shown in note 22. The expected cost of providing pensions is calculated periodically by a professionally qualified actuary. The operating costs of providing retirement benefits to employees are charged to the statement of financial activities in the year in which they are incurred as required by FRS 17.

On 1 April 2005, Citizens Advice introduced a defined contribution pension, which staff could opt to join. The employer's contributions are charged to the statement of financial activities in the period in which they were incurred.

# Notes to the financial statements

Year ended 31 March 2013

## 1. Accounting policies (continued)

### f) Grants payable and receivable

Grants payable are made to local Citizens Advice Bureaux and other bodies, and the liability is recognised when the obligation arises although the grant may not be due.

Grants receivable are recognised when due and when any conditions for receipt are met. Any unexpended grant is carried forward in reserves.

If any grant has been provided for a stated purpose, it is carried forward as restricted funds. Any unused grants not able to be used for the purpose determined by the funder are returned in accordance with the funder agreement.

### g) Deferred income

Deferred income relating to subscriptions is shown within the balance sheet. Other deferred income relates to restricted funding received in advance but where the related expenditure can only take place in a future accounting period.

### h) Legacies

Legacies are recognised when they are received or when notice is given from the executor that a payment is due, whichever is sooner.

### i) Delivery of services

The trading activities of Citizens Advice, mainly the bureaux membership fee and the sale of information products, are exercised in the course of carrying out the primary purpose of the Charity. The gross income and expenditure is shown in the Statement of Financial Activities as delivery of services and strengthening the bureau network – developing one service respectively.

Any activities that are not for the primary purpose of the Charity are accounted for in Citizens Advice Limited and this subsidiary has been consolidated into the Statement of Financial Activities. The expenditure and income is also shown in the Statement of Financial Activities as delivery of services and strengthening the bureau network – developing one service respectively.

### j) Training and Support

The training and support activities comprise income for arranging insurance cover on behalf of bureaux in England and Wales as well as the provision of training courses in debt, employment, welfare benefits and consumer issues.

### k) Other income

All other income is accounted for on an accruals basis.

### l) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the charitable expenditure activity headings with reference to activities performed in the year.

Costs of generating funds are those costs relating to fundraising for new donors or new projects.

Staff costs are all emoluments incurred. Other direct costs are non-staff costs incurred by each principal activity.

Governance costs are those incurred in connection with the administration of the Charity's constitutional and statutory duties.

Irrecoverable VAT is treated as resources expended in the principal activity that incurred the original VAT.

Support costs, including premises, fundraising, central administration, IT support, human resources costs and pertinent corporate finance costs (staff and other costs), which are not directly attributable to a particular principal activity, have been fully allocated to departments and activities based on staff numbers of the principal activity as shown in note 7.

## Notes to the financial statements

Year ended 31 March 2013

### 1. Accounting policies (continued)

#### m) Reserves

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the Charity's objectives. Unrestricted funds represent funds raised or grants awarded for no specified project, where the expenditure has not yet occurred. The expenditure will arise in subsequent financial periods. Transfers to and from designated funds are subject to the approval of the trustees.

Citizens Advice's Management Statement and Financial Memorandum limit the level of BIS funds that can be carried forward to future years. Any additional balances in excess of the working balance carried forward require BIS approval.

There are no such carry forward restrictions on other unrestricted funds.

Restricted funds are awarded for a specified project, which will be declared by the funder, or restricted with their authority or with a restriction created by a legal process, although the scope of the project is still within the wider objectives of the Charity. Income may be awarded in one year for expenditure in that or a subsequent year on a specified project.

#### n) Provisions

Provisions for future liabilities are recognised when Citizens Advice has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

#### o) Consolidation

Citizens Advice Ltd, a trading subsidiary controlled by Citizens Advice has also been consolidated within the accounts on a line by line basis.

A separate Statement of Financial Activities, or income and expenditure account, for the Charity itself is not presented because the Charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

## Notes to the financial statements

Year ended 31 March 2013

### 2. Voluntary income

	2013 £'000	2012 £'000
Legacies	59	75
Donation through television appearance	-	2
Donations from private individuals	34	24
<b>Total donations</b>	<b>93</b>	101

### 3. Grants

#### a) Government grants

Funder	2013 £'000	Restated 2012 £'000	Purpose
<b>Government department grants</b>			
Department for Business, Innovation and Skills (BIS)	<b>18,968</b>	18,900	Grant in aid
BIS	<b>9,112</b>	-	Consumer advice
BIS	<b>8,000</b>	-	Capital infrastructure funding
BIS	-	1,776	Additional investment in infrastructure
BIS	-	17,936	Face to face debt advice now funded through Money Advice Service
BIS	<b>4,936</b>	8,342	Transition Funding for additional consumer functions
BIS	<b>4</b>	4	Conference sponsorship
Department of Communities & Local Government	<b>878</b>	827	The National Homelessness Advice Service
Department of Health	<b>36</b>	38	Enabling health bodies to use voluntary sector evidence (IESD) Fund
Department for Work and Pensions	-	229	Future jobs fund
HM Revenue & Customs	<b>251</b>	251	Capacity building projects
Welsh Government	<b>84</b>	766	Better advice: better health
Welsh Government	-	239	Disability rights take up campaign
Welsh Government	<b>130</b>	2	Adviceline (Wales)
Welsh Government	<b>2,007</b>	-	Tackling poverty
Welsh Government	<b>967</b>	-	Advice Providers Forum
<b>Total Government grants</b>	<b>45,373</b>	49,310	

## Notes to the financial statements

Year ended 31 March 2013

### 3. Grants (continued)

#### b) Grants from other public bodies

Funder	2013 £'000	Restated 2012 £'000	Purpose
Devon County Council	357	413	Regional welfare benefit rights
Equality and Human Rights Commission	63	-	Discrimination project work
The Insolvency Service	102	188	Debt relief orders
Leeds City Council	22	-	Money advice
Legal Services Commission	121	409	Employment consultancy
Money Advice Service	17,915	-	Face to face advice provided through BIS in prior years
West Yorkshire County Council	-	54	Regional welfare benefits
	<b>18,580</b>	1,064	

#### c) Other grants

Funder	2013 £'000	Restated 2012 £'000	Purpose
The Abbey National Charitable Trust	-	50	Financial capability
Barclays Bank plc	128	37	Financial capability
Barclaycard	-	82	Independent financial advice
Barclaycard	97	350	Financial capability for lone parents
British Gas	100	-	Energy advice projects
Citi Foundation	-	66	Financial capability
City Parochial Fund	-	8	Social policy development
EDF energy	1,100	100	Energy advice projects
EoN energy	100	100	Energy advice projects
HSBC Group	109	-	Financial capability
Lloyds Banking Group	95	-	Social policy development
Macmillan Cancer Support	31	31	Benefits advice
Martin Lewis Charitable Fund	903	-	Money advice
Money Advice Trust	56	113	Money advice training
Money Advice Trust	458	826	Money advice national strategy
Nationwide Building Society	-	179	National money advice projects
sub-total to carry forward to next page	<b>3,177</b>	1,942	

## Notes to the financial statements

Year ended 31 March 2013

### 3. Grants (continued)

#### c) Other grants (continued)

Funder	2013 £'000	Restated 2012 £'000	Purpose
brought forward from previous page	<b>3,177</b>	1,942	
Northern Rock Foundation	<b>853</b>	533	Integrated debt advice project
npower	-	100	Energy advice project
Openreach	-	54	Fundraising project
Provident Financial plc	<b>25</b>	20	National money advice project
Prudential plc	<b>350</b>	372	Financial literacy
Santander plc	<b>400</b>	10	Financial capability
Scottish Power	<b>100</b>	100	Energy advice project
SSE	<b>100</b>	100	Energy advice project
SSE	-	352	Fuel poverty project
SSE	<b>237</b>	-	Big Energy Week
StepChange	<b>81</b>	263	Debt management
The Royal British Legion	<b>2,147</b>	3,186	Veteran's welfare benefits advice
Various	<b>13</b>	57	Sundry projects
<b>Total other grants</b>	<b>7,483</b>	7,089	
<b>Total grants</b>	<b>71,436</b>	57,463	

### 4. Information regarding directors and employees

The trustees of Citizens Advice are the non-executive directors of the charitable company. No emoluments were paid to any non-executive directors (2011/12: nil). Payments of £7,000 (2011/12: £7,000) were made to 9 (2011/12:10) non-executive directors during the year in respect of expenses for travel and expenses incurred in the course of executing their duties. No trustee indemnity insurance was purchased.

Employee costs during the year:

	2013 £'000	2012 £'000
Wages and salaries	<b>14,868</b>	14,183
Social security costs	<b>1,501</b>	1,596
Pension costs (see note 22)	<b>2,293</b>	1,799
Temporary staff	<b>304</b>	202
	<b>18,966</b>	17,780

Pension costs shown above relate to amounts accrued in the year. Amounts were paid to the Citizens Advice Group Personal Pension Plan a month in arrears which commenced on 1 April 2008. The amount paid in 2012/13 was £843,000 (2011/12: £749,000). In addition there was a contribution of £1,050,000 (2011/12: £1,050,000) and a provision of £400,000 (2011/12: £nil) to the NACAB Pension and Assurance Plan (1991) which was closed on 27 March 2008.

## Notes to the financial statements

Year ended 31 March 2013

### 4. Information regarding directors and employees (continued)

The average number of full time equivalent people employed in each activity during the year was:

	<b>Number 2013</b>	Restated number 2012
<b>Costs of generating funds</b>	<b>1</b>	1
<b>Charitable activities</b>		
Delivering Information & Advice – the right channels	<b>122</b>	117
Advice & Advocacy – the right issues	<b>65</b>	62
Strengthening the bureau network – developing one service	<b>183</b>	176
Partnerships	<b>41</b>	39
<b>Governance</b>	<b>1</b>	1
<hr/>		
Average number of persons employed	<b>413</b>	396

### Aggregate emoluments paid to executive directors in the financial year

In accordance with the requirements of the Financial Memorandum, the following information should be disclosed for named senior managers. Citizens Advice has identified all the executive directors as senior managers. This is consistent with its treatment of key managers for Related Party Disclosures (FRS 8 – note 22).

The figures comprise gross salaries and all allowances payable, including employee pension supplement, and exclude employer's pension contributions. In addition, six executive directors were reimbursed less than £6,000 (2011/12: £5,000) in total for travel and out-of-pocket expenses incurred in the course of executing their responsibilities. No other amounts were payable. All of the executive directors withheld their consent to be individually named in the disclosure of the information below. In addition, five other employees were paid between £60,000 and £69,999 and one employee between £80,000 and £89,999 including compensation for loss of office.

	<b>Number 2013</b>	Number 2012
£70,000 to £79,999	-	3
£80,000 to £89,999	<b>2</b>	1
£90,000 to £99,999	<b>1</b>	2*
£100,000 to £109,999	-	1*
£140,000 to £149,999	<b>1</b>	1
£160,000 to £169,999	<b>1*</b>	-

\* Note: Includes compensation for loss of office in line with contractual commitments.

## Notes to the financial statements

Year ended 31 March 2013

### 4. Information regarding directors and employees (continued)

Pension contributions paid by Citizens Advice into the Citizens Advice Group Personal Pension Plan on behalf of senior managers in the financial year:

	Number 2013	Number 2012
up to £2,499	1	1
£2,500 to £4,999	-	2
£5,000 to £7,499	3	4
£7,500 to £10,499	1	-

Citizens Advice does not pay any other pension contributions (including personal contributions) on behalf of any senior managers.

### 5. Grants payable

Grants were made to Citizens Advice member bureaux in the financial year as follows:

#### a) Partnership grants to member bureaux

Region	Funder	2013 Total No.	2013 £'000	Restated 2012 £'000
England & Wales	BIS	346	381	308
South West	Devon County Council	27	197	155
<b>Total</b>		<b>373</b>	<b>578</b>	463

#### b) Other grants to member bureaux

Purpose	Funder	2013 Total No.	2013 £'000	Restated 2012 £'000
Financial capability for lone parents	Barclaycard	17	136	278
Financial literacy	Barclays plc	140	46	-
Face to face debt advice	BIS (now received from Money Advice Service)	-	-	15,674
Network Development	BIS	82	426	1,446
Financial capability	Citi Foundation	20	10	17
National Homelessness Advice Service	Department for Community & Local Government	441	176	78
Future jobs fund	Department for Work and Pensions	-	-	373
<b>sub-total to carry forward to next page</b>		<b>700</b>	<b>794</b>	17,866

## Notes to the financial statements

Year ended 31 March 2013

### 5. Grants payable (continued)

Purpose	Funder	2013 Total No.	2013 £'000	Restated 2012 £'000
brought forward from previous page		700	<b>794</b>	17,866
Financial capability	EDF Energy	98	<b>73</b>	37
Energy Advice	EDF Energy	92	<b>137</b>	136
Adviceline	EDF Energy	3	<b>132</b>	163
Tax credits training	HM Revenue & Customs	12	<b>98</b>	122
Debt Relief orders	Insolvency Service	584	<b>113</b>	123
Financial advice	London Borough of Islington	-	-	37
Money Advice	Martin Lewis Charitable Fund	4	<b>20</b>	-
Financial guidance and financial capability	Money Advice Service	33	<b>47</b>	357
Face to face debt advice	Money Advice Service (previously received from BIS)	2,059	<b>15,841</b>	-
Financial capability	Nationwide Building Society	38	<b>29</b>	623
Integrated debt advice	Northern Rock	56	<b>737</b>	573
Fundraising project	Openreach	3	<b>42</b>	18
Various projects	Other regional funders	163	<b>63</b>	47
Financial capability	Prudential plc	65	<b>10</b>	23
Adviceline	Royal Bank of Scotland plc	-	-	372
Veterans' welfare benefits advice	Royal British Legion	152	<b>2,562</b>	2,357
Financial capability	Santander plc	13	<b>70</b>	70
Fuel poverty project	SSE	21	<b>137</b>	50
Big Energy Week	SSE	528	<b>171</b>	-
Debt management plans	StepChange	32	<b>15</b>	38
Better advice: better health	Welsh Government	-	-	939
Adviceline (Wales)	Welsh Government	14	<b>157</b>	-
Tackling poverty	Welsh Government	102	<b>1,833</b>	-
Advice Providers Forum	Welsh Government	71	<b>833</b>	-
<b>Total other grants to member bureaux</b>		<b>4,843</b>	<b>23,914</b>	23,951
<b>TOTAL BUREAUX GRANTS</b>		<b>5,216</b>	<b>24,492</b>	24,414

## Notes to the financial statements

Year ended 31 March 2013

### 5. Grants payable (continued)

#### c) Grants to other bodies

Grants paid to non-bureaux participants in delivery of national projects, funded by partner organisations.

Purpose	Recipient	2013	Restated
		£'000	2012 £'000
Face to face debt advice	Birmingham Settlement	<b>204</b>	194
Energy advice	Bristol Debt Advice Centre	<b>11</b>	12
Face to face debt advice,	Burley Lodge Centre	<b>97</b>	110
Financial capability	Citizens Advice Northern Ireland	<b>30</b>	35
Face to face debt advice	Ebor Gardens Advice Centre	<b>49</b>	52
Face to face debt advice	Harlow Welfare Rights	-	29
Face to face debt advice & financial capability	Ipswich Housing Action	<b>106</b>	86
Face to face debt advice	Luton Rights	<b>82</b>	60
Various	Money Advice & Community Support	<b>27</b>	27
Face to face debt advice	Homemaker South West	<b>90</b>	110
Face to face debt advice	Norfolk Community Law	-	53
Face to face debt advice	North Bristol Advice Centre	<b>53</b>	-
Energy advice	Pennysmart CIC	<b>10</b>	10
Advice providers forum	Race Equality First	<b>17</b>	-
Financial capability & rural racial discrimination work	Scottish Association of Citizens Advice	<b>135</b>	109
Face to face debt advice	Shelter & Shelter Cymru	<b>205</b>	205
Face to face debt advice	Single Parent Action Network	<b>23</b>	55
Energy Advice	St Vincent Support Centre	<b>49</b>	43
Financial capability	Toynbee Hall	<b>15</b>	-
Advice providers forum	Welsh Refugee Council	<b>48</b>	-
Various	177 miscellaneous grants (2011/12: 256)	<b>141</b>	74
Total grants to others		<b>1,392</b>	1,264
<b>Total grants</b>		<b>25,884</b>	25,678

## Notes to the financial statements

### Year ended 31 March 2013

#### 6. Total resources expended

Total resources expended for the year ended 31 March 2013:

	Direct staff costs £'000	Grants £'000	Other direct costs £'000	Support costs £'000	<b>Total 2013 £'000</b>
<b>Costs of generating funds</b>	22	-	2	12	<b>36</b>
<b>Charitable objectives</b>					
Delivering Information & advice – the right channels	4,958	390	11,362	1,908	<b>18,618</b>
Advice & advocacy – the right issues	2,659	-	491	681	<b>3,831</b>
Strengthening the bureau network – developing one service	7,441	812	8,070	2,057	<b>18,380</b>
Partnerships	1,678	24,682	1,121	1,094	<b>28,575</b>
<b>Governance costs</b>	40	-	124	7	<b>171</b>
	16,798	25,884	21,170	5,759	<b>69,611</b>

Total resources expended for the year ended 31 March 2012 (restated):

	Direct staff costs £'000	Grants £'000	Other direct costs £'000	Support costs £'000	<b>Total 2012 £'000</b>
<b>Costs of generating funds</b>	22	-	2	12	<b>36</b>
<b>Charitable objectives</b>					
Delivering Information & advice – the right channels	4,244	1,248	7,993	1,641	<b>15,126</b>
Advice & advocacy – the right issues	2,560	1	472	656	<b>3,689</b>
Strengthening the bureau network – developing one service	6,368	2,599	4,961	1,769	<b>15,697</b>
Partnerships	1,300	21,830	868	847	<b>24,845</b>
<b>Governance costs</b>	40	-	148	8	<b>196</b>
	14,534	25,678	14,444	4,933	<b>59,589</b>

## Notes to the financial statements

### Year ended 31 March 2013

#### 7. Support cost breakdown by activity

Support costs are allocated across activities based on direct staff numbers. The amounts below represent the allocated staff and other allocated costs in note 6.

Support costs breakdown for the year ended 31 March 2013:

	Premises £'000	Administration £'000	IT Services £'000	Human Resources £'000	Finance £'000	<b>2013 £'000</b>
<b>Costs of generating funds</b>	4	2	3	2	1	<b>12</b>
<b>Charitable objectives</b>						
Delivering Information & advice – the right channels	341	294	501	200	572	<b>1,908</b>
Advice & advocacy – the right issues	158	113	153	93	164	<b>681</b>
Strengthening the bureau network – developing one service	547	321	425	269	495	<b>2,057</b>
Partnerships	168	214	454	108	150	<b>1,094</b>
<b>Governance costs</b>	-	2	2	1	2	<b>7</b>
	1,218	946	1,538	673	1,384	<b>5,759</b>

Support costs breakdown for the year ended 31 March 2012 (restated):

	Premises £'000	Administration £'000	IT Services £'000	Human Resources £'000	Finance £'000	<b>2012 £'000</b>
<b>Costs of generating funds</b>	4	2	3	2	1	<b>12</b>
<b>Charitable objectives</b>						
Delivering Information & advice – the right channels	314	332	346	122	527	<b>1,641</b>
Advice & advocacy – the right issues	146	128	106	57	219	<b>656</b>
Strengthening the bureau network – developing one service	503	363	294	165	444	<b>1,769</b>
Partnerships	155	242	314	66	70	<b>847</b>
<b>Governance costs</b>	-	2	2	2	2	<b>8</b>
	1,122	1,069	1,065	414	1,263	<b>4,933</b>

## Notes to the financial statements

Year ended 31 March 2013

### 8. Governance costs

Governance costs (all unrestricted funds) are analysed as follows:

	<b>2013</b> <b>£'000</b>	2012 £'000
Audit fees (internal and external)	<b>83</b>	85
Governance and leadership	<b>48</b>	61
Trustees' meeting costs*	<b>40</b>	50
	<b>171</b>	196

\* Trustees' meeting costs include all costs relating to the running of the Trustee Board and the Committees' meetings, recruitment of trustees, and external consultancy advice to the Trustees. It includes out-of-pocket expenses reimbursed to nine trustees of £7,000 (2011/12: ten trustees £7,000). These were approved expenses incurred by trustees relating to their work with the Charity.

### 9. Corporation tax

Citizens Advice is a registered charity and accordingly is exempt from taxation on income and gains where they are applied for charitable purposes. Citizens Advice Limited covenants all profits to the main Charity each year under Gift Aid and does not incur any tax liability.

### 10. Net expenditure

Net incoming resources for the year are stated after charging:

	<b>2013</b> <b>£'000</b>	2012 £'000
Operating lease costs		
Property	<b>980</b>	939
Office equipment	<b>81</b>	33
Depreciation	<b>1,063</b>	119
External Auditors' remuneration		
External audit fee – Crowe Clarke Whitehill LLP	<b>36</b>	35
External audit fee – Baker Tilly UK Audit LLP	-	3
Non audit work – Crowe Clarke Whitehill LLP	<b>5</b>	2
Internal Auditor's remuneration		
Internal audit fee	<b>42</b>	45

## Notes to the financial statements

Year ended 31 March 2013

### 11. Fixed assets – tangible assets

The fixed assets of Citizens Advice are the same as those of the Group, as stated below.

	Infrastructure software		Office & computer equipment £'000	Total £'000
	Work in progress £'000	Operational £'000		
Cost				
At 1 April 2012	2,609	700	70	3,379
Additions	2,411	-	91	2,502
Disposals	-	-	(34)	(34)
Transfers	(4,746)	4,746	-	-
<b>At 31 March 2013</b>	<b>274</b>	<b>5,446</b>	<b>127</b>	<b>5,847</b>
Depreciation				
At 1 April 2012	-	261	35	296
Charge for the year	-	1,009	54	1,063
Disposals	-	-	(34)	(34)
<b>At 31 March 2013</b>	<b>-</b>	<b>1,270</b>	<b>55</b>	<b>1,325</b>
<b>Net book value at 31 March 2013</b>	<b>274</b>	<b>4,176</b>	<b>72</b>	<b>4,522</b>
Net book value at 31 March 2012	2,609	439	35	3,083

### 12. Debtors

	Group		Citizens Advice	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade debtors	377	1,451	368	1,439
Other debtors	106	80	106	80
Prepayments & accrued income	1,619	583	1,619	583
HM Revenue & Customs	771	85	771	85
Subsidiary undertakings	-	-	1,037	1,162
	<b>2,873</b>	2,199	<b>3,901</b>	3,349

Included in other debtors is £97,000 (2011/12: £80,000), which relates to 62 (2011/12: 70) staff season ticket or car loans. These are interest free and are recoverable through monthly payroll deductions. There are no senior officers (2011/12: nil) with loans outstanding at the balance sheet date (2011/12: £nil).

## Notes to the financial statements

Year ended 31 March 2013

### 13. Creditors: amounts falling due within one year

	Group		Citizens Advice	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade creditors	175	28	175	28
Citizens Advice bureaux grants	961	2,391	961	2,391
Other creditors including taxation & social security	433	409	433	409
Accruals & deferred income	2,803	3,864	2,428	3,473
Capital creditors	594	480	594	480
	<b>4,966</b>	<b>7,172</b>	<b>4,591</b>	<b>6,781</b>

	Group		Citizens Advice	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Other creditors including taxation and social security comprises:				
HM Revenue and Customs: PAYE	197	163	197	163
National Insurance	232	212	232	212
Other creditors	4	34	4	34
	<b>433</b>	<b>409</b>	<b>433</b>	<b>409</b>

	Group		Citizens Advice	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Accruals and deferred income comprises:				
Accruals	2,276	2,019	2,276	2,019
Deferred income at 1 April 2012	1,845	121	1,454	121
Amount released from previous year	(1,845)	(121)	(1,454)	(121)
Incoming resources deferred in the year	527	1,845	152	1,454
	<b>2,803</b>	<b>3,864</b>	<b>2,428</b>	<b>3,473</b>

Deferred income comprises £120,000 (2011/12: £127,000) subscription income for both paper and electronic information products, £32,000 received in grants (2011/12: £1,327,000) and £375,000 (2011/12: £391,000) received in sponsorship.

## Notes to the financial statements

Year ended 31 March 2013

### 14. Investments

The value of shares held in Citizens Advice Ltd is £2 being two ordinary shares of £1 each which represents 100% of the issued share capital. The company is a private limited company which was incorporated on 16 July 1982. The company is incorporated in England. The company manages all forms of sponsorship on behalf of the parent company and covenants all profits each year under Gift Aid. The turnover in 2012/13 was £864,000 (2011/12: £982,000) which generated an operating profit of £213,000 (2011/12: £578,000). Net assets were £2 in 2012/13 (2011/12: £2). The shares are held as a fixed asset.

Moneysupermarket.com shares were received from the Martin Lewis Charitable Fund where the sale by Citizens Advice is restricted for three years. This is held as a fixed asset. The investment is listed on a recognised stock exchange and is held primarily to provide an investment return. The investment is analysed below.

	<b>2013</b>
	<b>£'000</b>
Addition	288
Revaluation	139
At 31 March 2013	<b>427</b>

Cash deposits valued at £6,273,000 (2011/12: £7,804,000) were held as investments at 31 March 2013. These were all UK cash deposits varying from 7 day notice to one year fixed bonds. All investments comply with the Charity's investment strategy. £3,000,000 (2011/12: £5,000,000) of the deposits are recognised as a fixed asset as the intention is to invest these monies longer than one year.

### 15. Cash at bank and in hand

Immediately available cash deposits valued at £14,220,000 (2011/12: £9,536,000) were held at 31 March 2013. These were all UK cash deposits, held to manage the cash flow of the organisation with a range of counter-parties, in compliance with the Charity's investment strategy. £3,598,000 of these has been identified in the balance sheet as needing to meet capital commitments early in 2013/14.

## Notes to the financial statements

Year ended 31 March 2013

### 16. Provisions

	Group		Citizens Advice	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
<b>Property provisions</b>				
Provision at 1 April 2012	188	47	188	47
Released during the year	-	(36)	-	(36)
Utilised during the year	(15)	(11)	(15)	(11)
Additional provision	42	188	42	188
Provision at 31 March 2013	215	188	215	188
<b>Other provisions</b>				
Provision at 1 April 2012	815	157	815	157
Released during the year	(8)	(127)	(8)	(127)
Utilised during the year	(766)	-	(766)	-
Additional provision	565	785	565	785
Provision at 31 March 2013	606	815	606	815
<b>Total provisions at 31 March 2013</b>	<b>821</b>	<b>1,003</b>	<b>821</b>	<b>1,003</b>

The property provisions relate to dilapidations at one office following office moves and an assessment of potential future liabilities across all other leases. Other amounts are £400,000 for additional voluntary pension fund contributions, £156,000 provision for electronic information, £22,000 for additional income tax and national insurance and £28,000 for pension contributions to be settled on behalf of East End Citizens Advice Bureau.

### 17. Statement of funds

	At 1 April 2012 £'000	Income £'000	Expenditure £'000	Transfer between funds £'000	Gains on investment assets £'000	At March 2013 £'000
Unrestricted funds – BIS	315	21,684	22,026	42	-	15
Unrestricted funds – other	5,506	2,057	1,950	2	-	5,615
<b>Total unrestricted funds</b>	<b>5,821</b>	<b>23,741</b>	<b>23,976</b>	<b>44</b>	<b>-</b>	<b>5,630</b>
Restricted funds –BIS	2,504	22,405	15,446	(42)	-	9,421
Local Government projects	334	433	487	-	-	280
Welsh Government projects	192	3,188	3,071	-	-	309
sub-total to carry forward to next page	3,030	26,026	19,004	(42)	-	10,010

## Notes to the financial statements

Year ended 31 March 2013

### 17. Statement of funds (continued)

	At 1 April 2012 £'000	Income £'000	Expenditure £'000	Transfer between funds £'000	Gains on investment assets £'000	<b>At 31 March 2013 £'000</b>
brought forward from previous page	3,030	26,026	19,004	(42)	-	<b>10,010</b>
Social Policy projects	214	444	495	-	-	<b>163</b>
Financial Capability projects	1,534	1,538	1,432	7	-	<b>1,647</b>
Specialist Support projects	1,547	1,709	1,975	77	-	<b>1,358</b>
Veteran welfare benefits advice	815	2,152	2,775	-	-	<b>192</b>
Integrated debt advice	59	853	833	-	-	<b>79</b>
Other projects	1,427	3,172	1,408	(86)	139	<b>3,244</b>
Money Advice Service Face to face advice	-	17,918	17,713	-	-	<b>205</b>
<b>Total restricted funds</b>	<b>8,626</b>	<b>53,812</b>	<b>45,635</b>	<b>(44)</b>	<b>139</b>	<b>16,898</b>
<b>Total funds</b>	<b>14,447</b>	<b>77,553</b>	<b>69,611</b>	<b>-</b>	<b>139</b>	<b>22,528</b>

The unrestricted funds (BIS and other) represent the free funds of Citizens Advice.

BIS restricted funds comprise funding for consumer advice and transition grants for developing Petra and other infrastructure.

Local Government comprises regional grant funding from Devon County Council and Leeds City Council. Welsh Government covers a range of money advice projects and funding for Adviceline (Wales).

Policy funds comprise all funds received specifically to undertake social policy. There is funding from 18 organisations (2011/12: 21 organisations) to deliver financial capability projects and funding from six organisations (2011/12: 12 organisations) to deliver specialist support and advice.

Veteran welfare benefits advice is funded by the Royal British Legion whilst the integrated debt advice project is funded by Northern Rock Foundation.

Face to face advice is now delivered through funding from the Money Advice Service whereas funding came directly from the Department of Business, Innovation and Skills in prior years.

The other project funds comprise a variety of partnerships with a range of funders to provide, for example, money advice projects and learning and development projects.

A review of balances previously classified as restricted funds identified some amounts which should be treated as for unrestricted use. This is in line with our responsibilities to ensure that funds are applied against their proper purposes. The movement is shown as transfers and comprises a number of small projects.

## Notes to the financial statements

Year ended 31 March 2013

### 18. Analysis of net assets between funds

	Unrestricted		Restricted		Total
	BIS	Other	BIS	Other	
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2013 are represented by:					
Fixed assets – tangible assets	1,402	-	3,001	119	<b>4,522</b>
Fixed Assets – investments	-	3,000	-	427	<b>3,427</b>
Current assets	344	2,623	9,451	7,573	<b>19,991</b>
Creditors: amounts falling due within one year	(910)	(8)	(3,031)	(642)	<b>(4,591)</b>
Provisions	(821)	-	-	-	<b>(821)</b>
<b>Fund balance</b>	<b>15</b>	<b>5,615</b>	<b>9,421</b>	<b>7,477</b>	<b>22,528</b>

### 19. Citizens Advice Bureaux

The financial statements record the income and expenditure of Citizens Advice. Individual Citizens Advice Bureaux are not consolidated within these accounts as they are independent legal entities funded directly and indirectly from their own sources and are accountable to their own members and funding bodies.

### 20. Operating lease commitments

At 31 March 2013 Citizens Advice was committed to making the following annual payments in respect of operating leases:

	2013		2012	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases which expire:				
Within one year	<b>83</b>	<b>29</b>	111	-
Between two and five years	<b>792</b>	<b>52</b>	748	33
After five years	<b>105</b>	-	80	-
	<b>980</b>	<b>81</b>	939	33

### 21. Capital commitments

£8 million was received in grant funding for capital projects from the Department for Business, Innovation and Skills in 2012/13. £5,020,000 was expended in 2012/13, including £1,560,000 accrued and £2,271,000 capitalised. Additionally, £942,000 was pre-paid in 2012/13 and is shown on the balance sheet.

As at 31 March 2013 £1,748,000 has been committed to a variety of improvements to the IT infrastructure, subject to final agreement with suppliers, all of which is payable within one year. £290,000 will be committed during 2013/14.

## Notes to the financial statements

Year ended 31 March 2013

### 22. Pension scheme

#### National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991)

##### Period Ending 31 March 2013

The employers operate a defined benefit scheme in the UK. During 2007/08, Citizens Advice's defined benefit pension scheme was closed to new entrants future service accrual. The scheme is a multi-employer scheme and the scheme's actuary has advised the assets and liabilities are not able to be segregated for each contributing employer. Hence it is not possible to separately identify the assets and liabilities relating to Citizens Advice for the purposes of FRS17.

In closing the scheme, a recovery plan was agreed by the pension fund trustees. From 1 April 2013, the sponsoring employers will pay total annual contributions of £1,200,000 (2011/12: £1,200,000), to meet the scheme's deficit over the next 15 years. This amount may vary over time, dependent upon the results of the future actuarial valuations of the scheme, the next triennial valuation is due, based on the position at 1 April 2013. The length of the payment period may also vary if the contributions do not offset the deficit over the planned period. The pension trustees have the right to renegotiate the recovery plan if the actuarial report indicates that the existing recovery plan is no longer adequate. If Citizens Advice paid its annual contributions as planned, using a actuarial discount rate of 4.5%, the net present value would be £11,783,000 (2011/12: £12,249,000 and 4.6% discount)

A full actuarial valuation was carried out on the position at 1 April 2010 and updated to the position at 31 March 2013 by a qualified actuary, independent of the scheme's sponsoring employers. The major assumptions used by the actuary are shown below.

The best estimate of contributions to be paid by the employers to the scheme for the period beginning after 31 March 2013 is as follows:-

- a) Contributions by each employer in respect of expenses.

The principal employer will pay amounts into the scheme in respect of management and administration costs, including levy payments made by the scheme to the Pension Protection Fund subject to a maximum amount of £300,000 in each scheme year.

- b) Contributions by the employers in respect of the shortfall in funding.

In accordance with the recovery plan following the 1 April 2010 actuarial valuation, the sponsoring employers will pay total annual contributions of £1,200,000, of which Citizens Advice contributes £1,050,000.

#### Present values of scheme liabilities, fair value of assets and deficit

	31/03/13 £'000s	31/03/12 £'000s	31/03/11 £'000s
Fair value of scheme assets	69,123	65,073	65,866
Present value of scheme liabilities (Liability) to be recognised	122,142 (53,019)	115,205 (50,132)	98,104 (32,238)
Deferred tax	-	-	-
Net (liability)	-	-	-

## Notes to the financial statements

Year ended 31 March 2013

### 22. Pension scheme (continued)

#### Reconciliation of opening and closing balances of the present value of the scheme liabilities

	Period ending 31/03/13 £'000s	Period ending 31/03/12 £'000s
Scheme liabilities at start of period	115,205	98,104
Current service cost	-	-
Expenses	282	263
Interest cost	5,245	5,353
Contributions by scheme participants	-	-
Actuarial losses/(gains)	4,075	13,881
Benefits paid, death in service insurance premiums and expenses	(2,665)	(2,396)
Past service costs	-	-
Curtailments	-	-
Settlements	-	-
Scheme liabilities at end of period	122,142	115,205

#### Reconciliation of opening and closing balances of the fair value of scheme assets

	Period ending 31/03/13 £'000s	Period ending 31/03/12 £'000s
Fair value of scheme assets at start of period	65,073	65,866
Expected return on scheme assets	3,814	4,594
Actuarial gains/(losses)	1,094	(4,470)
Contributions by employer	1,807	1,479
Contributions by scheme participants	-	-
Benefits paid, death in service insurance premiums and expenses	(2,665)	(2,396)
Settlements	-	-
Fair value of scheme assets at end of year	69,123	65,073

The actual return on the scheme assets over the period ending 31 March 2013 was £4,908,000.

#### Total expense

	Period ending 31/03/13 £'000s	Period ending 31/03/12 £'000s
Current service cost	-	-
Expenses	282	263
Interest cost	5,245	5,353
Expected return on scheme assets	(3,814)	(4,594)
Past service cost	-	-
Curtailments	-	-
Settlements	-	-
Total	1,713	1,022

## Notes to the financial statements

Year ended 31 March 2013

### 22. Pension scheme (continued)

#### Pension gains/(losses)

	Period ending 31/03/13 £'000s	Period ending 31/03/12 £'000s
Difference between expected and actual return on scheme assets: gain/(loss)	1,094	(4,470)
Experience gains and losses arising on the scheme liabilities: gain/(loss)	286	(1,443)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: (loss)/gain	(4,361)	(12,438)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable): (loss)/gain	(2,981)	(18,351)
Total amount : (loss)/gain *	(2,981)	(18,351)

\*Citizens Advice and its subsidiaries are not required to prepare a statement of total recognised gains and losses.

#### Assets

	31/03/13 £'000s	31/03/12 £'000s	31/03/11 £'000s
Equity	38,353	40,019	41,621
Gilts	7,528	3,952	330
Corporate Bonds	12,353	10,890	14,579
Cash	9,857	8,064	7,060
Property	1,032	2,148	2,276
Total assets	69,123	65,073	65,866

None of the fair values of the assets shown above includes any of the employers' own financial instruments or any property occupied by, or other assets used by, the employers.

#### Assumptions

	31/03/13 % per annum	31/03/12 % per annum	31/03/11 % per annum
Rate of discount	4.5	4.6	5.5
Inflation (RPI)	3.4	3.3	3.6
Inflation (CPI)	2.5	2.4	3.1
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less		n/a	n/a
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.5	2.4	3.1
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.4	3.3	3.6
Allowance for commutation of pension for cash at retirement	None	None	None

## Notes to the financial statements

### Year ended 31 March 2013

#### 22. Pension scheme (continued)

The mortality assumptions adopted at 31 March 2013 imply the following life expectancies

Male retiring at age 65 in 2013	23.43 years
Female retiring at age 65 in 2013	25.89 years
Male retiring at age 65 in 2032	25.42 years
Female retiring at age 65 in 2032	27.77 years

#### Expected long term rates of return

The expected long term return on cash is determined by reference to gilt yields at the balance sheet dates. The long term expected return on gilts and corporate bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date.

The long term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

The expected long term rates of return applicable for each period are as follows:

	Period commencing 01/04/2012 % per annum	Period commencing 01/04/2011 % per annum
Equity	7.1	8.0
Gilts	2.7	4.2
Corporate Bonds	4.6	5.5
Cash	2.7	4.2
Property	6.6	7.5
Overall for scheme	5.9	7.0

#### Amounts for the current and previous four periods

	31/03/13 £'000s	31/03/12 £'000s	31/03/11 £'000s	31/03/10 £'000s	31/03/09 £'000s
Fair value of assets	69,123	65,073	65,866	61,518	47,971
Present value of scheme liabilities	122,142	115,205	98,104	97,993	82,123
(Deficit) in scheme	(53,019)	(50,132)	(32,238)	(36,475)	(34,152)
Experience adjustment on scheme assets	1,094	(4,470)	965	12,371	(15,462)
Experience adjustment on scheme liabilities	286	(1,443)	96	5,377	(972)

## Notes to the financial statements

Year ended 31 March 2013

### 23. Related party transactions

Citizens Advice Limited is a subsidiary company owned by Citizens Advice and all Citizens Advice non-charitable trading is conducted through it. The Directors are the National Association of Citizens Advice Bureaux and John Gladwin. During the year ended 31 March 2013, it made a profit of £213,000 (2011/12: £578,000) which was then gift aided to Citizens Advice and recorded within delivery of services.

At 31 March 2013 Citizens Advice Limited owed £1,037,000 to Citizens Advice (2011/12: £1,162,000). The accounts for the year ending 31 March 2013 were agreed on 24 July 2013.

There have been related party transactions identified in accordance with FRS 8. Citizens Advice is sponsored by BIS. BIS is regarded as a related party. During the year, Citizens Advice has had no material transactions with BIS other than the receipt of its Grant in Aid, a grant for capital funding and transition funding to absorb Consumer Direct and Consumer Focus functions. Citizens Advice had a number of transactions during the year with Citizens Advice Scotland, which is also sponsored by BIS.

The Friends of Citizens Advice Bureaux Trust is a charity established to raise funds for the benefit of Citizens Advice Bureaux. The trust became dormant on 5 July 2005 when the activities of the trust transferred to Citizens Advice. There were no financial transactions or balances in the year to 31 March 2013 (2011/12: nil).

A subsidiary company was set up in 2008/09, Citizens Advice Management Services, to provide management services to bureaux. There were no financial transactions or balances in the year to 31 March 2013 (2011/12: nil).

Citizens Advice International is a company which was registered in Belgium on 6 December 2004. Although not a related party under FRS 8, it is included here due to the connection of name and objectives. It was established to provide support to Citizens Advice organisations throughout the world. No charge has been made for any expenditure incurred by Citizens Advice on behalf of Citizens Advice International during the year. At 31 March 2013, Citizens Advice owed Citizens Advice International nil (2011/12: nil). Citizens Advice International is not consolidated into the accounts as it is a separate entity and Citizens Advice does not have the power to control it.

### 24. Company Limited by Guarantee

Citizens Advice is a registered charity and a company limited by guarantee. All member bureaux are members of Citizens Advice and there are no other members. The maximum liability of each member is limited to £1. The Trustees have a maximum liability of nil.

## Notes to the financial statements

### Year ended 31 March 2013

#### 25. Prior year adjustment

The financial statements for the year ending 31 March 2012 have been restated following a review of charitable objectives to bring them closer to the objectives set out in "making society fairer, an introduction to Citizen's Advice's core approach including the 2013-14 business plan". There is no change in the total amount of resources expended. The Tables in note 6 and 7 have been restated to show the change in charitable objectives.

Using the definitions set out in the Statement of Recommended practice (SORP) – Accounting and Reporting by Charities, the review has included a reassessment and consequent reduction in costs charged to Governance (previously £328,000, restated as £196,000) and the cost of generating funds (previously £320,000 restated as £36,000). Governance has reduced as a result of eliminating some costs which are incurred as part of direct management functions whilst the reduction in the cost of generating funds is due to now being able to identify only those costs related to the generation of voluntary income.

The table below sets out the restatement of resources expended.

Published	Revised	Published 2011/12 £'000	Restated 2011/12 £'000
Cost of Generating funds	Cost of Generating funds	320	36
Charitable objectives			
Providing quality information and advice	Delivering information and advice – the right channels	14,692	15,126
Strengthening the bureaux network	Strengthening the bureaux network – developing one service	15,836	15,697
Influencing policy	Advice & advocacy – the right issues	2,909	3,689
Projects in partnership	Partnerships	24,091	24,845
Delivery of services	-	1,413	-
Governance costs	Governance costs	328	196
<b>Total resources expended</b>		<b>59,589</b>	<b>59,589</b>

A review of grant income identified three projects where it was determined that the nature of the funding is a contract and should be treated as unrestricted. The balance brought forward in 2012/13 has been restated following the transfer of the projects from restricted to unrestricted funds. The balances before and after restatement are shown below.

	Unrestricted		Restricted		Total 2013 £'000
	BIS £'000	Other £'000	BIS £'000	Other £'000	
2012/13					
Balance brought forward	315	5,391	2,504	6,237	<b>14,447</b>
Restated	315	5,506	2,504	6,122	<b>14,447</b>
Difference	-	115	-	(115)	-

£196,000 grant income in 2011/12 has been restated as Delivery of Services income in the Consolidated Statement of Financial Activities and excluded from note 3. £92,000 of grants paid in 2011/12 has been excluded in note 5 and restated as direct costs in note 6.

## Thank you to our donors

Citizens Advice is a charity and relies on funding from Government bodies, companies, charities and many others to make a difference to the lives of individuals, families and communities. We thank the following for their support during 2012/13.

### Government grants

Department for Business, Innovation and Skills  
 Department for Communities and Local Government  
 Department of Health  
 Department for Work and Pensions  
 Government Equalities Office  
 Her Majesty's Revenue and Customs  
 Welsh Government

### Public bodies

Devon County Council  
 Equality & Human Rights Commission  
 The Insolvency Service  
 Leeds City Council  
 Legal Services Commission  
 Money Advice Service  
 SEETEC  
 Working Links

A number of donations were also made by individuals, for which we express our thanks.

### Other

Axa Sun Life  
 Barclays Bank plc  
 Barclaycard  
 Big Lottery Fund  
 British Gas  
 Citi Foundation  
 EDF Energy  
 Energy UK  
 E.ON Energy  
 HSBC Bank plc  
 Lloyds Banking Group  
 Macmillan Cancer Support  
 Martin Lewis Charitable Fund  
 Money Advice Trust  
 npower  
 Nationwide Building Society  
 Northern Rock Foundation  
 Openreach (a BT group business)  
 Provident Financial plc  
 Prudential plc  
 The Royal Bank of Scotland plc  
 The Royal British Legion  
 Santander Foundation  
 ScottishPower  
 Sitel UK Ltd  
 StepChange  
 SSE (Scottish and Southern Energy)  
 Turn2us

## **Our aims**

- To provide the advice people need for the problems they face.
- To improve the policies and practices that affect people's lives.

## **Our principles**

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

**[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)**  
**[www.adviceguide.org.uk](http://www.adviceguide.org.uk)**

Citizens Advice is the operating name of the National Association for Citizens Advice Bureaux.  
Registered charity number: 279057 Company number: 1436945

© Citizens Advice 2013. No part of this publication may be reproduced without prior permission except for the purposes of review or referral.

Produced by Citizens Advice  
August 2013

Cover photo: Posed by model