Charity Registration No. 1075040
Company Registration No. 3038147

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED

Financial statements
31 March 2014

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED
Financial statements for the year ended 31 March 2014

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Reference and Administrative Information

Company Number: 3038147

Charity Number: 1075040

Trustees/Directors
James Banks
Malcolm Beane (Treasurer)
Sheila Carpenter
Sally Garner
Verena Hefti
Barbara Limon
Vicky Ling
Sonny Manly-Rollings
Iain McDiarmid
Glenys Russell
Aida Shoush
Mark Simons (Chair)

Co-Chief Executives: Carole Adams and Rachel Braverman

Company Secretary: Carole Adams

Registered Office and Business Address
Duke House, 3rd Floor
84-86 Rushey Green
London
SE6 4HW

Auditor

Myrus Smith, Chartered Accountants
Norman House
8 Burnell Road
Surrey
SM1 4BW

Bankers
Co-operative Bank Plc
151 Lewisham High Street
London
SE13 6AA

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED
Report of the Trustees (incorporating the Directors' Report) for the year ended 31 March 2014

The Trustees, who are also directors of the charity for the purposes of company law, present their annual report and the audited financial statements for the year ended 31 March 2014. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" revised in July 2008 (SORP 2005) in preparing the annual report and financial statements of the charity.

Structure, Governance and Management

Lewisham Citizens Advice Bureaux Service Ltd (Lewisham CAB Service) is a registered charity and company limited by guarantee. Our Memorandum and Articles of Association set out our charitable objects and powers. This year the Trustee Board reviewed these to ensure they are up to date.

Our trustees are individuals, elected by members at our Annual General Meeting. Trustees may co-opt up to six people onto the Trustee Board to ensure the Board is broadly representative of the community, and to fill any specific vacancy and skills needed to carry out our responsibilities effectively (e.g. Treasurer). Co-opted members must stand down at the Annual General Meeting following their co-option, but they are eligible to stand for election. One third of the elected trustees (the longest serving since previous election) stands down at each AGM, and is eligible to stand for re-election. We invite nominations for trustees through our annual mailing to stakeholders and local community organisations. Co-opted trustees are recruited through a variety of methods, including direct advertising in the relevant media (e.g. the internet, Voluntary Action Lewisham Grapevine).

New trustees meet informally with our Chief Executives to learn about our Service and are invited to arrange bureaux visits to meet our managers and find out more about our work. All new trustees are invited to attend an induction training session at Citizens Advice (CitA) London office, to find out more about the Citizens Advice Service nationally and the role of trustees.

The Trustees who served during the period and up to the date of this report are:

James Banks
Malcolm Beane (Treasurer)
Sheila Carpenter
Sally Garner
Verena Hefti
Barbara Limon
Vicky Ling
Sonny Manly-Rollings
Iain McDiarmid
Glenys Russell
Aida Shoush
Mark Simons (Chair)

The Trustee Board acting together has the responsibility for governing Lewisham CAB Service to ensure that the organisation acts within its charitable aims and objects, fulfils statutory obligations and complies with company and charity law. Our Trustee Board holds meetings quarterly and also holds an AGM. The Board oversees the strategic direction of development within the organisation.

There are two sub-committees to the Trustee Board, which promote more active involvement of all Trustees and provide extra support for the Chief Executives. The Finance and Funding Sub-committee, chaired by the Treasurer, oversees and scrutinises finance and funding streams. The

Human Resources Sub-committee oversees and scrutinises all staffing matters including procedures and policies of Lewisham CABx relating to personnel matters.

The Board welcomed the election of Malcolm Beane FCIPD FCCA as Treasurer this year. Malcolm joined the Board last year and brings considerable additional financial knowledge and experience to the Board. The Board thanks Glenys Russell for her years of service as the previous Treasurer.

The Board has delegated overall operational responsibility for managing the Service to the Chief Executives. The Chair of the Trustee Board meets regularly with the Chief Executives to discuss operational matters and the Treasurer meets with them to monitor the budget and discuss other financial matters. The Board receives reports from the Chief Executives, incorporating management accounts, other finance issues and information from the Generalist and Specialist Service Managers.

The organisational restructure was completed this year. The new structure:

- Focuses more of our resources more on frontline service provision, reducing our management costs
- Increases our capacity to work with volunteers
- Provides strong leadership to staff and volunteers through the development of a Senior Management Team
- Facilitates the operation of Lewisham CAB as a single entity
- Ensures clearer accountability and lines of communication throughout the organisation

The new structure will enable Lewisham CAB to extend and develop services in response to changing needs and will ensure that we are financially viable in the future.

As part of its on-going review process to ensure provision of all our key services are examined regularly, the Trustee Board decided to review its external audit arrangements. Following a competitive tender process run by the Trustees, we are delighted to welcome Myrus Smith as our new auditors. We would like to thank Chantrey Vellacott for their work of the last 7 years as our auditor.

Lewisham CAB Service is a member of CitA and subscribes to Citizens Advice aims, principles and values. Citizens Advice provides the information on which our Service is based and also accredited training in advice work. All CAB advisors, paid and voluntary, undertake this training, which takes a minimum of 6 months to complete. Citizens Advice also provides a range of support services including management consultancy and specialist employment advice for Trustee Boards. Member bureaux must meet the quality assurance standards set out in the Membership Agreement and we undergo regular audits by Citizens Advice to ensure that requirements in all areas of our work, including governance and management are met.

Risk Management

The Trustees have reviewed the major risks to which the charity is exposed, and procedures have been established to manage the risks identified e.g. regular bank reconciliations, budget meetings as well as regular senior management team and staff meetings. This risk assessment is undertaken annually, and procedures are periodically reviewed to ensure that they continue to meet our needs.

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED
Report of the Trustees (incorporating the Directors' Report) for the year ended 31 March 2014

Objectives and Activities

Our governing document sets out our charitable aims.

"The Service is established for the promotion of any charitable purposes for the benefit of the community in the administrative area of the London Borough of Lewisham and surrounding areas, by the advancement of education, the protection of health and the relief of poverty, sickness and distress."

Our purpose is to benefit all sections of the local community through a service of advice and information. We are committed to Citizens Advice's twin aims, which are 'To provide the advice people need for the problems they face, and to improve the policies and practices that affect people's lives'

The Citizens Advice Service helps people resolve their money, legal and other problems by providing information and advice and by influencing policymakers. The Service is independent and provides free, confidential and impartial advice to everybody, regardless of race, gender, disability, sexual orientation, religion, age or nationality. It recognises the positive value of diversity, promotes equality, and challenges discrimination.

We continue to offer a range of advice and information services.

Volunteers increase our capacity to deliver services by taking on a variety of roles including receptionists, administrators, advisers and trustees. In return, volunteers receive training and support and gain new skills and experience.

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help.

The review also helps us ensure our aim, objectives and activities remained focused on our stated purposes. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

Achievements and Performance

Our generalist service, funded by the Lewisham Council, continues to be used to capacity and is very busy. As in previous years, much of our work focuses on welfare benefits, debt, housing and employment. We also offer help across a range of problem areas. The service of general help with casework is accredited by the Citizens Advice logo, which assures our clients that they can expect to receive an excellent quality service.

We provide substantial amounts of information to clients through our reception service. Clients needing advice use our Gateway system, where they receive an initial diagnostic interview to decide on the next best step. From Gateway, we can then offer advice appointments to clients, some of whom need in-depth casework. In 2013/14, we gave information to 7,447 clients and offered advice to a further 6,832 unique clients.

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED
Report of the Trustees (incorporating the Directors' Report) for the year ended 31 March 2014

We are pleased to be able to continue to offer specialist debt advice, thanks to the Money Advice Service (MAS), who fund our Capitalise partnership, and Lewisham Council, who fund a full time money advice post. Money advisers deal with the most complex cases, including bankruptcy, multiple debt and Debt Relief Orders. We continue to meet exacting targets.

Our other specialist services also continued, in partnership with other organisations:

- Southwark Law Centre provide immigration advice (funded by Lewisham Council) and employment advice
- Several local solicitors provide advice in housing, immigration, personal injury and general litigation, through our Honorary Legal Advice Scheme

Our outreach services continue to allow us to reach people who would not otherwise be able to get advice. The GP Surgeries project is particularly accessible for people with disabilities and we offer an outreach service to young people leaving care, a very vulnerable group, funded by Lewisham Social Services. Other outreach services include projects with Phoenix Community Housing Association and London & Quadrant, providing advice to social housing tenants.

We worked with Citizens Advice on the Energy Best Deal scheme. We provided training to frontline staff and service users in other organisations, aimed at increasing people's awareness of energy issues, such as switching suppliers and sources of help for those in difficulties with their bills. This year, we were pleased to be able to increase the amount of work we did in this area.

Our Partnership work with Advice Lewisham (formerly known as Lewisham Advice Providers Consortium) goes from strength to strength. Advice Lewisham is a consortium of all the main advice providers in the borough. We are delighted to take a lead by employing a Co-ordinator for the partnership, funded partly by Lewisham Council and partly by the Big Lottery Fund (BLF). The BLF funding is also paying for the Partnership's Advice And Information Hubs project, providing 3 hubs at strategic points in the borough, where clients can get information and help with completing online forms.

We were particularly pleased to be able to take a lead with this project, as it enabled us to open our new premises at Downham Leisure Centre. We have long had the ambition to reach out to the south of the borough, where advice services were in short supply.

Social Policy is one of our twin aims, so we continue to ensure we highlight issues that affect our clients to policy and decision makers. We participate in the national social policy work of Citizens Advice by submitting Electronic Bureau Evidence Forms (used to identify social policy issues raised by clients) and Local Action Report Forms (short reports detailing actions taken by local bureaux to address social policy issues). This year, we have sought to make our social policy work more focused. Our social policy group is now led by a Trustee and we are working on a social policy strategy to ensure our efforts are as effective as possible.

We measure outcomes for our clients and ask them what they think of the service they receive, to ensure we are making a positive impact. Last year, we know we raised at least £3,962,788 on behalf of our clients. Other outcomes include stopping bailiffs' action, preventing homelessness and disconnections, resolving health and education complaints securing temporary and permanent housing, enforcing employment terms and conditions and helping clients get their employment reinstated, improving clients' immigration statuses and preventing people being deported.

It is important to know whether our clients are satisfied with how we deliver our advice and information services. We therefore undertake an annual client feedback survey. We are pleased that our clients continue to think our information and advice is effective and we offer good customer service.

- 97.1% of respondents said they were very happy or happy with the information/advice they got
- 96.6% of respondents who received information said it was very easy or easy to understand
- 96.3% of respondents who got advice said it was very useful or useful.
- 98.2% of respondents said they were very clear or clear about what to do next
- 92.4% of respondents said the information/advice they got made a big or small difference to their situation. This year, 100% those under 24 who answered this question said we had made a difference, compared to 83.3% last year.
- 98.8% of respondents were happy with the service they received overall
- 99.4% of respondents would use our service again
- 98.8% of respondents would recommend Lewisham CAB to other people

Volunteers are a vital part of our organisation at every level and we could not run our services without them. This year, unfortunately, we were unable to recruit and support as many volunteers as in previous years, due to staff sickness. Despite this, our volunteers gave 444 hours per week or 23,088 hours during the year to Lewisham CAB, which Citizens Advice calculated was the equivalent of £335,123 in financial terms.

Financial Review

The reserves at 31 March 2014 totalled £252,947 which represents £142,615 restricted funds £52,561 unrestricted funds and £57,771 designated funds.

The Trustee Board has agreed that a sum equivalent to three months' running costs of our projected expenditure for the year would be a reasonable level of unrestricted general reserves in our service. This means that our target for the year to 31 March 2014 was £265,000.

As in previous years, our financial situation has improved and we ended the year with a surplus of £133,963. This includes an increase in unrestricted funds, which was very welcome, particularly as this was a year of great change for the organisation. Our capacity to secure short term funding and to monitor overheads closely contributed to the surplus.

Although our reserves are increasing, they remain too low and represent a considerable risk to the service. We will therefore continue to focus on increasing the level of free reserves.

Our main funding sources are the London Borough of Lewisham, Lewisham Public Health, the Money Advice Service and The Big Lottery Fund. We are very grateful for their support of our service. This year was the third of our 2.5 year funding from London Borough of Lewisham. The Council's continuing commitment provides much needed stability, which helps us to plan and reassures other stakeholders that Lewisham CAB is a stable organisation. We continue to be very grateful that the council recognises the importance of advice and information for its residents

We also have various other funding sources which fund specific project development, some of which have been mentioned previously. All the funding streams for the year are shown in Note 7 to the financial statements.

Future Plans

We recognise that during this period of austerity, our funding is uncertain and we are very likely to face reductions in some areas. However, there are, as will be seen below, also opportunities.

Lewisham Council are proposing a cut of 25% in its Main Grants budget, having kept it at the same level despite cuts in all other areas. They are consulting on how this should be done and are continuing current arrangements until July 2015. Trustees will be looking at how best to tackle this potential reduction with the least effect on our service levels.

There is good news for our debt clients. Trustees are very pleased that the Money Advice Service (MAS), which co-ordinates debt advice across the UK, will continue to fund the Capitalise project until October 2017. At the time of writing, Lewisham CAB had received a provisional offer for a small increase in funding with an increase in targets. The MAS aims to reach a larger number of people over the three years through less resource intensive means. We will therefore be exploring how we can increase the channels available and make our debt advice more effective.

The future of our much needed and highly effective GP Surgeries Project remains unclear. We hold a contract with Lewisham's Public Health department until March 2015. Unfortunately, we have been advised that the funding for this project will not continue after that. Trustees will be looking at how we can continue this vital service in other ways.

As ever, we will be alert for small, useful projects. At the time of writing, we have been successful in bidding for another EBD project and for funding from UK Power Networks to organise Keep Well Road Shows. The latter will allow us to employ a 2 day per week co-ordinator for 4 months.

Advice Lewisham is now recognised by Lewisham Council as a strategic partner, capable of significantly increasing access to advice. The partnership is now considering becoming a separate legal entity. Current projects include looking at how best to provide Welfare Benefits work in the borough and increasing and co-ordinating training for partner organisations. We have been pleased to participate in a recent prototyping project, working closely with the Council to experiment with ideas that are a little more 'outside the box'. We hope to be able to take forward one or more of the ideas to be able to provide more imaginative methods of service delivery. As the largest advice provider in Lewisham, we will continue to put in as much as we can to the partnership and to take a lead where appropriate.

As mentioned above, the Trustee Board was delighted to open new premises at Downham and to host the Information and Advice Hubs Project. We will now be looking at other services we can provide in this part of the borough.

Our new organisational structure allows our organisation to implement workable strategies to ensure our survival and to seek growth. Trustees are determined that Lewisham CAB will continue to provide a vital service to the people of Lewisham, who need us more than ever.

Trustees' responsibilities statement

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

Report of the Trustees (incorporating the Directors' Report) for the year ended 31 March 2014

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the trustees are aware:

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

Auditor

Myrus Smith, Chartered Accountants were appointed auditors during the year and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small Company Provision

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

Approval

This report was approved by the Trustees and signed on their behalf by:

M. S. Beane

Malcolm Beane, Treasurer
Date: 13/10/14

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED
Independent Auditor's Report to the members of Lewisham Citizens Advice Bureaux Service Limited

We have audited the financial statements of Lewisham Citizens Advice Bureaux Service Limited for the year ended 31 March 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of trustees and auditor

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

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 (APB'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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charitable company's affairs as at 31 March 2014, and of its 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 (applicable to smaller entities); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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:

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

S.J. Jones *(Senior Statutory Auditor)*
For and on behalf of Myrus Smith, Statutory Auditor

Norman House,
8 Burnell Road,
Sutton, Surrey
SM1 4BW

Date: 17.12.2014

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED

Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2014

	Note	Unrestricted funds £	Restricted funds £	2014 Total funds £	2013 Total funds £
Incoming resources					
Incoming resources from charitable activities					
Provision of Advice and Information Service	2	207,065	985,772	1,192,837	1,052,978
Incoming resources from generated funds					
Bank interest receivable		1,797	-	1,797	2,142
Voluntary income		120	-	120	-
Total incoming resources		208,982	985,772	1,194,754	1,055,120
Resources expended					
Charitable activities					
Provision of Advice and Information Service	3	177,659	870,041	1,047,700	1,022,226
Governance costs	4	2,138	10,953	13,091	12,537
Total resources expended		179,797	880,994	1,060,791	1,034,763
Net incoming resources before transfers, being net income for the year	6	29,185	104,778	133,963	20,357
Transfers between funds	9	(17,481)	17,481	-	-
Net movement in funds		11,704	122,259	133,963	20,357
Balance brought forward 1 April 2013		98,628	20,356	118,984	98,627
Balances carried forward 31 March 2014	9	110,332	142,615	252,947	118,984

The notes on pages 12 to 22 form part of these financial statements.

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED
Balance Sheet
As at 31 March 2014

	Notes	2014 £	2013 £
Tangible fixed assets	7	12,254	-
Current assets			
Other debtors		9,705	11,551
Prepayments and accrued income		36,553	22,791
Cash at bank and in hand		372,330	163,089
		418,588	197,431
Creditors: amounts falling due within one year			
VAT and payroll taxes		33,566	21,487
Other creditors		42,080	15,207
Accruals		13,697	12,808
Deferred income	8	73,820	27,318
Obligations under hire purchase agreements		4,488	1,627
		167,651	78,447
Net current assets		263,191	118,984
Creditors: amounts falling due after one year			
Obligations under hire purchase agreements		10,244	-
Net assets	10	252,947	118,984
Funds			
Unrestricted funds			
General funds		52,561	40,857
Designated funds		57,771	57,771
Restricted funds		142,615	20,356
Total funds	9	252,947	118,984

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees and authorised for issue on 13/10/14 and signed on their behalf by:

Mark Simons | Malcolm Beane

Chair | Treasurer

Company number: 3038147

The notes on pages 12 to 22 form part of these financial statements.

1. **Accounting policies**

a) **Basis of preparation**
The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005), the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006.

b) **Tangible fixed assets and depreciation**
The costs of minor additions costing below £1,000 are not capitalised. This policy is reviewed periodically by the Trustees.

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

Computer and office equipment	- 33% straight line or over whole term of the lease
Fixtures and fittings	- 33% straight line or over whole term of the lease

c) **Incoming resources**
Contract and grant income is accounted for in the Statement of Financial Activities ("SOFA") when the charity has entitlement to the income and amounts can be measured with reasonable certainty. Income received which relates to a future period is deferred in creditors as deferred income. Bank interest is recognised on a receivable basis. Donations are recognised upon receipt.

d) **Resources expended**

Charitable expenditure comprises services supplied and activities undertaken which are identifiable as wholly or mainly in support of the charity's objectives.

Governance costs are those costs associated with the governance arrangements of the charity, and these include audit, legal advice for Trustees, costs associated with trustee meetings and the cost of the preparation of the statutory financial statements.

Support costs are those costs, which enable the charitable activities to be undertaken and include overheads and general property maintenance. Where activities incurred relate to more than one cost category, they are apportioned on the most appropriate basis, and predominantly with reference to staff time, on a reasonable and consistent basis.

Expenditure is recognised on an accruals basis as a liability when incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

e) **Fund accounting**
The unrestricted general funds are those funds that are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity. Designated funds are those unrestricted funds set aside by the Trustees for specific purposes or projects.

Restricted funds are those funds which are to be used in accordance with specific restrictions imposed by the donors. Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

f) **Operating leases**
Rentals under operating leases are charged to the SOFA on a straight – line basis over the lease term.

g) **Hire purchase agreements**
Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

1. **Accounting policies *(continued)***

h) Pension costs

Lewisham CAB participates in 2 pension schemes;

a)The Pension Trust had been classified as a defined contribution "money purchase" scheme, but has now been redesignated a defined benefit scheme because of the guarantee within the scheme that the value attributed to each member will not be less than the accumulated contributions. Consequently this also places a potential contingent liability on employers - see also note 13. The pension contributions charged in these accounts represent the amounts payable by the company for this scheme in respect of the year 2013/14.

b) National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991) is a defined benefit arrangement. However this scheme is a multi-employer scheme and is also accounted for as a defined contribution scheme because the charity is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis in accordance with Financial Reporting Standard Number 17: Retirement Benefits. This scheme was closed to future accrual with effect from 31 March 2008. Further details are provided in note 12.

2. **Incoming resources from charitable activities**

		2014	2013
		£	£
Grants	- London Borough of Lewisham	501,083	532,745
Grants	- Advice Lewisham	108,866	27,322
Grants	- Capitalise	283,862	273,000
Grants	- CitA	9,507	15,800
Contracts	- Lewisham Public Health	148,677	148,677
Grants	- Big Lottery	82,454	-
Other Income		58,388	55,434
		1,192,837	1,052,978

3. **Charitable expenditure**

	Staff costs	Other direct costs	Central support costs	2014	2013
	£	£	£	£	£
London Borough of Lewisham	410,359	44,197	57,681	512,237	563,500
Advice Lewisham	24,309	15,517	4,144	43,970	13,007
Capitalise	215,996	10,906	34,495	261,397	263,376
CitA	4,143	802	4,235	9,180	16,010
Lewisham Public Health	103,487	3,565	16,808	123,860	126,072
Big Lottery	19,631	20,382	3,244	43,257	-
Other Expenditure	48,821	1,426	3,552	53,799	40,261
	826,746	96,795	124,159	1,047,700	1,022,226

	2014	2013
	£	£
Central support costs	124,159	131,733

4. Governance costs

	2014 £	2013 £
Legal / professional and finance	4,579	3,785
Auditor's remuneration: audit	3,400	5,100
Accountancy	3,200	1,597
Trustee Board mailing / AGM	1,912	2,055
	13,091	12,537

5. Staff costs

	2014 £	2013 £
Wages and salaries	732,020	734,513
Social security costs	69,400	69,823
	801,420	804,336
Pension costs	16,878	16,833
	818,298	821,169
Staff training and travel costs	8,448	4,998
	826,746	826,167

The average number of staff employed by the charity (full-time equivalent) was:	2014 No.	2013 No.
Direct charitable work	25	25
Administrative	5	5
	30	30

No staff members earned more than £60,000 (2012: nil). No remuneration was paid to Trustees in the year (2013: £nil). £143.94 expenses were paid to Trustees in the year (2013: £233.05).

6. Net incoming resources

Net incoming resources are stated after charging:	2014 £	2013 £
Auditor's remuneration: audit	3,400	5,100
Depreciation	2,380	-
Operating lease rentals - land & buildings	20,280	26,817
Interest payable on finance leases	247	1,041

7. **Tangible fixed assets**

	Fixtures & fittings £	Computer & office equipment £	Total £
Cost			
At 1 April 2013	2,540	28,092	30,632
Additions	-	14,634	14,634
Disposals	-	(8,046)	(8,046)
At 31 March 2014	**2,540**	**34,680**	**37,220**
Accumulated depreciation			
At 1 April 2013	2,540	28,092	30,632
Charge for the year	-	2,380	2,380
Disposal	-	(8,046)	(8,046)
At 31 March 2014	**2,540**	**22,426**	**24,966**
Net book value			
At 31 March 2014	-	12,254	12,254
At 31 March 2013	-	-	-

8. **Deferred income**

Deferred income comprises income received in advance of the work being carried out.

	£
Balance at 1 April 2013	27,318
Amount released to incoming resources	(27,318)
Amount deferred in the year	73,820
Balance as at 31 March 2014	**73,820**

9. **Movement in accumulated funds**

	Balance b/fwd at 01/04/13	Incoming resources	Resources expended	Transfers	Balance c/fwd at 31/03/14
	£	£	£	£	£
Unrestricted funds:					
General funds	40,857	208,982	(179,797)	(17,481)	52,561
Designated funds:	57,771	-	-	-	57,771
	98,628	208,982	(179,797)	(17,481)	110,332
Restricted funds:					
London Borough of Lewisham	-	501,083	(518,564)	17,481	-
Friends of the Citizens Advice	1,249	-	-	-	1,249
FIF Capitalise Project	4,810	283,862	(265,376)	-	23,296
Advice Lewisham	14,297	108,866	(44,365)	-	78,798
CitA	-	9,507	(9,432)	-	75
Big Lottery	-	82,454	(43,257)	-	39,197
	20,356	985,772	(880,994)	17,481	142,615
Total funds	118,984	1,194,754	(1,060,791)	-	252,947

Restricted funds:

London Borough of Lewisham – our core activity is funded by the Local Authority.
Friends of the Citizens Advice – these funds are for interpretation. However, they have not been spent, as interpretation is paid for in funding for other projects. We plan to explore how best to use this money in the coming months.
FIF Capitalise – pan-London partnership project which receives funding from the government's Financial Inclusion Fund. This project enables us to increase the level of face to face debt advice.
Advice Lewisham (previously LAPC) – Lewisham CAB is the lead partner for this partnership and thus administer funds on behalf of the other partner organisations.
CitA – these funds were to develop the Energy Best Deal Project to assist client confidence to shop around for better energy suppliers and to assist clients in taking action to reduce fuel bills by offering one to one advice and casework support.
Big Lottery – This project is a consortium bid that will be setting up 3 Advice and Information hubs, and providing home visits and outreach sessions. These hubs will focus on early intervention and education work and support in accessing self-help.
Designated funds – We have allocated a prudent amount to allow for the impact of any potential funding cuts (49,271) and we have also designated funds for contractual expenditure on premises (£8,500).

10. **Analysis of net assets between funds**

	Unrestricted	Restricted	Total
	£	£	£
Fixed and current assets	214,407	216,435	430,842
Current and long term liabilities	(104,075)	(73,820)	(177,895)
Net assets	110,332	142,615	252,947

11. **Obligations under operating lease agreements**

The company has annual commitments under operating lease expiring as follows:

	Land and buildings 2014	Land and buildings 2013
	£	£
In less than one year	5,750	-
Between two and five years	12,254	17,251

12. **Contingent liabilities**

The charitable company has potential financial obligations in respect of pension entitlements for past and present staff arising under both the National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991) ("the National (1991) Plan") and Pensions Trust defined benefit pension schemes. In the case of the Pensions Trust Growth Plan scheme it has been confirmed that on the basis of the actuarial assessment of the buy out funding position at 30 September 2007, the employer debt on withdrawal liability for Lewisham CAB is £52,661.32.

In the case of the NACAB scheme, liability arises should the National (1991) Plan (see note 13 below), for any reason, including non continuance of contribution by the present members of the Scheme within Lewisham CAB, be unable to recoup sufficient of its deficit to meet the minimum funding requirement under the Pensions Act within 3 years, prior to the next actuarial valuation. The pension trustees also have the right to renegotiate the recovery plan if the actuarial report indicates that the existing recovery plan is no longer adequate. Note that in this respect the charitable company is paying an annual contribution, as calculated annually by the actuary, in order to meet its estimated share of the deficit. In 2013/14 this amounted to £8,400 (2013: £8,400).

The possibility of the above eventuality occurring is considered remote, and due to the high dependency on outside parties and external factors, it cannot be assessed with any accuracy.

13. **NACAB pension scheme**

For the period ending 31 March 2014

The employers operate a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2013 and updated to 31 March 2014 by a qualified actuary, independent of the scheme's sponsoring employer. 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 2014 is as follows:
a) Contributions in respect of expenses
The principal employer will pay amounts into the scheme in respect of management and administrative 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 31 March 2013 actuarial valuation, the sponsoring employers will pay total annual contributions of £1,200,000 of which Citizens Advice Lewisham contributes £8,400.

Present values of scheme liabilities, fair value of assets and surplus (deficit)

	31 March 2014 (£000s)	31 March 2013 (£000s)	31 March 2012 (£000s)
Fair value of scheme assets	68,832	69,123	65,073
Present value of scheme liabilities	107,734	122,142	115,205
Asset (liability) to be recognised	(38,902)	(53,019)	(50,132)
Deferred tax	-	-	-
Net asset (liability) to be recognised	-	-	-

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

	Period Ending 31 March 2014 (£000s)	Period Ending 31 March 2013 (£000s)
Scheme liabilities at start of period	122,142	115,205
Current service cost	-	-
Expenses	264	282
Interest cost	5,440	5,245
Contributions by scheme participants	-	-
Actuarial losses (gains)	(17,320)	4,075
Benefits paid & expenses	(2,792)	(2,665)
Past service costs	-	-
Liabilities assumed in a business combination	-	-
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Scheme liabilities at end of period	107,734	122,142

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

	Period Ending 31 March 2014 (£000s)	Period Ending 31 March 2013 (£000s)
Fair value of scheme assets at start of period	69,123	65,073
Expected return on scheme assets	3,496	3,814
Actuarial gains (losses)	(2,520)	1,094
Contributions by the Employer	1,525	1,807
Contributions by scheme participants	-	-
Benefits paid & expenses	(2,792)	(2,665)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Fair value of scheme assets at end of period	68,832	69,123

The actual return on the scheme assets over the period ending 31 March 2014 was £976,000.

LEWISHAM CITIZENS ADVICE BUREAUX SERVICE LIMITED
Notes to the financial statements
For the year ended 31 March 2014

Total expense recognised in profit and loss account

	Period Ending 31 March 2014 (£000s)	Period Ending 31 March 2013 (£000s)
Current service cost	-	-
Expenses	264	282
Interest cost	5,440	5,245
Expected return on scheme assets	(3,496)	(3,814)
Past service cost	-	-
Losses (gains) on curtailments	-	-
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Total expense recognised in profit and loss account	2,208	1,713

Statement of total recognised gains and losses

	Period Ending 31 March 2014 (£000s)	Period Ending 31 March 2013 (£000s)
Difference between expected and actual return on scheme assets - gain (loss)	(2,520)	1,094
Experience gains and losses arising on the scheme liabilities - gain (loss)	4,325	286
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities - gain (loss)	12,995	(4,361)
Total amount recognised in statement of total recognised gains and losses - gain (loss)	14,800	(2,981)

Assets

	31 March 2014 (£000s)	31 March 2013 (£000s)	31 March 2012 (£000s)
Equity	38,076	38,353	40,019
Gilts	9,166	7,528	3,952
Bonds	10,212	12,353	10,890
Cash and other assets	10,006	9,857	8,064
Property	1,372	1,032	2,148
Total assets	68,832	69,123	65,073

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

Assumptions

	31 March 2014 % per annum	31 March 2013 % per annum	31 March 2012 % per annum
Rate of discount	4.40	4.50	4.60
Inflation (RPI)	3.40	3.40	3.30
Inflation (CPI)	2.50	2.50	2.40
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.50	2.50	2.40
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.40	3.40	3.30
Allowance for commutation of pension for cash at retirement	75% of Post A Day	No allowance	No allowance

The mortality assumptions adopted at 31 March 2014 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2014	21.5
Female retiring in 2014	23.7
Male retiring in 2034	23.2
Female retiring in 2034	25.6

Expected long term rates of return

The long-term expected rate of return on cash and other assets is determined by reference to gilt yields at the balance sheet dates. The long-term expected return on gilts and bonds are 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 and property are 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 1 April 2013 % per annum	Period Commencing 1 April 2012 % per annum
Equity	6.60	7.10
Gilts	2.30	2.70
Bonds	4.10	4.60
Cash and other assets	2.30	2.70
Property	6.10	6.60
Overall for scheme	5.10	5.90

Amounts for the current and previous four years

	2014 (£000s)	2013 (£000s)	2012 (£000s)	2011 (£000s)	2010 (£000s)
Fair value of scheme assets	68,832	69,123	65,073	65,866	61,518
Present value of scheme liabilities	107,734	122,142	115,205	98,104	97,993
Surplus (deficit) in scheme	(38,902)	(53,019)	(50,132)	(32,238)	(36,475)
Experience adjustment on scheme assets	(2,520)	1,094	(4,470)	965	12,371
Experience adjustment on scheme liabilities	4,325	286	(1,443)	96	5,377

13. The Pensions Trust

Lewisham CAB participates in The Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Lewisham CAB paid contributions at the rate of 7.5% during the accounting period. Members paid contributions at the rate of 6% during the accounting period.

As at the balance sheet date there were 3 active members of the Plan employed by Lewisham CAB. Lewisham CAB has closed the Plan to new entrants.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4.The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis).

The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

Owing to this situation, we have included 2 figures/calculations, namely:

- The cost of withdrawal if we include Series 3 liabilities in the calculation is £42,496.
- The cost of withdrawal if we exclude Series 3 liabilities from the calculation is NIL

If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and we would request payment of the higher amount with any adjustment being made when the regulations are implemented