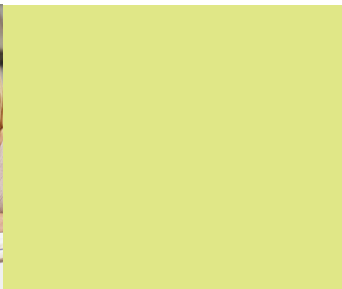


# Annual Review, Directors' Report and Financial Statements

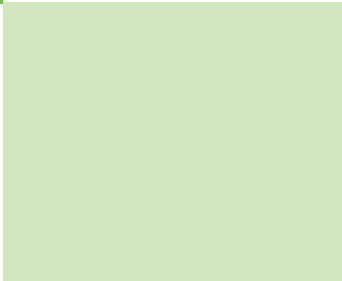
for the year ended 31 March 2014

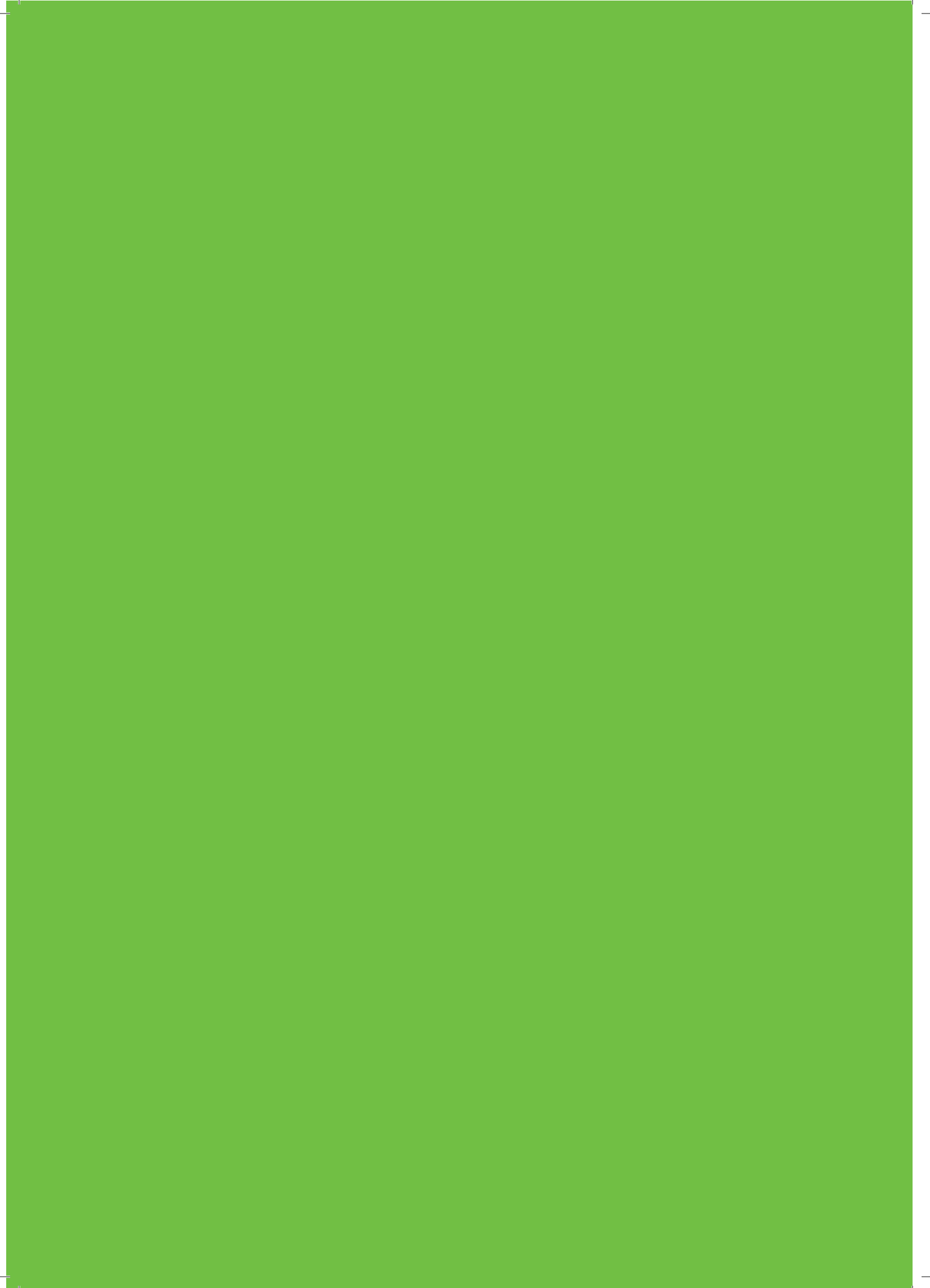


2013  

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2014





# **The Money Advice Service Annual Review, Directors' Report and Financial Statements for the year ended 31 March 2014**

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The Annual Review is presented to the House of Commons pursuant to Section 7 of the Government Resources and Accounts Act 2000

The Directors' Report and Financial Statements for the year ended 31 March 2014 are presented to the House of Commons by Command of Her Majesty

Ordered by the House of Commons to be printed on 10 July 2014

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## Company information

<b>Registered address:</b>	5th Floor 120 Holborn London EC1N 2TD
<b>Country of incorporation:</b>	United Kingdom
<b>Organisation type:</b>	Company limited by guarantee
<b>Bank:</b>	HSBC 45 Bank Street Jubilee Place London E14 5NY
<b>Auditors:</b>	Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road, London, SW1W 9SP
<b>Solicitors:</b>	Simmons & Simmons LLP Citypoint One Ropemaker Street London EC2Y 9SS

# About the Money Advice Service

**The Money Advice Service aims to change people's lives by helping them manage their money better.**

We do this by offering advice online, via telephone, web-chat and face to face through our network of money advisers. We are also the largest single funder of debt advice in the UK, with a key responsibility for improving the availability, quality and consistency of debt advice services.

As well as these services, we have an important role in providing leadership and co-ordination to the work of a wide range of organisations to improve people's financial capability.

The Service was established with cross-party support under the Financial Services Act 2010 and was initially known as the Consumer Financial Education Body (CFEB). We became the Money Advice Service in April 2011. We took on our additional responsibilities for the debt advice sector in April 2012, under the Financial Services Act of that year.

# A look back at 2013/14



# Our year in numbers

**16.5m**

customer contacts

**175,000**

free debt advice  
sessions funded

**653,000**

key money  
management steps

**92%**

will use the  
Service again

**102,000**

face-to-face  
money advice  
sessions delivered

**90%**

would recommend  
us to others

**289,000**

budget planners  
completed



## Overview of the year

It has been a busy year for the Money Advice Service.

- ➔ We have helped many more customers take control of their finances by budgeting, saving, insuring themselves against unexpected events, and managing debt.
- ➔ Record numbers of people have used our service and we have funded more debt advice sessions than ever before.
- ➔ We have streamlined and made significant improvements to our web content, making it easier for customers to get the help they need.
- ➔ We have expanded the network of organisations we work with and deepened our relationships with existing partners, ensuring as many people as possible use our tools and content.
- ➔ And we have conducted ground-breaking research to inform both our own work and wider policy.

# Our performance

**We have met – and in many cases exceeded – all the key performance indicators (KPIs) set out in our Business Plan for 2013/14 and agreed with the Financial Conduct Authority.**

We set ourselves challenging targets across a range of measures – notably our aim not just to generate traffic to our service, but to drive real, positive action on the part of our customers.

We have seen a dramatic increase in the number of visits to our service – and crucially we have also been able to use this high level of contact to prompt more of our customers to take steps to save more, manage their debt, or protect themselves from life’s uncertainties.

At the same time we have maintained the high levels of customer satisfaction we achieved in 2012/13. As we work towards our goal of making it a normal part of life to seek advice about money, we want our customers to come back to use our service again and again as their circumstances change. We also want them to ‘spread the word’ by recommending us to their family and friends.

The tables below set out how we have performed against our targets.

Key Performance Indicators	Results 2013/14	Annual targets 2013/14
<b>Volume of customer contacts</b>	16,512,000	
■ Online contacts (excluding web-chats)	16,305,000	
■ Face-to-face contacts	102,000	5.45m
■ Telephone contacts	75,000	
■ Web-chats	30,000	
<b>Budget Planners completed</b>	289,000	200,000
<b>Debt sessions funded through partners in England &amp; Wales</b>	163,000	150,000

Customer satisfaction <sup>1</sup>	Results 2013/14	Annual targets 2013/14
Customers helped to decide on a course of action	73%	70%
Customers provided with required information	85%	82%
Customers stating they will revisit the Service	92%	88%
Customers who would recommend the Service	90%	85%

Action	Tracker question <sup>2</sup>	Results 2013/14	Annual targets 2013/14
Protecting assets	1. Did your experience with the Money Advice Service influence your decision to take out home contents insurance?	653,000	480,000
Providing for dependants	2. Did your experience with the Money Advice Service influence your decision to take out life insurance?		
Saving regularly	3. Did your experience with the Money Advice Service influence your decision to start saving?		
Preparing for retirement	4. Has your experience with the Money Advice Service influenced your decision to pay into a pension?		
Managing debt	5. (a) Has your experience of the Money Advice Service helped you avoid missing payments or being charged for going into your overdraft? 5. (b) If, in the last six months, your debts have been a heavy burden, are they now more manageable?		

<sup>1</sup> Customer satisfaction scores are measured through monthly exit polls. Customer surveys are conducted by independent market research agencies across all delivery channels.

<sup>2</sup> All data is from a regular Ipsos MORI financial capability tracker, except for Question 5(b) which is collected from real-time data from debt advice partners and OPTIMISA Research. Data has been weighted to be representative of the Service's total customer base, and the confidence level of the resulting figures is within 10%. To be cautious the figures are from the lower end of that confidence band.

# Chairman's and Chief Executive's foreword

## Chairman's foreword

**This is the first Money Advice Service Annual Review I have overseen since my appointment as Chairman. I should like to begin by thanking my predecessor, Gerard Lemos, who stood down at the end of his three-year term as Chairman in September 2013.**

This year has seen great progress in delivering on our ambition – to bring about a step-change in people's ability to manage their money better. But we are fully conscious that it is not the work of a single year to overcome the deep-seated difficulties that so many people encounter in handling their finances. Indeed, the ground-breaking research we have done over the course of the year has given us fresh insight into the scale of the problems and the barriers to people tackling them.

Too often a culture of fear and embarrassment surrounds people's attitudes to money, leading many just to put up with their situation – or, still worse, store up bigger problems for the future. Even small, simple changes can sometimes make a big difference to people's lives. By giving clear, practical guidance on an impartial basis, and in a way which recognises people's diverse goals and preferences, we can break down some of those barriers to action.

This is particularly important in the field of debt advice, where people very often need to make difficult choices to get their lives back on track. The debt advisers we fund play an extremely important role in helping people face up to severe financial difficulties and understand how they can take control of their situation.

We know that we cannot do all this on our own. Over the course of the year we have energetically pursued new partnerships and deepened existing relationships to help us reach out to many more people than we otherwise could and make sure that as many people as possible are getting the right advice and support at the right time.

It is immensely gratifying that so many people are now using the Service and benefiting from the advice and guidance we provide. Ensuring we consistently meet our customers' needs, and help them take action, is vital to our efforts to help more people manage their money better. As more and more people use the Service, act on what they find, and recommend to friends and family that they too come to us for help and guidance, we can develop real momentum and start to realise our goal of helping people understand the difference good advice about money can make to their lives.



**Andy Briscoe**  
Chairman, the Money Advice Service



**Andy Briscoe**  
Chairman

"Even small, simple changes can sometimes make a big difference to people's lives."

# Chief Executive's introduction

## My first full year as Chief Executive of the Money Advice Service has been both a challenging and a rewarding one.

The challenges stem in the main from one simple fact – that so many people continue to find it difficult to manage their finances effectively. It has arguably never been more important that people have access to – and act on – free, impartial advice about money. It is this need that the Money Advice Service exists to meet.

We set ourselves demanding targets for the year, placing an onus on the Service to deliver real changes to the way people manage their money. I am delighted we have been able to meet all of those targets – and in doing so we have helped make a difference to so many people's lives.

Many of these achievements would simply not be possible without the full and active support of our partners, who include a wide range of organisations and individuals who share our goals and who do much in their own right to advance them.

Working with these partners, we have successfully consolidated and built on the work done in previous years to establish the Service in the public mind. This has resulted in our dealing successfully with more than 16 million customer contacts over the year – on average well over 40,000 every single day.

Sheer volume of customer contacts is not, however, an end in itself. It is important for us to show that customers are taking on board the advice and guidance we provide to improve their situation.

One of the most useful things people can do to take control of their financial situation is to draw up a household budget. People completed our Budget Planner nearly 300,000 times during the course of the year – the vast majority using our online planning tools. This was helped by a number of refinements we made to the tool to make it even quicker and easier for people to take this basic step to improve their money management.

Most challenging of all, we set ourselves a target for 480,000 key outcomes over the year – people using our service to help them save regularly, prepare for their retirement, protect their assets or their dependants against unexpected events, or take steps to manage their debt. It was particularly pleasing to reach this target by the end of 2013. By the end of the year, we had helped customers achieve 653,000 of these outcomes, 35% more than our initial target.



**Caroline Rookes**  
Chief Executive

"By the end of the year, we had helped customers achieve 653,000 of these outcomes, 35% more than our initial target."



In addition to our own service, 2013/14 was the second year in which we have had responsibility for the co-ordination of the debt advice sector and for the funding of a number of key debt projects. With some nine million over-indebted people in the UK, this is – and will continue to be – a hugely important part of our work. Here the role of our partners is especially vital – we do not provide these services directly and we depend on our partners across the UK to deliver the high standard of service people need.

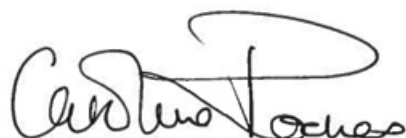
Here too, I am delighted to see that we are making such a positive difference to people's lives. We have comfortably met our target for face-to-face debt sessions and, with more than three-quarters of those using one of these services saying that their debts have become more manageable as a result, it is clear that this is giving people the help they so desperately need.

The work we have done over the year to develop new frameworks both for ensuring quality and for evaluating the impact of debt advice, will help give debt advice clients the assurance that they will receive a high-quality service wherever and however they access that advice.

For all the progress made, however, the scale of the task we face in improving the nation's financial capability does not allow for any complacency. That is why our Business Plan for the current year, through to March 2015, sets out an even more ambitious set of targets.

We welcome the independent review of the Service announced by the Government in May 2014, and are working closely with Christine Farnish and her team to assist them in their work.

I am clear that we need to show incontrovertibly how we are helping to address people's needs. We will continue to seek out ways to improve our service, to get people to stop, think and engage with their money as they go about their daily routine.



**Caroline Rookes**  
Chief Executive, the Money Advice Service



**Working with others  
and improving the  
way we work**

## Working with others to achieve our aims

**The Money Advice Service exists to help people manage their money better – but we cannot do this on our own. We rely on others to help us achieve our goals.**

People need access to free, impartial advice about money throughout their everyday lives and especially when they are facing big life events – such as buying a home, the breakdown of a long-term relationship, or retirement.

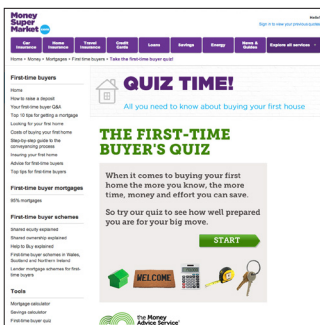
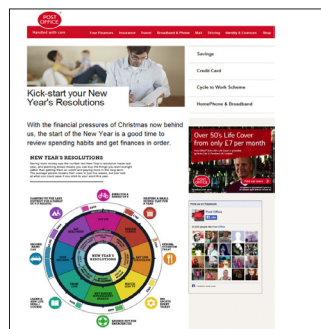
By working in partnership with others we can make sure that they get the help they need, when they need it, and support them to take action.

We make our tools and content freely available to a wide range of partners, and work with them to ensure it is relevant to their customers' needs. In this way, we can get more and more people to stop and think about their money and deliver advice at points in their life when they are most receptive to it.



These are just a few examples of the partnerships we have developed over the course of 2013/14:

- We have worked with organisations such as **Asda Money, Mumsnet, Netmums, Bounty, Babycentre and Emma's Diary** to deliver a range of information – including tools, infographics, blogs and articles – on budgeting for a baby, childcare costs, back-to-school costs and general family finances.
- The 'hold message' for telephone calls to **Jobcentre Plus** – around 10 million calls a year – refers claimants to the Money Advice Service for help on budgeting. More than 700 Jobcentre Plus locations also display Money Advice Service posters.
- **'Looking Local'** provides government departments with access to pages via the television red button. We have used this to introduce information around budgeting and welfare reform.
- In the charitable sector, we have provided money management tools to organisations such as **Age UK** and **Citizens Advice** and video content to Action on Hearing Loss.
- Working with the **BBC**, we have been able to deliver debt advice and articles on budgeting and money management while out of work.
- In the financial services sector, **the Post Office, RBS Group, HSBC, Lloyds Banking Group, Axia, and Barclays Corporate** were among a number of businesses which worked with us to improve access to advice on managing budgets, loan arrears, employee education, savings, and mortgage payments – and on topical initiatives such as reviewing finances at the start of the year, saving for Christmas, and meeting unexpected costs.
- **MoneySuperMarket** supported our work on student budgeting, payday loans, savings and the Government's 'Help to Buy' initiative aimed at first-time buyers.



- We worked with the **British Bankers' Association** to support customer-facing staff dealing with customers affected by the introduction of Universal Credit.
- We have worked with banks and other financial services firms to help identify customers who may be at risk of getting into debt and help them take action to avoid it.
- We also supported the **Financial Conduct Authority** on communications encouraging customers with interest-only mortgages to put a capital repayment plan in place. Lenders such as **Halifax** and **Santander** used our printed guide, 'Take Action with your interest-only mortgage now', as part of their customer communications.

## What our partners say

"**Workingmums.co.uk** is delighted to have been collaborating with the Money Advice Service on publication of articles and interactive material. The information supplied by Money Advice Service has been highly relevant and useful to our readership."

"One key goal of **MoneytotheMasses.com** is to educate and inform the general public on all areas of personal finance and financial planning.

When we launched in 2010 we were a lone voice. In time as we grew in size and scale we partnered with the Money Advice Service, as they remain one of the few independent voices out there with goals and values in line with our own. Our flexible working partnership has helped amplify the message of MoneytotheMasses.com not just through the use of partnered tools and content but also through social media - ultimately aiding us to empower more people to make informed financial decisions."

## Delivering an end-to-end service

Our customers will often need to interact with other organisations in order to act on the information and guidance we give them. By working with those organisations we can ensure customers receive the best possible service and get the help they need.

In some cases, customers will need advice about buying a particular financial product or service – advice which, to preserve our impartiality, we are not able to give. In 2013/14, an important project has been looking at how we can better ensure that our customers get regulated financial advice when they need it.

As a result of this work, we are consulting with the industry and other stakeholders on the possibility of establishing a directory of regulated advisers with particular expertise in advising clients on retirement solutions. This will be an especially important area of work as we work with others to take forward the changes to the rules around pensions announced by the Chancellor of the Exchequer as part of this year's Budget.

## Informing and consulting

Working with others also plays a key role in how we develop and improve our service. We hold regular meetings of consultative forums, bringing together senior representatives from the financial services industry, consumer groups, and the debt advice sector. Through these forums we are able to share plans, highlight best practice, and gather information and insights from a wide cross-section of organisations.

We also have a stakeholder forum in each of the three devolved nations of the UK, along with a country manager dedicated to liaising with relevant stakeholders to help tailor the Service's policies and products.

These forums have made an important contribution to our thinking, including the development of our Business Plan for 2014/15. In 2013/14 we have also started work to develop a new Financial Capability Strategy for the UK, a project which we are co-ordinating but which is jointly owned by – and will be delivered in collaboration with – a wide range of stakeholders.

In addition, we meet frequently with consumer groups, government departments, regulators, industry representatives and parliamentarians, to keep them informed of our work and help us shape our products and services by listening to their views about the Service and what we can do to improve it further.

## Independent Review

On 30 May 2014, the Government launched its planned independent review of the Money Advice Service, and announced that Christine Farnish would lead the review. We welcome the fresh perspective that this independent review will bring to our work, and will fully consider how we can embed the review's recommendations into our work going forward.

# Improving the way we work

## We know that if we are to meet people's changing needs, we need to change with them.

We cannot expect people to use the tools and information we provide if we do not make our content relevant and useful to their lives. That means continuously refining and updating our service, taking into account how customers view and use our content, to make sure it has a real impact.

### A fully accessible service

We are committed to making our service available and accessible to everyone, regardless of gender, race, age or ability.

We have been working closely with a specialist organisation, the Digital Accessibility Centre, to help us develop a deeper understanding and awareness of issues around accessibility, and to train our editorial, design and development teams in accessibility best practice.

We ensure that people with disabilities can access our service by offering text-phone, web-chat and accessible locations for face-to-face advice.

During 2013/14 we also developed new online resources to support people who suffer a health condition or develop disabilities as a result of illness or accident.

#### An adviser's story

"One of my customers contacted the Service after being diagnosed with Multiple Sclerosis. He had a critical illness policy in place, so he wanted to talk through how to fill out the claim form. We ran through this and he was happy to complete it himself. We also discussed what he wanted to do with the money, and touched on benefits too – he wasn't badly affected yet, but if he does start to have problems he will know more about his potential entitlements and how to access further information on our website."

Rachel, Money Adviser, Scotland

### Consumer testing

We want to see ourselves through our customers' eyes. As part of this commitment, we put our new products through a process of thorough hands-on consumer testing. By asking consumers to test our tools and information, we can make ongoing improvements and refinements to make them more effective and easier for customers to use.

Careful consumer testing also enables us to ensure that our service is accessible to people with disability including visual, hearing, motor and cognitive impairment.

## Insights from behavioural economics

Recent years have seen important breakthroughs in the field of behavioural economics, helping to explain how and why people make the decisions they do. We are committed to taking on board the insights from this rapidly-developing branch of science.

We work extensively with the Fairbanking Foundation – a charity established to promote financial well-being – to ensure these insights are ‘hard-wired’ into what information and content we provide and, crucially, how it is presented.

### Budget Planner

Throughout the year we have worked to make our flagship Budget Planner easier for customers to use and complete.

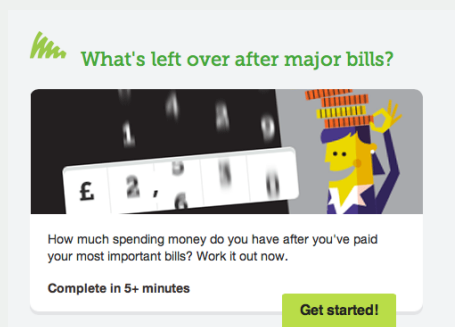
We also worked with the Fairbanking Foundation to develop a shorter version of the tool, aimed at customers who want to complete a budget quickly. Multiple testing sessions resulted in a more user-friendly tool, incorporating more colour and the use of ‘sliders’ as an alternative to keying in numbers. The tool also provides supportive comments as customers proceed through the stages.

This has contributed to the monthly number of Budget Planner completions increasing by more than 25%.

### What our customers say

“The budget planner is fantastic and really easy to use. It’s shown me and my husband what we spend most of our money on and how we can save money. It’s really useful.”

“I’ve printed the planner out and I have it on the kitchen wall to show my daughter where the money goes to. She knows we don’t have much left at the end of the month so she is careful not to waste food and electric etc.”



## Responsive website

An important part of our work in 2013/14 has been adapting our digital content so that it is easier for customers to access via tablets, phones and other mobile devices.

After extensive development work – including thorough consumer testing – throughout the year, in March 2014 we launched a version of our website which is fully compatible for use on mobile devices.

**Helping people  
manage their  
money better**



# Helping people manage their money better

Whether it is drawing up a household budget, cutting back on spending to make ends meet, or working out how to save a few pounds on a regular basis, the Money Advice Service has the tools and information to help people take control of their finances.

In our Business Plan for 2013/14 we identified five key outcomes we seek to drive:

- ➔ managing debt well;
- ➔ saving regularly;
- ➔ saving for retirement;
- ➔ protecting assets; and
- ➔ providing for dependants.

Through our service, we have helped people achieve 653,000 of these key money management steps.

We have achieved this through a combination of improvements to the products and services we provide, and a series of campaigns to highlight key issues and drive consumers to take action to manage their money better.

## A service for everyone

It is vital to our service that we are there for people when and where they need us, and when we are in a position to make a real difference to their lives.

Our content and advice is available to all, free of charge, and we maintain information and resources across a wide range of topics.

We are there to help people from childhood, right through their working lives and into their retirement and later years.

We have resources to help parents prepare for the birth of a child and – because we know habits are formed young – teach their children about money from an early age. We have information for young people leaving school and taking up a job – so they can start off their working lives on the right footing.

We have tools and planners to help people budget for a car or a new home – the biggest purchases most people will make in their lives. We have guides to help them save for a rainy day and plan for the future – so they are ready for whatever life throws at them.

We can help people as they prepare to retire and as they begin to think about their care needs in later life. We can even help people think about how to meet their funeral costs.

## Helping more people get advice

We need to ensure as many people as possible know there is somewhere they can turn for free, impartial advice about money. Our 'Ask MA' campaign in the press, on TV, radio and online has resulted in more people than ever before receiving advice from the Service.

## Advice-led campaigns

During the course of the year we have run a number of advice-led campaigns in the press, radio and online aimed at highlighting particular issues, typically where people are prone to making decisions they later regret, and – crucially – delivering advice there and then as part of the campaign message.

### Can you afford your home?

With our research<sup>3</sup> showing that many first-time buyers overstretch themselves, we launched a campaign to highlight the full cost of buying a home.

The campaign encouraged potential buyers to think not just about whether they could afford the mortgage but to take into account all the associated costs of owning a home, such as Council Tax, utility bills, and ongoing repairs and maintenance.

### Case study

**Jack**<sup>4</sup> is 23, lives in Yorkshire and is working full time. He was referred to us by a friend as he was looking to buy his first home and did not know what this entailed.

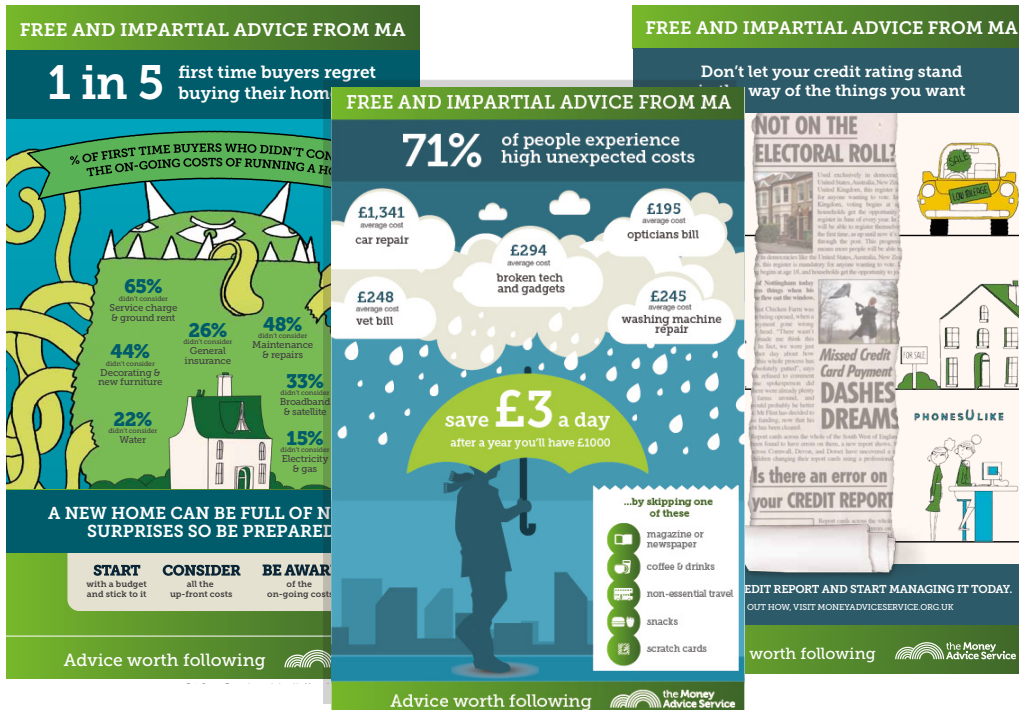
Although he had a deposit saved, after going through his income and outgoings, and completing a budget, we found his budget would be quite tight. We also discussed the home-buying process and we explained the fees that could be involved and the costs involved in running a home.

Jack was very thankful for our support as instead of rushing into buying a home he now has a fuller understanding of the costs involved in buying and running a home. He has reduced his outgoings, built up savings to meet any unexpected costs, and now feels in a better position to buy a home.

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<sup>3</sup><https://www.moneyadvice.service.org.uk/en/static/majority-of-first-time-buyers-admit-they-have-overstretched-themselves-financially>

<sup>4</sup>Where relevant, names have been changed to protect anonymity.



**‘Rainy day’ savings**

Our research<sup>5</sup> found that some 16 million people in the UK had no ‘rainy day’ savings to fall back on in the event of unplanned costs – such as the washing machine breaking down or needing a new pair of glasses – or a sudden drop in income. The research also showed that on average, households could expect to face unexpected bills of around £1,000 during the course of the year.

In January 2014 we ran a campaign encouraging people to save £3 a day to cover these unexpected costs.

**Credit ratings campaign**

In March 2014, working with the UK’s three main credit reference agencies, we ran a campaign with the aim of getting more people to check their credit rating. Having a poor credit rating can result in customers being turned down by mainstream lenders and resorting to higher-cost credit such as payday loans. This can land them in trouble if they struggle to make repayments – and also makes it more difficult to access affordable credit in the future.

<sup>5</sup> <https://www.moneyadvice.org.uk/en/static/16-million-brits-living-on-the-edge-with-zero-savings>

## Reaching our target market

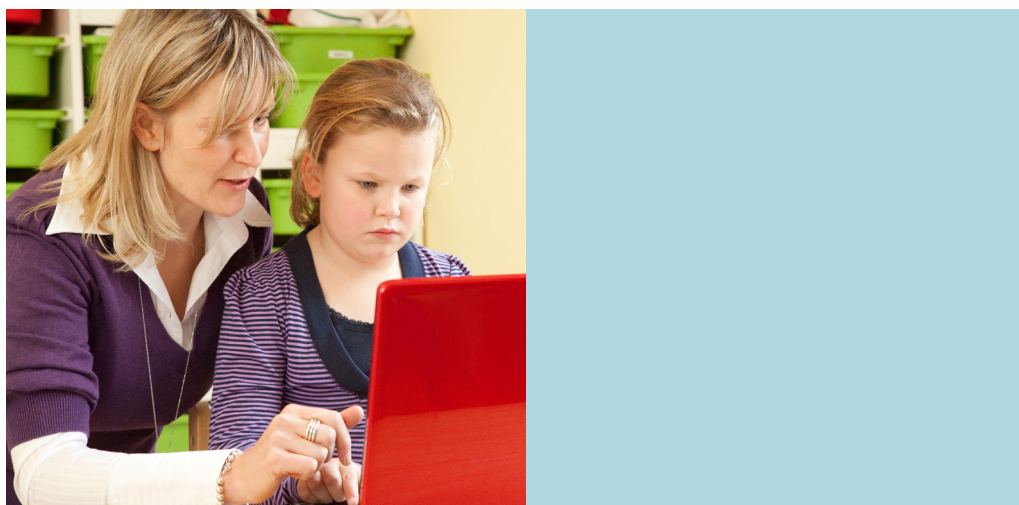
In our Business Plan for 2013/14, we identified a key 'target market' for the Money Advice Service, consisting of some 10.2 million people – 20% of the UK adult population. These were people in population segments who were least likely to be taking the money management steps we believe are important – particularly young people and low- to middle-income families.

Throughout the year we have focused particularly on reaching this target market through our communications – by sending mail-drops to postcodes with high densities of these groups, and by focusing our print, television, radio and outdoor campaigns to target these groups. We have also developed partnerships with organisations which we know come into regular contact with these population segments.

### School bag insurance

In September 2013, as parents across the country were sending their children back to school after the long summer break, we published the results of a survey<sup>6</sup> which found that children were taking belongings worth on average more than £100 to school – with more than half of 10-16 year-olds carrying a smartphone. At the same time, just one in six parents (16%) had insurance for these items.

On the back of these findings we ran a campaign to help parents protect their children's valuables from loss or damage, and urging them to check their insurance. The campaign was supplemented by our 'Back to School Planner' which provides parents with a range of information and guidance on how to manage the costs associated with children going to school.



<sup>6</sup><https://www.moneyadvice.org.uk/en/static/total-value-of-gadgets-taken-to-school-is-nearly-gbp1-billion>

## Online

The Money Advice Service website [moneyadvice.service.org.uk](http://moneyadvice.service.org.uk) is at the very heart of our offering, with on average well over a million visits every month.

Over the last year, we have made a number of improvements to the range of interactive tools available to help people with whatever their financial needs may be.

### Money Health Check

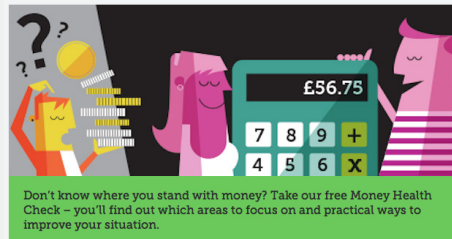
Our Money Health Check enables customers to get an overall picture of their finances and helps them put together an action plan to achieve their goals. We evolved the Money Health Check over the course of 2013/14.

Customers using the Money Health Check are now required to choose the area of advice they want to concentrate on. The action plans also require them to set times for completion of specific tasks and confirm that they have completed them. This came as a result of extensive consumer testing which found that customers who make choices and decide on a plan for themselves are more likely to act on that plan, and see it through.

### What our customers say

*"A neat little tool - easy to use and instantly responsive."*

*"Really helpful! 10/10"*



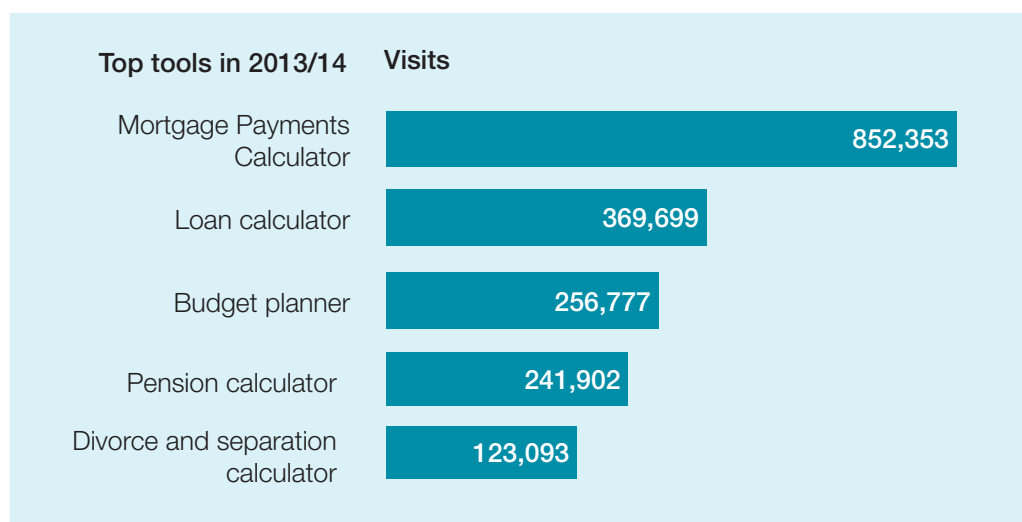
We have also added new content to our site, aimed at helping customers with:

- the cost of a family holiday, childcare and days out over summer;
- back-to-school costs;
- Christmas budgeting;
- new baby costs;
- taking out a mortgage and the costs of moving home;
- alternatives to payday loans;
- relationship breakdown; and
- student finances.

## Top tools

Our customers use our service to help them with a wide range of money management issues. We keep a close eye on what information and resources people are using the most – so that we can develop our sense of what is most useful to them and where we can best target our efforts to improve the service.

As in 2012/13, our most popular tool was the Mortgage Payments Calculator. This is designed to give people a simple way of finding out how much their monthly mortgage payments could be.



## Our money advisers

There's much more to our service than our website. Some of our customers need to talk to someone, to check they're on the right track or to help steer them in the right direction.

Our advisers are available six days a week on the phone, and seven days a week via web-chat. Customers can also book an appointment for face-to-face money advice, with locations designed to be accessible to the most financially vulnerable customers.

Over the course of the year, our network of advisers has helped customers with a wide range of issues by delivering:

- ➔ 102,000 face-to-face sessions,
- ➔ 75,000 telephone consultations, and
- ➔ 30,000 web-chats.

The main topics covered in face-to-face sessions were budgeting and money management, and benefits and tax credits, accounting between them for nearly 80% of all face-to-face sessions delivered.

The top topic for both telephone and web-chat was managing debt, which accounted for 17% of telephone sessions and 15% of web-chats.



#### An adviser's story

"A customer contacted the Service by phone for immediate help concerning her mortgage arrears and debts. She had split from her husband a few months prior to the call. This had left her with mortgage and utility bill arrears, and she also owed money on a credit card and an outstanding loan. She had 'buried her head in the sand' since the separation, and had not spoken to any of her creditors.

"At the beginning of the call, the customer was almost in tears as she thought the worst was about to happen and that she would lose her home.

"I advised her on how to discuss her situation with her mortgage provider and potential options for the repayment of arrears. I recommended using a benefits calculator to check possible entitlements, and that she contact her utility providers and creditors to inform them of her situation.

"By the end of the call, she shed tears of joy as we guided her on how to manage her situation."

Martyn, Money Adviser, Contact Centre

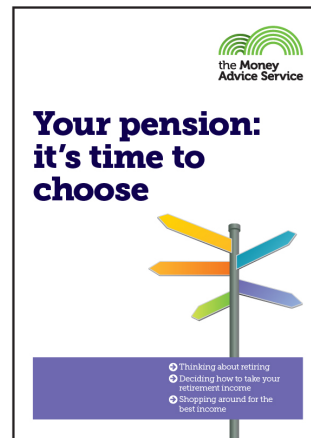
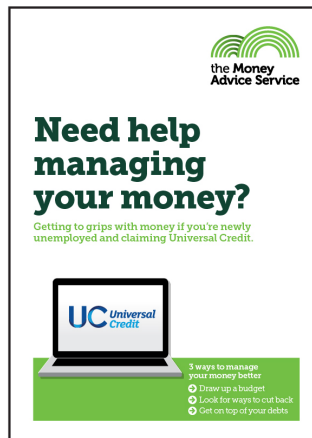
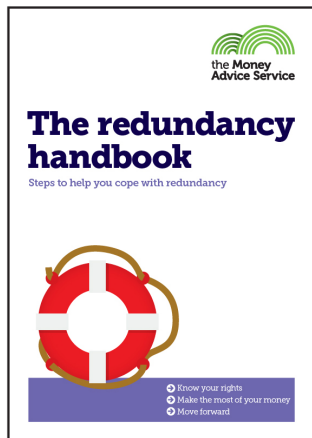
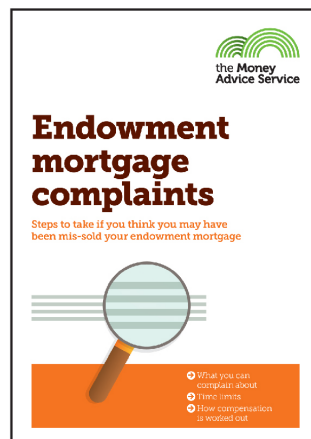
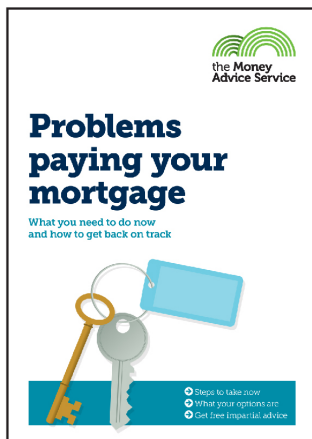
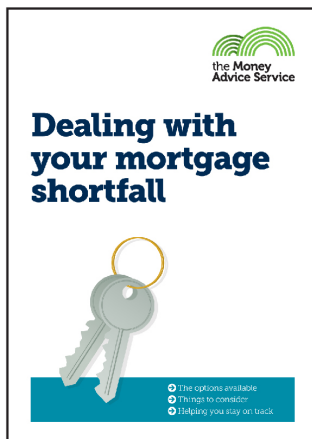


## In print

We also produce a wide range of leaflets and printed information which we distribute through our partners. These help people deal with issues as diverse as opening a bank account, enrolling in a pension, and becoming a parent.

In 2013/14, we produced a new guide aimed at helping people facing redundancy. We also updated our material on mortgages, pensions and Universal Credit.

In total we distributed nearly 1.5 million printed guides over the course of the year.



## Welfare reform

Some welfare recipients are among the most financially vulnerable customers we serve so it's especially important that we provide accurate and up-to-date information about how changes to benefits will affect them.

An important issue over the last year – and going forward – has been the roll-out of welfare reform – and in particular the introduction of Universal Credit (UC).

### Universal Credit

UC is a single benefit which will replace a range of other benefits, and will change the way people receive those benefits. In particular, recipients will need to have a bank account and, where relevant, will take on responsibility for paying rent (whereas previously Housing Benefit would have been paid direct to the landlord).

We have worked with Citizens Advice, the British Bankers' Association (BBA) and landlords to produce a range of new resources, including:

- a dedicated section on our website and new content to reflect the changes;
- new video content to help people get ready for Universal Credit – including how to open a bank account and set up payments from it;
- print and download guides for distribution to claimants and tenants - all UC claimants receive a copy of our guide, *Need Help Managing Your Money?*; and
- new resources for partners in the banking and social housing sectors.

We have held a series of workshops across the UK to raise awareness of these resources.

# Helping people in debt

# Helping people with unmanageable debt

There are an estimated nine million over-indebted people in the UK. In some parts of the country, more than 40 per cent – two in every five adults – have been at least three months behind with their bills in the last six months, or feel that their debts are a heavy burden. Yet of these nine million, only one in six (17%) are currently seeking debt advice.

Tackling this problem and – in conjunction with our partners – helping people in this situation get their lives back on track, is a hugely important part of the Money Advice Service's work. Since April 2012, we have had statutory responsibility for working across the debt advice sector to improve the quality, availability and consistency of advice to people experiencing serious financial difficulties.

## Indebted Lives

In November 2013, we published *Indebted lives: the complexities of life in debt*,<sup>7</sup> a major study of over-indebtedness in the UK and the impact it has on those affected.

Key findings from the report:

**64%**

nearly two-thirds of over-indebted people are women

**70%**

said their debt often makes them feel anxious

**75%**

three-quarters are under the age of 45

**58%**

are in employment

**21%**

one in five do not recognise they are in debt

**48%**

nearly half live in privately-owned homes

<sup>7</sup> <https://www.moneyadviceservice.org.uk/en/static/major-new-study-reveals-the-complexities-of-life-in-debt-in-the-uk>

## Improving access to debt advice

We are the largest single funders of debt advice in the UK. In 2013/14 we allocated more than £30 million to our partners and funded more than 175,000 debt advice sessions across the UK.

As a fully accessible service, our disability debt project supported nearly 3,000 people during the course of the year.

In England and Wales, we provide funding to six lead partners: Citizens Advice (including Citizens Advice Cymru), Capitalise, Community Finance Solutions, Greater Merseyside Money Advice Partnership, Talking Money (formerly Bristol Debt Advice Centre), and East Midlands Money Advice.

In Scotland and Northern Ireland, too, we have worked with the devolved administrations and with partner organisations – the Scottish Legal Aid Board in Scotland and Advice NI in Northern Ireland – to ensure help is getting through to where it's needed most.

### Case study

Harold is in his late forties and has three children living with him, as well as three grown-up children who have left home. Harold became depressed after his wife died suddenly two years ago. He could no longer cope with his job as a lorry driver while also looking after his children, and was forced to give up work. He sought debt advice when he found he was unable to meet payments on various bills and debts.

Harold was initially advised to take on a repayment plan but on reviewing his circumstances further, he eventually filed for bankruptcy. Although he still suffers from depression, he is now more in control of his finances and feels relief that his debts are gone.

*"I never felt rushed...They explained everything in a way I understood. When I spoke to them I felt a lot happier – I could feel a weight immediately lifting from my shoulders."*

### Case study

Robert is in his early sixties, lives on his own, and has been unemployed for the last two years. He was struggling with household bills and credit commitments, and sought debt advice when these got out of control.

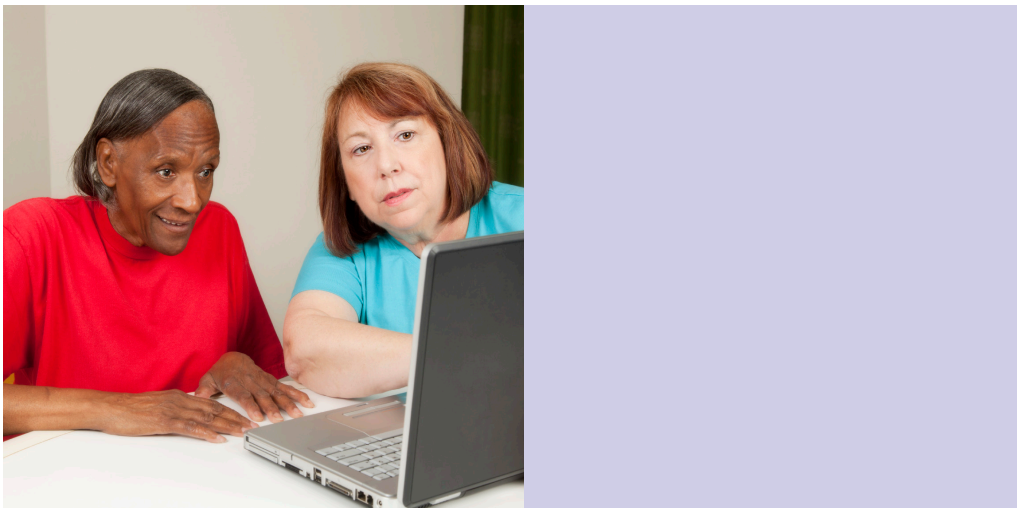
Robert's adviser helped him get his debts written off – and also helped him learn how to budget more effectively.

*"It was like a boil about to burst – I didn't know what to do, I didn't know what to expect, so it was amazing. I really can't fault them. I feel more in control now."*

## Delivering value for money

Since we assumed responsibility for improving access to debt advice, the number of face-to-face debt advice sessions delivered by our partners has increased by more than 60 per cent.

The National Audit Office – the body charged by Parliament with monitoring the effectiveness of public expenditure – concluded in its recent report on the Service that we are delivering value for money in our debt advice work.



"The Money Advice Service has achieved value for money in its debt advice work. The number of advice sessions has increased, the unit costs have fallen, and the quality standards of advice have been continuously improving."

(Source: National Audit Office, December 2013)

## Driving quality and consistency across the debt advice sector

Given the importance of debt advice in people's lives, it is crucial that the advice given to clients is of the highest quality.

It is part of the Money Advice Service's statutory function not just to improve the availability of debt advice but to ensure high standards and achieve a consistent approach to the provision of debt advice across the UK. During 2013/14 we put in place wide-ranging plans to achieve this in the projects we fund.

We are also working with organisations we do not fund directly to implement these initiatives across the debt advice sector. In this way, debt advice clients will have the reassurance that however they choose to access that advice, they will receive the same high standard of service.

### Quality framework

Following extensive consultation in 2012/13, we published our quality framework in June 2013. The framework sets a benchmark for quality standards within the debt advice sector and applies both to the organisations and to the individuals delivering debt advice.

The framework introduces a requirement – which took effect in April 2014 – that the projects we fund must comply with an accredited standard or code. This enables debt advice providers to see that the quality standards they work to have been benchmarked in an objective way. To date, six quality schemes have been accredited.

Our framework for quality at an individual level will allow providers of training materials and qualifications to conduct similar benchmarking exercises. We have begun our own process of independent assessment of those resources.

### Evaluation framework

We have worked with colleagues in the sector and with expert input from the University of Bristol, to develop an evaluation framework that can be used to measure how effective debt advice is in helping people achieve positive outcomes.

This framework is now a requirement for all the debt advice projects we fund and we have used it as the basis of a recent evaluation of our funded projects. We will also use the framework to measure effectiveness across the wider debt advice sector.

The framework was thoroughly tested with advice providers and their clients. Crucially, the outcomes set out in the framework – such as reducing their debt, or understanding what steps they need to take to get their situation under control – are those that were considered most important by over-indebted people.

## Three-year funding

We have been working with our partner organisations to put in place new three-year funding agreements, in place of the existing annual arrangements. We expect to launch the new funding agreements in October 2014 in England and Wales, and are working with our partners in Scotland and Northern Ireland with a view to putting similar arrangements in place there in due course.

The move to three-year funding will give our partners increased certainty which will enable them to plan their delivery of services more effectively and help drive innovation in the sector.

It will also facilitate the roll-out of a number of important initiatives aimed at driving further improvements and consistency of service.

These include:

- a Common Initial Assessment to ensure that clients receive the right type and level of service for their needs; and
- a new single financial statement which advisers can use to set out clients' income and expenditure clearly and in a standardised format that is recognised by advisers, creditors and others involved in dealing with debt advice clients.

## Preventing debt crisis

We want to make sure people who need debt advice, are getting it – but we would prefer that they do not get into that position in the first place. An important longer-term goal is to reduce the need for debt advice by helping people to build their financial resilience so that income shocks do not turn into debt crises.

Many people become over-indebted because they have trouble keeping up repayments on money they have borrowed. We worked closely in 2013/14 with the Financial Conduct Authority (FCA) as they prepared to assume responsibility for regulating the consumer credit market from April 2014 (this role had previously been performed by the Office of Fair Trading.) We are pleased to see the focus the FCA has put on debt management and we hope to see significant positive developments for consumers in this market as a result.

### **Warning customers of the risks of payday loans**

The FCA's rules now require providers of high-cost short-term credit (payday loans) to display a warning to consumers of the risks of not making repayments, and 'signposting' them to the Money Advice Service website.



## Integrating financial capability

It is also important to make sure clients who have been helped to manage their debts do not slip back into over-indebtedness. The debt advice projects we fund are now required to ensure that alongside the high-quality debt advice they need to get out of debt, clients also develop the skills and knowledge to help them budget, plan, and save so that they become more resilient to future financial difficulties.

In partnership with the Accountant in Bankruptcy (AiB) and Money Advice Scotland, we funded the development of a financial capability tool that will be built into statutory debt solutions in Scotland. We expect the implementation of this tool to provide insights which can be applied across the UK.



# Helping young people

# Helping young people form good habits

One of our main themes in 2013/14 was working – together with a wide range of other organisations – to drive improvements in the way young people manage their money.

## Habit Formation and Learning in Young Children

In May 2013, we published a significant piece of research – Habit Formation and Learning in Young Children.<sup>8</sup> An important finding of the research was the importance of the role played by parents and other care-givers in forming children's habits.

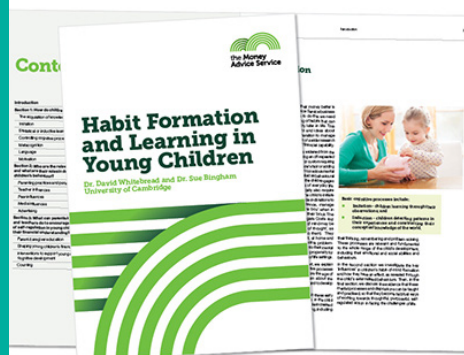
### Habit Formation and Learning in Young Children

Authored by behaviour experts at the University of Cambridge, the report revealed how and when core behaviours and habits are formed in young children. It found that by the age of seven, most children:

- have grasped how to recognise the value of money and to count it out;
- understand that money can be exchanged for goods, and have some understanding of what it means to earn money and of what income is; and
- are beginning to understand the concept of the future and that some choices are irreversible; and can sometimes delay a decision until later; but
- have not developed an understanding of the difference between 'luxuries' and 'necessities'.

"The 'habits of mind' which affect the ways children approach complex problems and decisions, including financial ones, are highly influenced by their experiences in the first few years of life."

**Dr. David Whitebread**, Senior Lecturer in Psychology of Education, University of Cambridge



<sup>8</sup><https://www.moneyadvice.service.org.uk/en/static/habit-formation-and-learning-in-young-children>

## Measuring the financial capability of young people

In October 2013, we published a detailed report – *The Financial Capability of 15-17 year olds*<sup>9</sup> – drawing on a new quantitative survey specifically targeting young people as they begin to take on more responsibility for their own money. The findings set a baseline for measuring young people's financial capability and relationship with money.

The report reinforced the finding that the biggest influence on young people's approach to money is their parents.

## New parenting resources

Building on this insight, we have developed a new range of tools and information aimed at helping parents introduce basic concepts about money to their children.

These resources are designed to walk parents through their children's early experiences with money, starting at an early age by introducing them to notes and coins and how to use them, and gradually introducing more sophisticated concepts such as saving and budgeting as they grow up.

We have also developed a range of resources for new parents so they can plan their own finances more effectively, prepare for the birth of a child and budget for those early needs and ongoing costs. Alongside this we have information to help parents understand their rights to parental leave and make sure they are claiming relevant benefits and tax credits, including help with childcare.

We worked in 2013/14 on a new resource hub, Young People and Money, bringing together all our content for young people and parenting, alongside relevant research and guidance, so that other organisations working with parents and young people can easily access what they need to help their customers or clients.

### Topics

1. Where we learn our money habits
2. Getting your child familiar with money
3. Learning what money is used for
4. Letting your children have a go
5. Your child and virtual money
6. Making money go further



<sup>9</sup> <https://www.moneyadviceservice.org.uk/en/static/the-financial-capability-of-15-17-year-olds>

## New ways of reaching young people

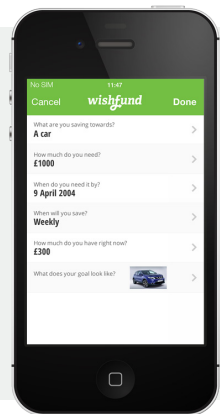
We have worked with partners and young people themselves to meet the challenge of communicating effectively with young people. This has included making our content more readily available, and easier to use, on mobile devices – an increasingly important medium for reaching this audience. We have also produced content on our site tailored specifically for younger audiences.

In line with our business plan, those around school-leaving age have been a particular focus for this work.

### Savings app

We worked during 2013/14 with young people's charities YouthNet and YoungScot to develop a mobile app aimed at 16-19 year-olds. Crucially, we directly involved the young people these organisations work with in the design of the app, so that it is based on their ideas and needs.

This has resulted in the 'Wishfund' app which will help people at school-leaving age decide on savings goals and start planning to achieve those goals. The app is expected to launch for Android and iOS in the autumn.



## Financial education in the National Curriculum

In September 2013, the Government confirmed that financial education would be included in the new National Curriculum in England from September 2014.

We strongly welcomed this decision and we will continue to support the Department for Education and other agencies such as pfeg working towards its successful introduction.

**Helping people  
build financial  
capability**

# Helping to build a more financially capable nation

**Building the nation's financial capability central to the Money Advice Service's role. Our ambition is to bring about a step-change in the way people manage their money.**

## **A Financial Capability Strategy for the UK**

In May 2013, we began the process of drawing up a new strategy to improve the financial well-being of the nation ('the UK Strategy').

### **What is financial capability?**

We have worked with stakeholders across the sector to define financial capability.

A financially capable person is someone who keeps track of their money, plans ahead, and is able to make informed decisions about their finances, understanding the risks and benefits of particular options.

We know that financial capability is underpinned by the right skills, knowledge, attitudes, motivations and opportunities. We also know that there are close links between financial capability and numeracy.

The Money Advice Service is leading and co-ordinating the development of the UK Strategy – but it is a collaborative project, harnessing the energy, expertise and enthusiasm of all those with an interest in improving people's money management skills.

Following an initial call for evidence over the summer of 2013, we have brought together a number of key stakeholders across the sector to guide and steer the project, in conjunction with a series of working groups examining the particular issues affecting people at various stages in their lives.

We will be undertaking further in-depth consultation later in the year.

## The Financial Capability of the UK

In August 2013, we published the results of our own comprehensive survey of the UK's financial capability – *The Financial Capability of the UK*.<sup>10</sup>

Key findings from the financial capability survey:

**51%**

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more than half of UK adults struggle to keep up with bills and credit commitments

**16%**

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Around one in six are unable to identify the balance on bank statement

**34%**

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More than a third have to cut back on spending before payday

**30%**

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Less than one in three are paying into a pension

**42%**

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More than two-fifths don't save regularly

### Financial capability tracker

Building on this, we have put in place a regular financial capability tracker, designed to monitor shifts in people's money habits. The evidence from the tracker will further inform the UK Strategy and help us develop better insight into the actions customers take after receiving money advice.

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<sup>10</sup><https://www.moneyadviceservice.org.uk/en/static/the-financial-capability-of-the-uk>



## Money Lives

In March 2014, we published *Money Lives*,<sup>11</sup> an in-depth study of the way people manage their money.

Together with our research partners, Ipsos-MORI, we followed the lives of 72 families over a period of nine months to understand their attitudes and motivations towards money management and the key factors that influence their ability to make the most of their finances.

The report reinforces the case for targeting interventions around key life events – such as getting married, buying a home for the first time, or losing a job – and the impact these have on people’s financial capability.

### Money Lives: key findings

The ability and willingness to plan ahead is a key determinant of how effective people are at managing their money.

Preparing for a key life event, such as buying a first home, can be a major stimulus in developing long-term positive money habits. Learning to cope financially with difficult life events, such as bereavement or divorce, can also have a long-term positive impact on people’s money habits.

It is possible to override people’s ingrained money management behaviours if they are:

- given a clear outcome to work towards;
- able to access information about that outcome, such as why it matters, and the difference it will make to them;
- provided with a structure and the relevant tools to help them work towards the desired outcome;
- able to receive regular positive feedback on their progress and not left feeling isolated; and
- made to feel in control of their financial situation.



<sup>11</sup> <https://www.moneyadviceservice.org.uk/en/static/money-lives>

**A nationwide  
service**

# A nationwide service

We are committed to working with the governments of Scotland, Wales and Northern Ireland, and with a wide range of stakeholders in the devolved nations, to ensure we provide an effective service which complements their work and adds real value for people in those countries.

## Scotland

**Over the past year, through our partnership with Citizens Advice Scotland, we delivered 9,317 face-to-face money advice sessions, helping people in Scotland with a range of financial issues. Through our debt advice partners we funded 11,402 face-to-face debt advice sessions.**

We have worked closely with the Scottish Government to promote financial capability and ensure that our work aligns with the Programme for Government. In October 2013 our Chief Executive, Caroline Rookes, met the Minister for Housing and Welfare, Margaret Burgess MSP, to discuss how our services and funding align with the Scottish Government's priorities. We have consulted the Scottish Government on our Business Plan and on the ongoing work to develop a UK Strategy for Financial Capability.

Our Scottish Financial Capability Forum – including representatives from across local and central government, voluntary organisations, the housing sector and the financial services industry – acts in an advisory capacity to the organisation, informing us on key issues facing people in Scotland and advising on the impact of our plans. It also advises the Scottish Government in taking forward financial capability policy.

Our commitment has included jointly funding the Scottish Government's 'Making Advice Work' grant funding programme, administered by the Scottish Legal Aid Board. This has helped people in particularly marginalised groups access free debt advice. It has also resulted in a range of new partnerships – with organisations such as Scottish Women's Aid, Shelter Scotland, NHS Greater Glasgow, and Deaf Action Scotland.

The Accountant in Bankruptcy (AiB) service is a key partner for us in Scotland. We seconded a colleague to work on the planning for the AiB's financial health service and we have recently funded the development of a financial capability tool for Scots going through formal insolvency solutions. This formed a key plank of the Bankruptcy and Debt Advice (Scotland) Act passed by the Scottish Parliament in March 2014.

We have also been working with both the AiB and Money Advice Scotland to develop competences and standards in financial capability. We have funded a consultant post with Money Advice Scotland to help guide and support organisations to build their capacity to meet the Scottish National Standards for information and advice.

Our partnership with the Improvement Service – which supports local service providers in Scotland – has also been highly effective. Their 'Improving Outcomes in Money Advice' project, jointly funded by the Money Advice Service, has highlighted the diversity of the funding approaches taken by local authorities.

Using our stakeholder network in Scotland we have promoted and syndicated our tools and resources to reach wider audiences. For example:

- Glasgow City Council is redesigning its Glasgow Advice and Information Network (GAIN) portal and will use our content.
- By working with the Scottish Federation of Housing Associations we have been establishing links with housing providers across Scotland to reach tenants in both the social and private-rented sector.

## Wales

### In 2013/14 we delivered 6,381 money advice sessions in Wales through our partners Citizens Advice Cymru, with sessions offered in both English and Welsh.

Venues for face-to-face money advice sessions across Wales included supermarkets, welfare-to-work training providers, housing associations, community centres and employers.

Through our debt advice partners, we funded 11,372 face-to-face debt advice sessions in Wales. We have also contributed our mapping of services, Indebted Lives research, and Quality Framework to both the Welsh Government and the Welsh Local Government Association to help drive an informed and co-ordinated approach to debt advice across Wales.

In September 2013 our Chief Executive, Caroline Rookes, met Jeff Cuthbert AM, Minister for Communities and Tackling Poverty, and Vaughan Gethin AM, Deputy Minister for Tackling Poverty, to discuss how we could work most effectively with the Welsh Government.

We are members of the Welsh Government's Financial Inclusion Delivery Group and the joint Welsh Government and Department for Work and Pensions (DWP) Support and Exceptions Working Group for Universal Credit in Wales. Through this work we have developed our relationship with the Welsh Local Government Association, working closely with the councillors and officials leading on implementing welfare reform in local authorities across Wales.

We have worked with the Welsh Government and other stakeholders from across the advice sector in Wales to support the actions needed following on from the Wales Advice Services Review. We have been working with the Independent Advice Providers Forum to ensure a co-ordinated response. Our Wales Forum identified the need to work better together to engage with Credit Unions and this work was taken forward at the request of the Minister to inform the Review.

#### Welsh Language Scheme

The Money Advice Service has adopted the principle that in the conduct of public business in Wales, it will treat the English and Welsh languages on a basis of equality.

Our key commitments for delivering services in Wales are:

- Our website is available in both English and Welsh languages. Exceptions to this are video content and all digital media that works within an environment of instant communication, such as social media, including Twitter, and online advertising.
- We provide a Welsh language telephone service.
- Our face-to-face money advice and debt advice services can deliver sessions in Welsh where requested.

The full Welsh Language Scheme is available online at:

**[moneyadvice.service.org.uk/files/welshlanguageschemeinenglish.pdf](https://moneyadvice.service.org.uk/files/welshlanguageschemeinenglish.pdf)**

We submit an annual monitoring report to the Welsh Language Commissioner. The most recent report can be found on the Publications section of our website at **[moneyadvice.service.org.uk/en/static/publications](https://moneyadvice.service.org.uk/en/static/publications)**

## Northern Ireland

### **During the course of 2013/14 we delivered, through our partners A4e, 4,018 face-to-face money advice sessions in Northern Ireland.**

These sessions have been held in a wide variety of venues including local libraries and welfare-to-work training providers, ensuring that financially vulnerable consumers can access the service. Through our relationship with the Department of Enterprise, Trade and Investment (DETI) we also provided funding for 4,489 face-to-face debt advice sessions across all 26 council areas in Northern Ireland.

We have also worked with the Department for Social Development (DSD) to visit workplaces to support employees facing redundancy.

In August 2013 our Chief Executive, Caroline Rookes, met with the Minister of Enterprise, Trade and Investment, Arlene Foster MLA, to reaffirm our commitment to working with the Northern Ireland Executive, both to support the policy agenda in Northern Ireland and to help us deliver an effective service.

We co-chaired with DETI a cross-departmental and stakeholder forum to ensure our work complements the Programme for Government and reflects the specific needs of people in Northern Ireland. Through this forum we have worked with the Northern Ireland Executive on the process of developing a Financial Capability Strategy for Northern Ireland, in line with the commitment in the Executive's Programme for Government. This has included working with DETI, as lead department, on public consultation and related action plans. We also seconded a colleague to work with DETI on this.

We have now established a consultative forum which brings together our stakeholders from across Northern Ireland, in line with the existing bodies in Scotland and Wales. This forum provides an opportunity to share plans and exchange ideas about how, working together, we can enhance financial capability in Northern Ireland and for us to hear stakeholders' views about how we can provide a more effective service.

Through this wide range of relationships we have been able to syndicate our online content to advice bodies, student advisors, housing associations and NI Direct – the official Government website for Northern Ireland citizens, providing a single point of access to public sector information and services.

In December 2013 we consulted with a number of key stakeholders on our Business Plan including DETI, DSD, Advice NI and the Consumer Council for Northern Ireland, to ensure our work takes into account policy differences in Northern Ireland and that we are prepared to support variations of policies such as welfare reform as they develop in Northern Ireland. We have also shared evidence from the wide range of research we have conducted with stakeholders.

# Efficiency and effectiveness

# Efficiency and effectiveness

## Evaluating our service

**We aim to measure the effectiveness of our service in terms of the impact it has on our customers and how it helps them to manage their finances better. In 2013/14 we have laid the foundations for the development of a comprehensive evaluation strategy for the Service.**

As part of this, we developed an outcomes survey to track the actions people take after coming to the service. We are building on this in 2014/15 with an improved method for measuring actions.

We also established a Research and Evaluation Group (REG) charged with providing guidance to the organisation on:

- how to evaluate the impact of the full range of services that the Service delivers, commissions and funds so that we can continuously improve our provision;
- the development of a common evaluation framework for use by partners in the financial capability sphere;
- the most appropriate ways to measure the success of the UK Financial Capability Strategy; and
- the focus and methodological approach of the Service's broader research and evaluation activity.

The Group consists of independent experts drawn from across the financial capability and money advice sphere. The Group met for the first time in March 2014 and it is due to hold quarterly meetings going forward. The Group's advice has been incorporated into the development of the Service's evaluation strategy – in addition to our wider research programme – which is currently being finalised.



## Delivering an efficient service

**Delivering our service in the most cost-effective way is a key goal for the Money Advice Service. We are funded by the industry and it is important that we demonstrate value for money in the way the organisation is managed and in the results we achieve.**

We are proud that in 2013/14 we have been able to deliver a significant increase in customer contacts – and exceed all our targets, including those for customer satisfaction and key outcomes – while operating within budgetary constraints: in 2013/14 our total budget fell by some £2.5m compared with the previous year.

## Our people

It is important to delivering the Service's objectives to have high-calibre and engaged staff, who demonstrate our core values:

- **Customer-focused:** enabling and empowering customers to take action
- **Open:** honest, straightforward, trusting and trustworthy
- **Passionate:** work characterised by commitment, care and enthusiasm
- **Collaborative:** working constructively with others to deliver positive outcomes for people
- **Listening and learning:** always seeking to understand, improve and innovate

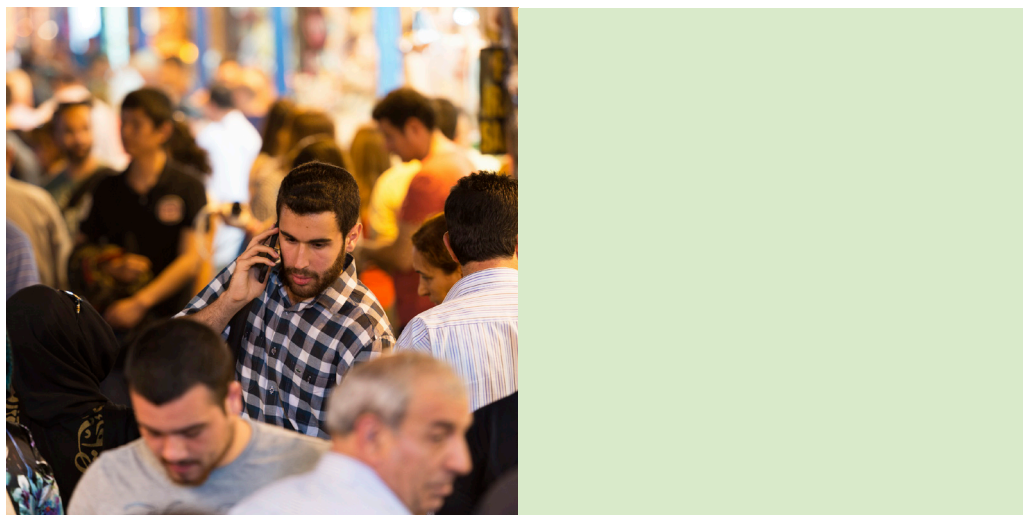
During the year we filled 40 permanent roles and five fixed-term roles. At 31 March 2014 we had 92% (97 people) of our target permanent workforce in place.

## Equality, diversity and inclusion

**Equality, diversity and inclusion are central to the way we operate, not just as a provider of accessible services to the public but also as an employer of high-calibre people and as an influencer of public policy.**

We have made good progress in 2013/14, including:

- publishing our commitment to dignity at work in our staff handbook;
- enhancing our recruitment advertising using a diversity-specific site which also provides access to reasonable adjustments to help candidates apply for our roles; and
- putting in place a new mandatory element on equality as part of our induction programme for new staff.



## Complaints management

**We received a total of 39 official complaints in the year to 31 March 2013, an increase of 13 on the previous year.**

A large number of the complaints we received related to content and tools on our website, which coincides with a significant rise in customer contacts in 2013/14.

Of the 39, two were escalated to stage two of our complaints process and were reviewed by the relevant Director. Of these, one has been further escalated to stage three and referred to our independent complaints reviewer. This is awaiting final resolution.

We did not receive any whistle-blowing reports during the year.

# Strategic and Directors' Report

## Strategic and Directors' Report for year ended 31 March 2014

The Directors present their Strategic and Directors' Report and Financial Statements of the Company for the year ended 31 March 2014.

### Principal activities

The Money Advice Service (registration number 7172704) is a company limited by guarantee. The members of the Company have agreed to contribute £1 each to the assets of the company in the event of it being wound up.

It was launched as the Consumer Financial Education Body in April 2010, an independent organisation set up under the Financial Services Act 2010 to help people understand financial matters and manage their money better. The Act removed the 'public awareness' objective from the Financial Conduct Authority and set out new, broader objectives for the organisation.

Its statutory objectives are to:

- enhance the understanding and knowledge of members of the public of financial matters (including the UK financial system); and
- enhance the ability of members of the public to manage their own financial affairs.

The statutory functions include but are not limited to:

- promoting awareness of the benefits of financial planning;
- promoting awareness of the financial advantages and disadvantages in relation to the supply of particular kinds of goods or services;
- promoting awareness of the benefits and risks associated with different kinds of financial dealing (which includes informing the Authority and other bodies of those benefits and risks);
- publishing educational materials or the carrying out of other educational activities;
- providing for information and advice to members of the public.

It became the Money Advice Service on 4 April 2011.

The Financial Services Act 2012 includes an amendment to these statutory functions to additionally include specific responsibility for debt advice, specifically to:

- assist members of the public with the management of debt;
- work with other organisations which provide debt services, with a view to improving—
  - (i) the availability to the public of those services;
  - (ii) the quality of the services provided;
  - (iii) consistency in the services available, in the way in which they are provided and in the advice given.

The Money Advice Service exists to change people's lives, by helping them make the most of their money, both through our own service and by working with others.

## Funding

The Money Advice Service's primary source of income for its Money Advice and Debt Advice work is from levies raised from Financial Services and Markets Act 2000 authorised firms, payments institutions and electronic money issuers. Levies are raised and collected by the Financial Conduct Authority (FCA) on behalf of the Money Advice Service.

## Future developments

### Future developments

Our strategic direction in 2014/15 is a consolidation and evolution of what we have achieved in the year ended 31 March 2014. We have drawn out three strategic themes to help shape our business and set our objectives, activities and key performance indicators in 2014/15.

### Deliver a highly effective service, making a real impact on people's lives

The Service's ambition is to improve people's money habits across the UK by enhancing their ability to manage their money. The Service recognises that it cannot achieve its goals solely through its own free, impartial money guidance service and is reliant on working with partners. That is why it has embarked, with partners, on the development of a Financial Capability Strategy for the UK ('the UK Strategy'), to set out in a structured and co-ordinated way how we can achieve greater outcomes for the people who need help.

### Improving access to high quality debt advice for over-indebted people

We will aim to increase the number of people taking action after receiving high-quality debt advice through our funded projects and work to improve the overall quality of debt advice across the sector.

We will implement new three-year funding agreements with providers in England and Wales, based on a range of principles aimed at improving the quality, consistency and availability of debt advice. As part of this we will ask the providers to guide people to the most appropriate channel for their needs, so that face-to-face advice is available for vulnerable customers who would most benefit from this channel.

We will also work with other funders to improve the supply and uptake of high-quality debt advice across the whole sector, promoting consistent processes and evaluation. We will do more to link up our debt advice work with efforts to increase the general population's financial capability – helping to reduce the risk of more people becoming over-indebted.

### Drive the wider agenda to improve people's financial capability

We will do more to help people manage their money better, across the UK, by collaborating with and supporting other organisations to boost people's financial capability.

A key driver to support other organisations and boost financial capability is the UK Strategy, which we will co-ordinate, but which will be co-created and owned by organisations across the sector. Through the UK Strategy, the Service will work with stakeholders to understand the needs of different groups, existing interventions, gaps in provisions, and collectively agree priorities for action. Alongside this, the Service will deliver a framework for evaluating financial capability programmes.

Our research and customer insight will also serve to drive the debate about what everyone (advice providers, the financial services industry, regulators and government) can do to improve people's financial capability.

## Principal risks and uncertainties

The principal risks for the Money Advice Service are assessed and monitored by the Audit & Risk Committee of the Board at each of its meetings (four in 2014/15), when the strategic risk register and related risk mitigations are reviewed. The business monitors and assesses its strategic and operational risks on a monthly basis. At this time the primary risks of the Service are around the scale and complexity in delivery of its strategic objectives and the measurement of success in this.

Risk management is considered further as part of our governance statement for the year ended 31 March 2014 (page 77).

## Review of the Company's business

In the year the Money Advice Service focused its expenditure on delivery of its key objective of helping people to manage their money better. It reported surplus of income over expenditure of £0.5m for the year ended 31 March 2014, compared to £3.9m for the year ended 31 March 2013. This resulted in an accumulated surplus of £10.0m as at 31 March 2014.

Key areas of expenditure for the year ended 31 March 2014 continued to be the delivery of services (face to face, by phone and online). We spent £40.9m, 52% (2012/13: £39.0m, 51%) of our net costs on service delivery. In our Money Advice work, we spent £8.1m (2012/13: £8.8m) on service delivery which resulted in 102,720 (2012/13: 100,000) face to face sessions, 96,406 (2012/13: 96,000) telephone, e-mail responses and web-chat sessions, and total online customer contacts of 16.5m (2012/13: 2.1m).

We also funded almost 163,000 (2012/13: 158,000) face-to-face debt advice sessions in England and Wales through our partners at a cost of £27.8m (2012/13: £27.0m). We spent a further £5m on Debt Advice in Scotland, Northern Ireland and the provision of support services. (2012/13: £3.0m).

We spent £14.9m (2012/13: £18.1m) on consumer engagement and corporate communication activity including consumer campaigns, public relations, stakeholder engagement and internal communication.

Support Services costs were £3.1m, including debt advice (2012/13: £2.6m) and comprise finance, facilities, procurement and legal, human resources, and management information systems.

We did not incur any costs in relation to one-off transitional expenditure in this financial year (2012/13: £6.8m). The transformation programme ended in December 2012.

We spent £1.7m of proposition and product development expenditure in the year and this related to the development, enhancement and refinement of our digital tools estate and content, to ensure it remains cutting edge and user centric. We spent £1.6m on IT hosting and support services for our digital services.

Research and Evaluation expenditure was £1.8m (2012/13: £1.5m) and includes expenditure on our Money Lives research, one of the largest studies of this type undertaken over the last few years in the UK, and other key research activities.

Levy income received was £44.3m (2012/2013: £46.5m) for Money Advice and £34.5m (2012/13: £34.6m) for Debt Advice for the year ended 31 March 2014.

Cash in bank at 31 March 2014 was £14.3m compared with £9.6m for the year ended 31 March 2013; this is an increase of £4.7m cash in the year. The increase is primarily due to an increase in trade and other payables in the year. Total trade and other payables for the year ended 31 March 2014 were £7.6m compared to £4.2m for the year ended 31 March 2013 (see note 14 for details).

## Performance against budget

Net costs before capital expenditure for the year ended 31 March 2014 were £78.2m (including £34.4m Debt Advice expenditure) compared to £77.1m for the year ended 31 March 2013, and resulted in a surplus income over expenditure after tax for the year of £0.5m (2012/2013: £3.9m). Our budget submission to the FCA is inclusive of capital expenditure, and therefore it is necessary to include capital expenditure during the year to fully compare actual expenditure to budgeted expenditure, as illustrated in the table below.

Accumulated Surplus from Statement of Comprehensive Income	Notes	2013/14	2012/13	2011/12	2010/11
		£000	£000	£000	£000
Net costs for the year	6	(78,196)	(77,110) <sup>1</sup>	(40,741)	(31,213)
Levy income for the year		78,755	81,082	45,505	32,047
Corporation tax for the year		(68)	(64)	(34)	(1)
<b>Accounting surplus</b>		491	3,908	4,730	833
<b>Cumulative Accounting Surplus as at 31 March 2014</b>		<b>9,962</b>			
<i>Adjust for non-cash and non budget items</i>					
Tangible and Intangible Additions	10 & 11	(1,246)	(2,278)	(1,605)	0
Tangible and Intangible disposals and write-downs	10 & 11	44	109		0
Depreciation and amortisation	10 & 11	1,294	862	160	0
Interest on bank deposits	6	(343)	(322)	(168)	(2)
<b>Cash surplus</b>		<b>240</b>	<b>2,279</b>	<b>3,117</b>	<b>831</b>
<b>Cumulative Cash Surplus as at 31 March 2014</b>		<b>6,467</b>			

Summary of Maximum Permitted Reserves		General Reserve	Special Reserve	Total Reserve
Money Advice		2,188	0	2,188
Debt Advice		957	2517	3,474
<b>Total Maximum Permitted Reserve</b>		<b>3,145</b>	<b>2,517</b>	<b>5,662</b>
Cumulative Cash Surplus as at 31 March 2014	<b>6,467</b>			
Maximum reserve as defined by our policy	<b>5,662</b>			
Refund to levy payers through 14/15 levy	<b>805</b>			

<sup>1</sup>Coordination of Debt Advice responsibility included for the first time

### Application of reserves policy

In accordance with our reserves policy, agreed with the FCA (and as set out in accounting policy 2 (o) below), the Money Advice Service will carry forward a general cash reserve of £2.2m (5% of current year funding) (2012/2013: £2.31m) for Money Advice Service, and £1.0m (3% of current year funding) (2012/2013: £1.32m) general and £2.5m (2012/13 £1.75m) special reserves for Debt Advice.

In the year we have transferred £0.8m from the Debt Advice general reserve to the Debt Advice special reserve. This transfer recognises that, as anticipated, the reserve for redundancy liabilities relating to our projects in England and Wales has increased from 1 April 2012 (the date we inherited it from the Department for Business, Innovation and Skills (BIS), and that we intend to transfer it in total (and subject to strict usage conditions) to our lead organisations when our current grant agreements expire on 30 September 2014.

Our general reserve (Money Advice and Debt Advice) will continue to be used in accordance with our accounting policy to fund "unplanned" general expenditure such as over performance on service delivery contracts.

The Money Advice Service's accumulated cash surplus above our agreed reserves levels will, in accordance with our agreed policy, be deducted from the Money Advice Service 2014/15 levy. We will reduce the 2014-15 levy income by £0.8m. This comprises £0.2m cash surplus generated in the year and £0.6m of income received in excess of budget during the year relating to 2011/12 and 2012/13. See the table on page 63 for details.

### Political donations and political expenditure

The Company has not made any political donations for the year ended 31 March 2014.

### Land and buildings

The Company does not have any Land and Buildings as at 31 March 2014.

### Going concern

The business activities of The Money Advice Service are covered above in this report. The Money Advice Service's exposure to credit risk and liquidity risk are included in the notes to the financial statements.

The FCA has statutory power granted to it under the Financial Services and Markets Act 2000 to raise levies on behalf of the Money Advice Service. Having regard to this and to the Money Advice Service cash balance at year end (see statement of financial performance above for details), the directors have a reasonable expectation that the Money Advice Service has sufficient resources to continue its business for the foreseeable future and therefore the 'going concern' basis continues to be appropriate in preparing the annual financial statements.



## Equality and diversity

The Money Advice Service is committed to the principle of equality, diversity and inclusion. The Money Advice Service continues to seek ways of further improving its performance in this area, ensuring that all members of the Board, staff, visitors and applicants are treated on the basis of their merits and abilities and that no one suffers discrimination or disadvantage regardless of gender, race, disability, sexual orientation, religion/belief or age.

The Service has embedded equality and diversity policies into its work. Details of what we have done to embed these policies into the organisation are detailed in our annual review.

## Health and safety

The Money Advice Service is committed to providing a healthy and safe environment. It pursues a policy to promote health and safety at work and seeks the cooperation of all employees and visitors in this endeavour.

## Trade payables payments policy

The Money Advice Service's policy is to aim to pay 100% of valid invoices with a correct purchase order within 30 days of receiving them. The average time taken to pay suppliers from receipt of invoice was 30 days (30 days in 2012/13).

## Principal risks and uncertainties

### Giving advice and empowering people to take action

Our Service seeks to complement the many valuable existing providers of financial advice through the delivery of free, impartial, generic money advice operating online, on the phone and face to face. The principal risk is the size of the task of providing financial advice to everyone in the UK and the uncertainties relate to the fact that this task has never been achieved before. The only way to achieve this task is to work with others, which is why stakeholders are at the centre of our strategy. By working with others in a structured and co-ordinated way we can achieve better outcomes for the people who need our help.

### Improving the quality, consistency and availability of debt advice services across the UK

Under the Financial Services Act 2012 we took responsibility for the co-ordination of debt advice from 1 April 2012. This additional role complements our money advice activity. It enables us to bring coherence to a fragmented sector by increasing reach and accessibility cost effectively, making it simple to get advice at the right time through the most appropriate channel and encouraging self-help where appropriate. It is our intention to address gaps without duplicating existing funding arrangements. In order to achieve this we need the support of the sector to deliver a tailored service which provides the right advice at the right time to the people that need this advice.

## Development and performance of the Service's business during the year ended 31 March 2014

The Money Advice Service continues to build on the good work it had completed in previous financial year. For the year ended 31 March 2014 to Money Advice Service continues to provide a multi-channel universal service.

Details of its performance during the year are included in the annual review at the start of this document.

## The position of the Service's business at year end

As at 31 March 2014, the Money Advice Service has exceeded all our published Key Performance Indicators (KPIs). We continue to develop our digital offering to ensure that our content and tools remain relevant and useful for customers. We do this by continuous user testing and incorporating customer feedback. We also use our research to identify gaps in the market.

Our annual review provides details of organisational milestones achieved during the year and our position at the end of this financial year.

## Directors

The Board of the Money Advice Service is appointed by The Financial Conduct Authority (FCA); with the appointment of the Chair and Chief Executive also requiring HM Treasury approval.

The Directors of the Company, who served during the year, together with their dates of appointment to the Board are as shown below:

### Non-executives

Andy Briscoe (Chairman)	appointed 27 September 2013
Jonathan Douglas	reappointed 4 January 2013
Laurie Edmans	appointed 4 January 2011
Richard Hughes	reappointed 4 January 2013
Gerard Lemos (Chairman)	appointed 27 September 2010, resigned 26 September 2013
Stephen Locke	appointed 4 January 2011
Joanne Shaw	appointed 4 January 2011
Robert Skinner	appointed 1 February 2012
John Spence	appointed 2 January 2012

### Executives

Karen Broughton	appointed 1 January 2012
Mark Fiander	appointed 1 January 2012
Lesley Robinson	appointed 1 January 2012
Caroline Rookes (CEO)	appointed 1 February 2013

Further details of the Money Advice Service's Directors are included in our governance statement for the year ended 31 March 2014 (see Board and committee details page 81).

## Directors' insurance

The Company maintains an appropriate level of Directors' and Officers' liability insurance which is reviewed annually.

## Disclosure of information to the auditor

Each of the Directors in office, at the date the Strategic and Directors' Report is approved, confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of the which the Company's auditors are unaware.
- (b) the Director has taken all the steps that he/she ought to have taken as a director in order to make him/her aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## External auditors

Under the Financial Services Act 2012 the Comptroller and Auditor General (C&AG) has now become the statutory auditor of the Service and 2013/14 is the first year of this appointment. Prior to this appointment the National Audit Office (NAO) were appointed external auditors on a yearly basis by the Money Advice Service's Board. The NAO were responsible for the first two years of audit of the Money Advice Service (year ended 31 March 2012 and year ended 31 March 2013).

## Internal auditors

At the Audit & Risk Committee meeting on 6 October 2011 the Money Advice Service appointed TIAA (formerly Park Hill) as its internal auditors for 3 years. TIAA (formerly Park Hill) has undertaken six reviews for the year ended 31 March 2014 (see page 87 for details).

The Strategic and Directors' Report was approved by the Board on 11 June 2014 and signed below by order of the Board.

By Order of the Board

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**Lesley Robinson**  
Company Secretary

## Statement of Directors' and Accounting Officer's responsibilities

### **The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable laws and regulations.**

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Accounting Officer of HM Treasury has designated the Chief Executive as Accounting Officer of the Money Advice Service and they are responsible for ensuring resources are used in a proper and regular manner, in accordance with the provisions of the Financial Services and Markets Act 2000, Companies Act 2006 and all other applicable law.

## Remuneration report for the year ended 31 March 2014

### Remuneration Committee

The Remuneration Committee is a sub-committee of the Board and is chaired by an independent non-executive director. Its principal activities are detailed in the Remuneration Committee's Terms of Reference. During the period the Remuneration Committee met four times. The three members of the Remuneration Committee are Board members and appointed to the Committee by the Board.

Chairman	Laurie Edmans
Member	Richard Hughes
Member	Jonathan Douglas

The Chair of the Money Advice Service's Audit & Risk Committee is not a member of the Remuneration Committee. The Money Advice Service Chairman attends the Remuneration Committee but is not a member.

The period of office for Committee members is three years, with further periods of up to three years based on reappointment by the Board.

No member of the Committee or other individual is involved in any decision about their own remuneration. Accordingly, any Committee member would withdraw from that part of any meeting where their remuneration is likely to be discussed or affected.

Other Money Advice Service staff and Board members attend the meetings of the Committee at the request of the Committee chair as and when considered appropriate by the Committee.

### Remuneration Strategy

The Remuneration Committee is responsible for ensuring the Money Advice Service has a comprehensive effective and value for money total reward strategy and framework that enables the organisation to attract, retain and motivate a high-calibre workforce to deliver the organisation's objectives.

## 2013/14 Remuneration review

The total remuneration package, which is common to all employees, comprises:

- basic pensionable salary;
- eligibility for a performance related bonus;
- other benefits; and
- pension contribution.

The employment contract details of the Money Advice Service executives and non-executives are outlined in the table below.

Executives	Start date	Contract Period	Notice Period
Karen Broughton	04/07/2011	Permanent	6 months
Mark Fiander	31/08/2011	Permanent	6 months
Lesley Robinson	16/05/2011	Permanent	6 months
Caroline Rookes	01/02/2013	Permanent	6 months
Non-Executives			
Jonathan Douglas	04/01/2013	3 years	subject to articles of association
Laurence Edmans	04/01/2011	3 years*	subject to articles of association
Richard Hughes	04/01/2013	3 years	subject to articles of association
Gerard Lemos	27/09/2010	3 years	Resigned on 26 September 2013
Andy Briscoe	27/09/2013	3 years	6 months
Stephen Locke	04/01/2011	3 years*	subject to articles of association
Joanne Shaw	04/01/2011	3 years*	subject to articles of association
Robert Skinner	01/02/2012	3 years	subject to articles of association
John Spence	02/01/2012	3 years	subject to articles of association

*\*Extended by 6 months pending review by incoming Chairman*

The Remuneration Committee within the terms of the agreed framework, and in consultation with the Chief Executive or Chair as appropriate, considers and approves proposals for the remuneration and performance related pay for senior executives (including the Chief Executive). In addition, the Chief Executive's remuneration and performance-related pay is approved by the Board. In determining such packages and arrangements including arrangements on termination, the Committee gives sufficient and appropriate regard to relevant legal requirements, and other relevant guidance including the UK Corporate Governance Code.

Director remuneration levels are approved by the Financial Conduct Authority (FCA) and there are no additional payments for chairing sub-committees of the Board.

The Remuneration Committee is also responsible for approving the annual performance objectives of the Chief Executive and senior executives. Board members provide feedback on performance of the Chief Executive and senior executives to feed into the annual appraisal process.

### **Basic Pensionable Salary**

Salaries are reviewed by the Remuneration Committee annually in line with the overall policy.

### **Performance related bonuses**

The Executive Directors and the Chief Executive, like other employees, are eligible to be considered for a discretionary performance-related bonus, which for 2013/14 is up to a maximum of 10% of average base pensionable salary applying during the previous year.

The Executive Directors and the Chief Executive are also eligible for a non-consolidated organisational performance bonus. The Chairman and other non-executive members of the Board are not eligible to be considered for a bonus.

### **Other Benefits**

On 31 May 2012 the Money Advice Service ended the flexible benefits system which was originally offered by the FCA and carried over to the Money Advice Service. For a small organisation it was considered overly complex and expensive to administer. From 1 June 2012 a simpler alternative offering to all staff of private medical insurance, life insurance and a contributory pension plan up to a maximum of 10% employer contribution has been put in place. Those in post prior to the introduction of the new arrangements receive an allowance made up of the monetary value difference between the new and old arrangements.

A summary of benefits received by executives is included in the remuneration table below.

### **Pensions**

The Money Advice Service was a member of the defined contribution section of the FCA Pension Plan until 31 May 2012. From 1 June 2012 the Money Advice Service has set up a group personal pension scheme (GPP) which is a defined contribution scheme through Aviva. Pension contributions made to the executives have been disclosed in our remuneration table.

## Remuneration Statement

The table below has been audited.

### A

	Notes	Board Fee £000	Basic Salary £000	Other Emoluments and Benefits £000	Pension £000	Year Ended 31/03/2014 Total £000	Year Ended 31/03/2013 Total £000
<b>Chairman</b>							
Gerard Lemos	1	37			4	41	84
Andy Briscoe	2	38				38	
<b>Non - Executive Directors</b>							
Jonathan Douglas		25	-	-	-	25	25
Laurie Edmans		25	-	-	-	25	25
Richard Hughes		25	-	-	-	25	25
Stephen Locke		25	-	-	-	25	25
Joanne Shaw		25	-	-	-	25	25
Robert Skinner		25	-	-	-	25	25
John Spence		25	-	-	-	25	25
<b>Total Non-Executive Directors</b>		250	-	-	4	254	259
<b>Executive Directors</b>							
Karen Broughton			162	43	16	221	208
Mark Fiander			162	24	16	202	204
Tony Hobman	3		-	-	-	-	213
Lesley Robinson			131	43	13	187	190
Caroline Rookes	4		141	8	14	163	25
<b>Total Executive Directors</b>			596	118	59	773	840
<b>Total</b>		<b>250</b>	<b>596</b>	<b>118</b>	<b>63</b>	<b>1,027</b>	<b>1,099</b>

### Notes

- 1 The pension payments above were paid to Gerard Lemos in lieu of contributions to the Money Advice Service pension scheme. Gerard Lemos's term as Chairman ended on 26 September 2013 (2013/14 FYE £75,000) and he has been replaced as chairman by Andy Briscoe.
- 2 Andy Briscoe was appointed Chairman of the Money Advice Service on 27 September 2013 for a three year period on an annual salary of £74,000 and no employer pension contribution.
- 3 On 1 January 2013 Tony Hobman resigned as Chief Executive Officer (CEO), the 2012/13 full year equivalent (FYE) basic salary was £250,000.
- 4 Caroline Rookes was appointed as Chief Executive Officer on 1 February 2013 (2012/13 FYE basic £140,000)
- 5 For the year ended 31 March 2013 no discretionary bonuses were awarded. The following discretionary bonuses have been awarded for the year ended 31 March 2014 and included in the other emoluments and benefits figures in the table above, these bonuses will be paid during 2014/15.



Employee	Organisational Performance Related Award £000	Individual Performance Related Award £000	Total Performance Related Award £000
Karen Broughton	1	16	17
Mark Fiander	1	0	1
Lesley Robinson	1	7	8
Caroline Rookes	1	7	8
<b>Total</b>	<b>4</b>	<b>30</b>	<b>34</b>

## 6. Other emoluments and benefits

This figure is comprised of the following;

Private medical insurance
Life insurance
Contributory pension plan

Executive Directors in post prior to 1 June 2012 receive a non-pensionable allowance which compensates them for the loss of flexible benefits paid to employees under our old compensation arrangement. This allowance is included in other emoluments and benefits detailed in the table above.

### Pension

As part of the change to our reward arrangement, we have moved from a trustee based non contributory scheme (up to 12%) to a contributory group personal pension plan. Employer pension contributions from 1 June 2012 are on a matching basis as follows:

Employee Contribution %	Employer Contribution %
3	6
4	8
5	10
>5	10

**B**

	Year Ended 31/03/2014 Total	Year Ended 31/03/2013 Total
Hutton fair pay review disclosure	£000	£000
Highest paid Director's total remuneration	205	250
Median remuneration of the Money Advice Service's total staff	63	63
Ratio	3.2	4.0

As specified in our accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000 we have disclosed the relationship between the remuneration of the highest-paid member of the Service's Executive Leadership Team (ELT) and the median remuneration of the organisation's workforce.

The Director of Marketing and Service Delivery is the highest-paid member of the Service for the year ended 31 March 2014.

The former Chief Executive Officer Tony Hobman was the highest-paid member of the Service for the year ended 31 March 2013. Total remuneration includes, performance related payments, benefits-in-kind and any severance payments, where applicable. It does not include employer pension contributions.

The median remuneration of the Service's total staff is based on annualised, full-time equivalent remuneration for the year ended 31 March 2014 and 31 March 2013. The figures exclude employer pension contributions and exclude the highest paid director. The figures include agency and other temporary employees covering staff vacancies, but exclude consultancy services. Only remuneration paid to employees has been included. We have excluded agency fees and VAT from our calculations.

The relatively low ratio between the remuneration of the highest-paid member of the Service's Executive Directors and the median remuneration of the organisation's workforce reflects our people strategy of paying 'spot rate' competitive salaries, not having any entry-level roles, and in 2012/13, reducing the remuneration package for the Chief Executive role.

The financial statements were approved by the Board on 11 June 2014, and the remuneration statement was signed on its behalf by:

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**Andy Briscoe**  
Chairman

## The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Money Advice Service for the year ended 31 March 2014 under the Financial Services and Markets Act 2000. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity; and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### Respective responsibilities of the Directors, Accounting Officer and Auditor

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the Directors and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Financial Services and Markets Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 Money Advice Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Money Advice Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Review and Strategic 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Money Advice Service's affairs as at 31 March 2014 and of the surplus for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the financial statements have been properly prepared in accordance with the Financial Services and Markets Act 2000 and HM Treasury's directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury's directions made under the Financial Services and Markets Act 2000; and
- the information given in the Annual Review and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

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**Sir Amyas C E Morse**  
Comptroller and Auditor General

7 July 2014

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Governance statement for the year ended 31 March 2014

## 1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Money Advice Service statutory objectives and for reviewing its effectiveness.

My review is informed by the work of the internal auditors, the Audit & Risk Committee and the managers who have responsibility for the development and maintenance of the internal control framework. It is also informed by comments made by the external auditors in their annual Audit report.

## 2. Overview

The Money Advice Service was set up as an independent body to enhance public understanding of financial matters. It was initially known as the Consumer Financial Education Body, the name used in the Financial Services Act 2010.

Its statutory objectives, as set out in the Financial Services Act 2012 are:

- improving people's understanding and knowledge of financial matters;
- improving people's ability to manage their own financial affairs; and
- assisting members of the public with management of debt with a view to improving the availability, quality and consistency of debt advice services across the UK.

The Service is independent of the Financial Conduct Authority (FCA) in carrying out its statutory function. However, the FCA ensures that the service is at all times capable of exercising its function. The FCA and the Service communicate regularly through half-yearly meetings with the Service's Chairman and quarterly meetings at senior management level.

During the year, consultations have been carried out with the FCA on the 2014/15 Annual Business Plan and Budget and the FCA Board approved the plan and budget at its meeting in March 2014. Appropriate consultations were also carried out with HM Treasury, the Department for Business, Innovation and Skills (BIS), the FCA Smaller Business Panel, the FCA Practitioner Panel, and the Financial Services Consumer Panel.

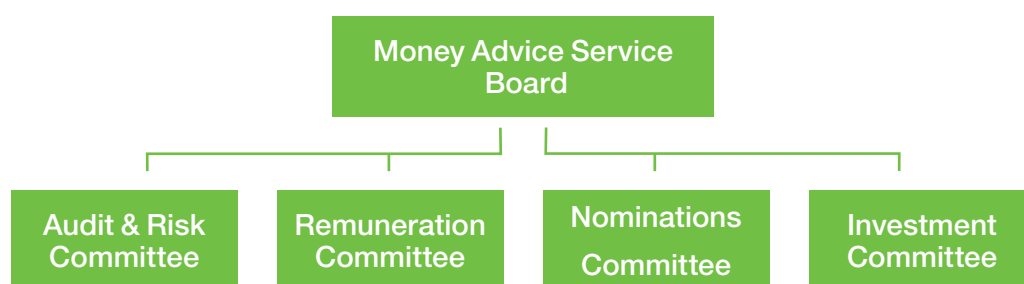
The Chief Executive Officer is the accounting officer of the Service and is personally responsible for:

- safeguarding the public funds for which he or she has charge;
- ensuring propriety and regularity in the handling of those public funds;
- the day to day operations and management of the Service; and
- ensuring that the Service as a whole is run in accordance with the principles of managing public money.

Having reviewed the evidence provided from risk management and from the internal auditor's opinions, I am satisfied that the Service has maintained a sound system of internal control during the financial year 2013/14, operating effectively across the organisation, on which I can rely as Accounting Officer.

### 3. Governance framework of the Money Advice Service

#### 3.1 Governance structure of the Money Advice Service



The Service is led by its Board which comprises of 12 Directors (8 Non-Executive Directors and 4 Executive Directors) and meets at least eight times a year, including an annual 'away day' to review strategy and performance. The FCA is responsible for the appointment and removal of the Board - the appointment and removal of the Service's Chairman and Chief Executive is subject to the approval of HM Treasury. Each new Director attends an induction day and is provided with an induction information pack about the Service and their responsibilities. Additional training is also provided where appropriate.

The role of the Board is to take responsibility for the development and delivery of the Money Advice Service's strategic vision, business plan, policies and services. It also monitors performance and holds the organisation to account.

Further details on the Board's key responsibilities are available in its Terms of Reference.

The Board delegates some of its responsibilities to four of its sub-committees as follows:

- Audit & Risk Committee (AuditCo)
- Remunerations Committee (RemCo)
- Nominations Committee (NomsCo)
- Investment Committee (InvCo)

The Audit & Risk Committee is responsible for reviewing and providing assurance to the Board on matters including the effectiveness of the Money Advice Service internal controls and risk management systems, the integrity of financial statements and for oversight of the external audit process. It comprises three Non-Executive Board members appointed by the Board. The Chief Executive, Corporate Services Director and other executive directors (as appropriate) and at least one representative of the external auditor normally attend meetings of the Committee. The Committee meets four times a year at appropriate times in the reporting and audit cycle and reports throughout the year on its activities to the Board through its minutes and oral reports.

The Remuneration Committee is responsible for ensuring that the Money Advice Service has in place a comprehensive, effective and value for money total reward and performance framework that enables the organisation to attract, retain and motivate a high calibre workforce. It comprises three Non-Executive Board members (excluding the Chair of the Board). To ensure independence, the Chair of the Audit & Risk Committee is not a member of the Remuneration Committee. The Committee meets at least twice a year and at such other times as the Committee Chair requires. The Remuneration Committee reports throughout the year on its activities to the Board through its minutes and oral reports.

The Nominations Committee is responsible for leading the process for Board appointments and to make recommendations to the Board. The Committee is made up of five directors, comprising the Chairman of the Board, two non-executive directors and the Chief Executive. The Committee meets at least once a year, and at other such times as the Chairman of the Committee requires. The Nominations Committee has recently been set up and it reports its activities to the Board through its minutes and oral reports.

The Investment Committee facilitates timely approval of investment decisions which are above the executive level delegated authority limits. The Committee comprises three Non-Executive Board members appointed by the Board and meets whenever approval for an investment decision is necessary. Decisions are reported back to the Board through oral reports.

### 3.2 Board and Committees details for the year ended 31 March 2014

The Board and Board Committees met regularly during the year and details of the number of meetings held and attendance at those meetings are set out in Table 1 below. The membership of the various committees can also be found in Table 1.

Name	Board meeting	Audit Co	Rem Co	Nom Co	Inv Co
<b>Executive Directors</b>					
Karen Broughton	8/8				
Mark Fiander	8/8				
Lesley Robinson	8/8				
Caroline Rookes	8/8			1/1	
<b>Non-Executive Directors</b>					
Jonathan Douglas	7/8		4/4		
Laurie Edmans <sup>a</sup>	7/8		4/4	1/1	
Richard Hughes	7/8		4/4	1/1	0/0
Gerald Lemos <sup>b</sup>	4/4				
Andy Briscoe <sup>c</sup>	4/4			1/1	
Stephen Locke	8/8	4/4			
Joanne Shaw	7/8	4/4			0/0
Robert Skinner	8/8			1/1	
John Spence	8/8	4/4			0/0

#### Key

a - Senior Independent Director

b - Chair of the Board from 27 September 2010 to 26 September 2013

c - Current Chair of the Board

The FCA approved all appointments to the Board and the appointment of the Chair and the CEO was approved by the Treasury.

### Committee membership during the year:

#### Audit & Risk Committee

Joanne Shaw  
John Spence  
Stephen Locke

#### Remuneration Committee

Laurie Edmans  
Jonathan Douglas  
Richard Hughes

#### Investment Committee

Joanne Shaw  
John Spence  
Richard Hughes

#### Nominations Committee 2014

Andy Briscoe  
Caroline Rookes  
Laurie Edmans  
Richard Hughes  
Robert Skinner



### 3.3 Board Members

#### Chairman



#### **Andy Briscoe**

During an extensive and successful career in the financial services sector Andy has chaired and served on the boards of a broad range of companies. His professional experience ranges from insurance and credit cards to private equity, and includes managing directorships with Centrica and The AA as well as spells at American Express and BUPA. He is currently chairman of the Policy Shop and a trustee of his local Citizens Advice Bureau, where he also volunteers.

#### Non-executive directors



#### **Jonathan Douglas**

Jonathan's career has centred on learning, initially through libraries and since 2007 as Chief Executive of the National Literacy Trust (NLT). He was previously Head of Policy Development at the Museum and Libraries Archives Council and also Adviser at the Chartered Institute of Librarians and Information Professionals. He has been on the boards of several charities relating to learning and access and literature.



#### **Laurie Edmans CBE**

Laurie spent his executive career in the pensions and insurance sector, establishing and leading businesses, with a background of sales, strategic marketing and public/industry affairs. He is chairman of Marine and General Mutual Life Assurance, of the Trinity Mirror Pension Plan and of B Different Ltd, a specialist market research agency. He has recently left the board of NEST – the National Employment Savings Trust - and joined True Potential LLP, a substantial wealth management and advisory services business. He is a member of the advisory board of the Equity Release Council, a Trustee of the Pensions Policy Institute and of the Quest School for Autistic Children. He was formerly a Board member at The Pensions Regulator and Deputy Chair of CPA Global. He was appointed CBE in 2006 for services to pensions reform.



#### **Richard Hughes**

Richard spent the first ten years of his career as a Civil Servant, working in the Home Office, Prison Service and Cabinet Office. Since 2001 he has worked in public sector consulting for PA Consulting and Capgemini, specialising in strategy, business change and performance improvement. He also had a stint leading business development in Justice for Working Links, a provider of services to support the unemployed into work and the rehabilitation of offenders. He is currently a member of PA Consulting's Government and Public Services team, focusing on public service reform.



**Stephen Locke**

Stephen began his career at HMT then spent 15 years at Which?, where he was Director of Research and Policy. Latterly he joined the ITC as Director of Advertising and Sponsorship, helping to establish its successor body Ofcom before setting up as an independent consultant on regulation and consumer issues. Up to 31 March 2014, he was Vice Chair of Consumer Futures and a Board Member of the Payments Council. He is currently Chair of London TravelWatch, a Board Member of Passenger Focus and Chair of the Advertising Advisory Committee which advises advertising regulators on TV and radio advertising rules.



**Joanne Shaw**

Joanne spent the first ten years of her career in management consultancy, with Coopers and Lybrand and the Boston Consulting Group before joining the Audit Commission, where she sat on the Executive Board. Since 2002 she has held a portfolio of roles, mainly in the health sector. She is a Governor of Nuffield Health, a non-executive Director of the British Board of Film Classification and Chairman of Datapharm communications.



**Robert Skinner**

Robert is the Chief Executive of the Lending Standards Board. Prior to this he spent three years as Director General of the Money Advice Trust, a charity that provides advice to over-indebted individuals, via National Debtline and training and support to money advisers. Robert's earlier career was spent working for Barclays Bank where he held a number of senior roles in Large Corporate, International and Retail banking.



**John Spence CBE**

John was previously the Chair for the British Bankers Association Retail Banking Committee and has held a variety of executive positions at Lloyds TSB. He is Finance Chair for Business in the Community and for the Archbishop's Council of the Church of England. Non-executive directorships include Callcredit Ltd and Spicerhaart Group Ltd, where he is Chairman. He is a County Councillor in Essex and on the Board of Anglia Ruskin University.

## Chief Executive



### **Caroline Rookes CBE**

Caroline was appointed as Chief Executive of the Money Advice Service on 1 February 2013. During a distinguished career in the Civil Service, recognised with a CBE in 2010, she oversaw a number of major developments to improve people's personal finances. These include the introduction of automatic enrolment (the new duty on employers to enrol their staff automatically into a pension), the new NEST pension scheme, changes to private pension legislation and regulation, reviews of welfare benefits, and simplification of the pension tax regime.

## Executive Directors



### **Karen Broughton**

Karen is the Executive Director with responsibility for the marketing, corporate communications, partnerships, digital, telephone and face-to-face functions of the Money Advice Service. She has worked for customer centric organisations such as British Airways and most recently she was Marketing and Communications Director for World Duty Free, which offers a wide range of retail brands to customers in airports globally. Karen has extensive experience across all areas of marketing, corporate communications, product development and service delivery including managing integration and transformation programmes.



### **Mark Fiander**

Mark is the Strategy and Innovation Director. Mark spent the first eleven years of his career at Unilever working across divisions in Sales, Marketing and Strategy. He then moved to The Royal Bank of Scotland where he headed up Customer Management and UK Marketing Operations. Mark then moved to BUPA before joining the Money Advice Service on 2 September 2011.



### **Lesley Robinson**

Lesley is Corporate Services Director and Programme Director for Debt Advice. Her delivery areas include finance, HR, IT, procurement, programme management, change management and operations. Lesley has spent many years as a commercial operating officer in various sectors, including FMCG, leisure, media and ICT. Before joining the Money Advice Service on 16 May 2011 she spent time in the NHS executing a change management programme.

### **3.4 Board Evaluation**

The Service retained the services of Nestor Advisors to carry out an evaluation of its Board in 2012 and the Board reviewed the report at its meeting in February 2013. The exercise was led by the Chair of the Audit & Risk Committee. The main areas of consideration were: strategy; relationship with stakeholders; Board composition; Board activity, support and process; and the Board Committees. The Board has been following through the recommendations of the review and ensured that those recommendations were implemented by the end of the year. The Chair also held individual appraisal discussions with each director in February and March 2014.

### **3.5 Executive Leadership Team (ELT)**

The corporate governance system of the Board and its committees are further supported by the ELT. The ELT meetings are a forum for the Executive Directors to:

- monitor and drive operational delivery;
- take decisions about the allocation of finance and other resources within their delegated powers;
- consider the risks to the Service and agree mitigating action;
- agree papers for submission to the Board; and
- perform any ad hoc duties as necessary.

The ELT comprises the Chief Executive (as chair), the Corporate Services Director and Programme Director for Debt Advice, the Marketing and Service Delivery Director and the Strategy and Innovation Director. The ELT meets at least fortnightly and at such other times as it requires. Other staff attend the meetings when required. The ELT reports to the Board and provides any additional reports relating to the discharge of the above duties, as appropriate.

#### 4. National Audit Office (NAO) report

In December 2013, the National Audit Office (NAO) published a report on the Service. The NAO report looked at the Service's value for money: debt advice and money advice were treated separately because of the difference in how these services are provided.

The criteria that were used to assess whether the Service is value for money were as follows:

- whether the Service has assessed consumers' need for advice;
- whether the Service fills gaps in provision that other organisations do not address, and coordinates the sector to ensure a high standard;
- whether the advice and information is targeted to consumers who need it the most through the most effective channels; and
- whether the Service evaluates the cost-effectiveness of its advice, both in immediate impact and long-term behaviour change, and develops its approach as necessary.

The report concluded that the Service has achieved value for money in our debt advice work. The number of advice sessions has increased, the unit costs have fallen, and the quality standards of advice have been continuously improving. For the provision of money advice, the Service is heading in the right direction to allow it to add more value in providing an important service.

## 5. Risk management

The Money Advice Service adopts an efficient and proportionate approach to risk management. Time and resource is allocated to ensure that risks are identified, mitigated and escalated in accordance with the agreed process.

Risk management at the Money Advice Service incorporates Operational Risk and Strategic Risk. There are two maintained risk registers, one for operational risks and one for strategic risks. The operational level risk register is designed to help Business Heads manage effective operational delivery. The strategic level risk register provides the ELT, the Audit & Risk Committee and the Board with an assessment of risks that could impact on the delivery of our statutory objectives and Business plan ambitions. Strategic risks may include individual or collective operational risks, and operational risk schedules may contain team specific responses to risks identified at the strategic level.

The risk registers are reviewed monthly and are designed to be live documents. Both risk registers summarise potential risks which have been assessed as to their likelihood and potential impact. Mitigations are identified and managed.

Operational risks are owned by the appropriate business head. When they identify a risk, it is added to their risk register and given a current risk score. Appropriate mitigation, along with a deadline for achieving that mitigation, is agreed and added to the register. This helps the business heads to keep track of their risks and ensure mitigating action is being taken. Each month the most significant operational risks are reviewed centrally by the ELT. Each risk and its impact is presented, and a review held about appropriate mitigations and scoring. New risks may also be identified through these ELT discussions. Once a mitigation date is reached, an assessment is made as to whether the mitigation has been achieved. The risk may be able to be closed at this point. All closed risks are logged on a closed risk register.

Strategic risks are owned by one or more of the ELT members. Strategic risks are categorised in the register under the following headings: Stakeholder Support, Operational delivery, People, Outcomes and Results and Policy. The risk register is reviewed approximately once a quarter by the Audit & Risk Committee and by the full Board twice a year. Prior to each Audit & Risk Committee, the ELT reviews the strategic risk register and present any changes to the Audit & Risk Committee. The Audit & Risk Committee is tasked by the Board to evaluate the ELT's approach to risk management, and provide guidance. At the beginning of the year, the Audit & Risk Committee identified specific areas of risks where internal audit could provide a tangible input to assurance and those areas were:

- Contract Management
- Proposition and Product procedures
- Performance Management.

Good feedback has been received from internal audits on the organisation risk management process.

## 6. Internal audit

The Money Advice Service undertakes regular internal audits to ensure so that the organisation benefits from on-going improvements in efficiency, effectiveness and control.

In addition to the three areas mentioned above, the internal audit also looked at three other key compliance areas as follows:

- Business Continuity
- Key Financial Controls
- Data Security Health Check

A programme of internal audits was agreed by the Audit & Risk Committee, and was undertaken and reported to the committee during the year. Based on the six internal audits completed the internal auditors concluded that the Service has adequate and effective systems over governance, risk and control, which provide reasonable assurance regarding the effective and efficient achievement of our objectives.

A substantial assurance opinion was provided on Contract Management, Proposition, and Product process, Business Continuity, Key Financial Controls and Data Security Health Check and an adequate assurance opinion was provided on Performance Management.

A process is in place to ensure that any recommendations made in the internal audit reports are monitored by the ELT, progressed and implemented effectively, and that progress is regularly reported to the Audit & Risk Committee. The Committee is satisfied that good progress is being made in putting those recommendations into action over the year.

Overall, the ELT are satisfied that the Service has a sound and appropriate system of internal controls in place and risk management is given due consideration and monitored in an appropriate manner.



## 7. Information security

In accordance with our responsibilities under the HMG Security Policy Framework and the Data Protection Act 1998, the Service has in place provisions for information security.

Information held by the Service in electronic or paper form, be it structured or unstructured, is one of the organisation's most vital and valuable assets and it is essential that this information is protected against the many threats that may compromise its confidentiality, integrity and availability. In addition, it is critical to ensure that the Service meets all required UK and European Union legal compliance obligations to avoid the risk of litigation, potential brand damage and loss of public confidence in the service.

We take all reasonable steps to ensure suppliers abide by all relevant UK and EU legislation regarding information security, storage, handling and processing. The requirement to comply with this legislation is devolved to all employees, contractors, consultants and agents who may be held accountable for any breaches of information security for which they may be responsible for.

It is our established practice to let the Information Commissioner's Office (ICO) know of data protection related incidents and I can confirm that for the year 2013/2014 no incidents were drawn to the ICO's attention.

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**Caroline Rookes**  
Chief Executive Officer



## Statement of Comprehensive Income

### Year ended 31 March 2014

	Notes	Year Ended 31-Mar-14 £'000	Year Ended 31-Mar-13 £'000
Cost of Services - Money Advice	6	(42,858.2)	(44,955.5)
Cost of Services - Debt Advice	6	(34,345.2)	(31,504.6)
Depreciation and amortisation	6	(1,328.7)	(862.0)
Write-down of non-current assets	6	(6.9)	(109.3)
Interest on bank deposits	6	343.2	321.7
<b>Net costs for year</b>		<b>(78,195.8)</b>	<b>(77,109.7)</b>
Fee revenue - Money Advice	7	44,270.4	46,500.4
Fee revenue - Debt Advice	7	34,484.2	34,582.0
<b>Total fee revenue</b>		<b>78,754.6</b>	<b>81,082.4</b>
Surplus before tax	5	558.8	3,972.7
Taxation	9	(67.7)	(64.3)
Surplus after tax		491.1	3,908.4
<b>Total comprehensive income</b>		<b>491.1</b>	<b>3,908.4</b>

## Statement of financial position

### As at 31 March 2014

	Notes	As at 31-Mar-14 £'000	As at 31-Mar-13 £'000
<b>Non-current assets</b>			
Intangibles assets	10	1,318.2	2,261.0
Property Plant and Equipment	11	1,344.1	491.1
<b>Total non-current assets</b>	<b>6</b>	<b>2,662.3</b>	<b>2,752.1</b>
<b>Current assets</b>			
Trade and other receivables	12	849.7	1,394.5
Cash and cash equivalents	12	14,282.3	9,620.9
<b>Total current assets</b>		<b>15,132.0</b>	<b>11,015.4</b>
<b>Total assets</b>		<b>17,794.3</b>	<b>13,767.5</b>
<b>Current liabilities</b>			
Trade and other payables	14	(7,630.3)	(4,191.8)
Current tax liabilities	14	(66.6)	(64.3)
Provisions	15	–	(40.0)
<b>Total current liabilities</b>		<b>(7,696.9)</b>	<b>(4,296.1)</b>
<b>Total assets less current liabilities</b>		<b>10,097.4</b>	<b>9,471.4</b>
<b>Non-current liabilities</b>			
Provisions	15	(134.9)	–
<b>Total non-current liabilities</b>		<b>(134.9)</b>	<b>–</b>
<b>Net assets</b>		<b>9,962.5</b>	<b>9,471.4</b>
<b>Equity</b>			
Money Advice Accumulated Surplus		6,746.0	6,394.0
Debt Advice Accumulated Surplus		699.4	1,327.4
Debt Advice Special Reserve		2,517.1	1,750.0
<b>Total Equity</b>		<b>9,962.5</b>	<b>9,471.4</b>

The financial statements were approved by the Board on 11 June 2014, and were signed on its behalf by;

**Andy Briscoe**  
Chairman

**Caroline Rookes**  
Chief Executive Officer

## Statement of changes in equity

### Year ended 31 March 2014

	Money Advice £'000	Debt Advice £'000	Debt Advice Special Reserve £'000	Total equity £'000
<b>At 1 April 2011</b>	833.5	–	–	833.5
Surplus income over expenditure for the year	4,729.5			4,729.5
<b>At 1 April 2012</b>	5,563.0	–	–	5,563.0
Surplus income over expenditure for the year	831.0	1,327.4	1,750.1	3,908.4
<b>At 1 April 2013</b>	6,394.0	1,327.4	1,750.1	9,471.4
Surplus income over expenditure for the year	352.0	139.0		491.1
Transfer between reserves (Note 19)	–	(767.0)	767.0	–
<b>Total equity at 31 March 2014</b>	<b>6,746.0</b>	<b>699.4</b>	<b>2,517.1</b>	<b>9,962.5</b>

## Statement of cash flows

### Year ended 31 March 2014

	Note	Year Ended 31-Mar-14 £'000	Year Ended 31-Mar-13 £'000
<b>Net cash generated from operating activities</b>	<b>16</b>	5,629.5	(9,586.6)
<b>Cash flows from investing activities</b>			
Interest received on bank deposits	<b>6</b>	343.2	321.7
Corporation taxes paid		(65.4)	(33.5)
Payments to acquire intangible non-current assets	<b>10</b>	(76.2)	(2,190.3)
Payments to acquire property, plant and equipment	<b>11</b>	(1,169.7)	(87.4)
<b>Net cash outflow from investing activities</b>		(968.1)	(1,989.5)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>4,661.4</b>	<b>(11,576.1)</b>
Cash and cash equivalents at the start of the year		9,620.9	21,197.0
Cash and cash equivalents at the end of the year		14,282.3	9,620.9

## Notes to the financial statements

### 1. General information

The Money Advice Service (formerly CFEB) is a company incorporated in the United Kingdom under the Companies Act 2006 and is limited by guarantee with no share capital. The members of the company have agreed to contribute £1 each to the assets of the company in the event of it being wound up. The address of the registered office is given on page 3.

The Consumer Financial Education Body (CFEB) was incorporated on the 1 March 2010 and changed its name to the Money Advice Service on 4 April 2011. These financial statements cover the year ended 31 March 2014 and have 12 month comparative figures for the year ended 31 March 2013.

The core statutory objectives of the Money Advice Service are to enhance the understanding and knowledge of the public of financial matters and to enhance the ability of members of the public to manage their own financial affairs. This now includes specific responsibility for debt advice as per the Financial Services Act 2012.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Money Advice Service operates.

Under the Financial Services Act 2012, the Money Advice Service is exempt from the requirements of Part 16 of the Companies Act 2006 (audit).

The financial statements are presented in accordance with International Accounting Standards (IAS) 1, Presentation of Financial Statements (Revised 2007) and the accounts direction issued by HM Treasury, see page 118 for details. These financial statements include the disclosure requirements of International Financial Reporting Standards (IFRS) 8 Operating Segments.

At the date of the approval of these financial statements, the following accounting standards were in issue but not yet effective, and have not been applied to these financial statements.

**IAS 1 - Presentation of financial statements (Other Comprehensive Income)**

The Money Advice Service does not have other comprehensive income for the year ended 31 March 2014 (NIL 2012/2013).

**IAS 12 - Income Taxes**

The Money Advice Service does not have a deferred tax liability for the year ended 31 March 2014. (NIL 2012/2013).

**IAS 16 - Property, Plant and Equipment**

The Money Advice Service does not have servicing equipment as at 31 March 2014 (NIL 2012/2013).

**IAS 19 - Post employment benefits (pensions)**

The Money Advice Service does not have a defined benefits plan.

**IAS 32 - Financial Instruments: Presentation**

The Money Advice Service does not have equity instruments.

**IAS 34 - Interim Financial Reporting**

The Money Advice Service does not produce interim financial reports.

**IFRS 10 (Consolidated Financial Statements), 11 (Joint Arrangements), 12 (Disclosure of Interests in Other Entities, IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures)**

IASB have issued new and amended standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities. The Money Advice Service is not engaged in any of these activities and therefore does not need to apply these standards.

**IFRS 13 - Fair Value Measurement**

The Money Advice Service does not hold assets or liabilities which are traded.

## 2. Significant accounting policies

The Financial Statements have been prepared on an historical cost basis, except for financial assets which are held at fair value. The financial statements have been prepared on a going concern basis. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounts direction issued by HM Treasury. The principal accounting policies adopted are set out below:

### a. Costs of Services

Costs are included in the Income and Expenditure Account on an accruals basis.

### b. Statement of comprehensive income

The format of the statement of comprehensive income on page 89 has been designed to show net costs before fees levied to cover those costs. It is considered that this format best represents the nature of the activities of the Money Advice Service, which involves carrying out statutory functions and levying fees to meet the net cost of those functions. We have provided an analysis of our expenditure by delivery channel, this analysis has also been provided in our business plan which allows users to easily compare budget to actual expenditure.

### c. Revenue recognition

The Money Advice Service has two primary work streams, Money Advice and Debt Advice, both are funded by the levy on regulated firms. The Financial Conduct Authority (FCA) raise and collect this levy on behalf of the Money Advice Service.

All levy revenue receivable under the Financial Services and Markets Act 2000 (FSMA), is measured at fair value, and represents the levies to which the Money Advice Service was entitled in respect of the financial year. We recognise all 2013/14 levy income received from the FCA and defer levy income received for 2014/15.

### d. Financial instruments

- (i) **Trade receivables** - Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying value and the estimated future cash-flows deriving from the continued use of that asset, discounted if the effect is material.
- (ii) **Trade payables** - Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.
- (iii) **Cash and cash equivalents** - Cash and cash equivalents comprise cash in hand, demand deposits and other short term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Throughout the year funds were placed with a number of financial institutions. The Money Advice Service maintains a balance between readily available funds to meet cash flow requirements and flexibility by placing deposits for periods not exceeding 12 months.

**e. Taxation**

The tax expense represents the sum of tax currently payable. The Money Advice Service is only liable to pay corporation tax on investment income and not on levy income received, therefore no deferred tax effect arises.

The Money Advice Service is not registered for value added tax (VAT) because it does not carry out a VAT-able supply as defined by HMRC. All costs are recorded inclusive of any VAT charged.

**f. Retirement benefit costs**

The Money Advice Service was a participant in the Money Purchase section of the Financial Services Authority's pension scheme until the 31 May 2012. The Money Purchase section is a defined contribution scheme. From 1 June 2012 the Money Advice Service has set up a group personal pension scheme (GPP) which is a defined contribution scheme through Aviva.

The payments to the defined contribution scheme are recognised as an expense in the statement of comprehensive income, as they fall due.

**g. Capitalisation threshold of assets (tangible and intangible)**

The Money Advice Service capitalise assets (tangible and intangible) with a value of £1,000 or more. This threshold was set during the financial year ended 31 March 2013 and has been applied to all assets purchased during the year ended 31 March 2014.

**h. Tangible non-current assets**

The Money Advice Service has acquired tangible non-current assets as part of its business operations.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost less estimated residual value on a straight-line basis over the expected useful economic lives.

**Summary of the Money Advice Service's Depreciation Policy of Tangible Non-Current Assets**

Tangible Non-Current Asset	Useful Economic Life
Leasehold improvements	straight line over the period of the lease commencing on occupancy (10 years)
Furniture and Fittings	straight line over 5 years
Computer Hardware	over 3 years

If events or changes in circumstances indicate the carrying value may not be recoverable, then the carrying value of property, plant and equipment are reviewed for impairment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

### i. Intangible Assets

In accordance with IAS 38: Intangible Assets, costs associated with the development of website infrastructure are capitalised only where: the Money Advice Service can demonstrate the technical feasibility of completing the infrastructure, it has adequate technical, financial and other resources available to it as well as the intent to complete its development: and the ability to use it upon completion. In addition, costs are only capitalised if the asset can be separately identified, it is probable that the asset will generate future economic benefits, and that the development costs of the asset can be measured reliably. Expenditure on research activities, website content and applications such as tools are recognised as expenditure in the year in which it incurred.

Only costs that are directly attributable to bringing the asset to working condition for its intended use are included in its measurement. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management.

Where no intangible asset can be recognised, development expenditure is charged to the statement of comprehensive income when incurred.

### Summary of the Money Advice Service's Amortisation Policy of Intangible Non-Current Assets

Intangible Non-Current Asset	Useful Economic Life
Internally generated website infrastructure	3 years
Software licenses	Amortised over the duration of the licence

### j Impairment of property, plant and equipment and intangible assets.

At the end of each financial year end the Money Advice Service reviews the carrying value of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks to the specific asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.



**k Leases**

Leases are classified as finance leases when substantially all the risk and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Money Advice Service has no finance leases in place.

The Money Advice Service has the following operating lease:

5 Floor, 120 Holborn (entered into 8 March 2014, expires 7 March 2024)

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

**l Provisions**

Provisions are recognised when the Money Advice Service has a present obligation, legal or constructive, as a result of a past event, if it is probable that the Money Advice Service will be required to settle that obligation and the amount can be reliably estimated.

Provisions are measured at the directors' best estimate at the reporting date of the expenditure required to settle the obligation.

Provisions are discounted where the time value of money is material and we use average inflation rate (currently 2%) to determine the discount rate.

**m Contingent liabilities**

The Money Advice Service recognises contingent liabilities when there is a present obligation legal or constructive as a result of a past event which is uncertain in timing and amount. A contingent liability is disclosed but not accrued, however disclosure is not required if the likelihood of payment is remote.

**n Reserves**

The Money Advice Service has set a general reserve policy, which is applied to separate reserves for Money Advice and Debt Advice levies whilst they remain separate funding streams. At present the Audit & Risk Committee has set the general reserve level at up to 5% of current years agreed funding and the reserve can accrue cumulatively from surplus income over expenditure. It can be used to fund general operating expenditure. Reserve amounts cannot be transferred between Money and Debt Advice. Decisions to utilise the reserve are taken by the Audit & Risk Committee on behalf of the board. If there is surplus income arising after all reserves have been agreed, this will be deducted from future funding levies raised in agreement with the FCA.

To the extent that any specific reserve is required for contractual obligations which may arise in future years, these will become special reserves. In the year ended 31 March 2013 we set up a special reserve of £1.75M for debt advice from the funding raised to cover the potential redundancy liability arising to 31 March 2012 on the grant agreements we have taken over from the Department for Business, Innovation and Skills (BIS). This reserve can only be utilised for potential payment of such redundancies, should the projects need to be closed early or at the end of their life (see note 19 for further details).

The Money Advice Service owns the organisations non-current assets, and thus all depreciation/amortisation and write down of non-current assets is apportioned wholly to the Money Advice Service. The Money Advice Service's assets are primarily used in providing Money Advice activities. A small recharge is made to Debt Advice for use of the assets. All depreciation/amortisation and write down of non-current assets is apportioned to Money Advice.

Interest Income is apportioned wholly to the Money Advice. During the year Money Advice and Debt Advice received the majority of their funding in the first 6 months of the year. We apportion income generated on surplus funds to Money Advice and we reduce the amount of recharged expenses from Money Advice to Debt Advice to account for the deposit income generated by Debt Advice surplus funds.

#### **o External Auditors**

Auditor's remuneration for audit services was £25,000. The audit fee is now VAT exempt as it is required by statute as a result of the Financial Services Act 2012 (2012/13 £21,000 exclusive of VAT).

The Service did not request any non-audit services from the National Audit Office (NAO) during the year because they do not provide non-audit services.

#### **p Critical accounting judgements and key sources of estimation uncertainty**

In the process of applying the Money Advice Service's significant accounting policies as described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Intangible assets - under IAS 38, no website build costs have been capitalised as additions during the year (the total capitalised expenditure to date is £2.6m). Management judgement has been applied in quantifying the benefit expected to accrue to the Money Advice Service over the useful life of the relevant assets. Those expected benefits relate to the fact that such software allows us to carry out our function more efficiently than alternative approaches. If the benefits expected do not accrue to the Money Advice Service, then the carrying value of the asset would require adjustment.

Costs associated with the development of our website infrastructure are capitalised only where: the Money Advice Service can demonstrate the technical feasibility of completing the infrastructure: the Money Advice Service has adequate technical, financial and other resources available to it as well as the intent to complete its development: and the Money Advice Service also has the ability to use it upon completion. In addition, costs are only capitalised if the asset can be separately identified, it is probable that the asset will generate future economic benefits, and that the development costs of the asset can be measured reliably. Expenditure on research activities, website content and applications are recognised as an expense in the year in which it is incurred.

### 3. Business and geographical analysis

#### Business units

The Money Advice Service has two primary work streams, being Money Advice and Debt Advice. These work streams can be further analysed as 5 core business units, the principal activities of which are as follows:

#### Money Advice

**Consumer Engagement and Service Delivery** - This area is responsible for all consumer engagement and service delivery activities including face-to-face sessions, Money Advice line (web chat and telephony), partnership delivery, printing and distribution of user-guides, communications campaigns, public relations (PR) and digital activities and product development.

**CEO's Office and Chair** - This area includes the executive leadership team, Board, Chairman and support services.

**Corporate Services** - This area is responsible for facilities, information systems, finance, procurement, human resources, programme management office, data security, governance and company secretarial activities.

**Strategy and Innovation** - This area includes policy development, customer and market insight, corporate strategy and proposition.

#### Debt Advice

**Debt Advice** - This activity includes the co-ordination and provision of Debt Advice in the UK.

We have provided details of the expenditure incurred by each business unit and we have also split Revenue by business unit proportionally to expenditure.

We have not segmented our balance sheet because we do not do this for management accounts purposes.

#### Geographic analysis

The statutory objectives of the Money Advice Service relate to those domiciled within the UK and the Money Advice Service has no foreign operations. No further geographical analysis is presented.



## 5. Surplus before taxation for the year

The surplus for the year has been arrived at after charging the following, which are included in administration costs.

	Note	Year Ended 31-Mar-14 £'000	Year Ended 31-Mar-13 £'000
Depreciation of property, plant and equipment	<b>11</b>	313.3	318.4
Amortisation of intangible Assets	<b>10</b>	1,016.2	543.5
External Auditors Remuneration		25.0	21.0
Employment costs	<b>8</b>	12,852.4	8,253.5
Operating lease rental		403.0	341.1

In accordance with our accounting policy, we review the carrying value of intangible assets to determine whether there has been any impairment loss, and if so, the extent. The impairment loss for the current year is £5,200 (2013 nil).

## 6. Expenditure

	Notes	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
<b>Cost of Services - Money Advice</b>			
Front line Delivery		7,399.8	7,718.3
Digital Service Delivery		683.4	1,113.1
Staff and Associated Costs	<b>8</b>	12,178.3	7,355.1
Support Services		2,573.7	2,436.5
Consumer Engagement		14,863.0	18,051.5
One off transitional costs (website build)		–	5,158.0
Proposition and Product Development *		1,691.3	626.0
IT Hosting and support services *		1,626.2	1,026.0
Consumer Insight and Research		1,842.4	1,471.0
<b>Total Cost of Services - Money Advice</b>		<b>42,858.1</b>	<b>44,955.5</b>
<b>Cost of Services - Debt Advice</b>			
Front line Delivery		32,838.0	30,233.1
Support Services		551.4	116.3
Staff and Associated Costs	<b>8</b>	674.1	898.4
Research and Evaluation		281.6	256.8
<b>Total Cost of Services - Debt Advice</b>		<b>34,345.1</b>	<b>31,504.6</b>
Depreciation and amortisation	<b>10 &amp; 11</b>	1,328.7	862.0
Write-down of non-current assets	<b>11</b>	6.9	109.3
Investment income		(343.2)	(321.7)
<b>Total Expenditure before tax</b>		<b>78,195.6</b>	<b>77,109.7</b>

\* We have added IT hosting and support services, proposition and product development expenditure for the year ended 31 March 2014 and these costs were included in one off transformation costs in 2012/13.

The above format corresponds with the categories used in our published business plan and funding requests for 2012/13, 2013/14 and 2014/15 submitted to the FCA. The transformation programme finished on 31 December 2012, we have not incurred any one off transitional costs during the year ended 31 March 2014.

## 7. Income

	Notes	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
<b>Levy income - Money Advice</b>			
Budget for year		43,762.0	46,255.0
Funds received for 2011/12 (in excess of budget)		680.4	245.4
Funds received for 2012/13 (in excess of budget)		346.7	–
Funds received for 2013/14 (in excess of budget)		331.3	–
Reduction of levy income due to underspend in previous financial year		(850.0)	–
<b>Total levy income - Money Advice</b>		<b>44,270.4</b>	<b>46,500.4</b>
<b>Levy income - Debt Advice</b>			
Budget for year		34,478.0	34,544.0
Funds received for 2012/13 (in excess of budget)		6.2	38.0
<b>Total levy income - Debt Advice</b>		<b>34,484.2</b>	<b>34,582.0</b>
<b>Total levy income</b>		<b>78,754.6</b>	<b>81,082.4</b>
Proposed levy income reduction 2014-15		<b>805.1</b>	

## 8. Staff costs

The average number of full-time equivalent employees (including executive directors) during the year was 97.7 (2013 76.1). The average number of full time equivalent employees in each function during the current year was as follows:

	Notes	Year ended 31-Mar-14 Average no of FTE	Year ended 31-Mar-13 Average no of FTE
Consumer Engagement & Service Delivery		34.9	30.5
CEO's Office		7.2	6.8
Strategy & Innovation		23.5	19.1
Corporate Services and Development		24.9	13.3
Debt Advice		7.2	6.4
Average number of full time equivalent employees		<b>97.7</b>	<b>76.1</b>
Employment costs (including executive directors) comprise:		Year ended 31-Mar-14	Year ended 31-Mar-13
<b>Core Operations:</b>			
Gross salary and taxable benefits		5,147.6	4,367.0
Contract and temporary staff	i	6,169.3	1,890.9
Redundancy costs		–	253.0
Employer's National Insurance costs		554.8	494.1
Defined contribution pension costs		306.6	350.1
<b>Total employee costs</b>	<b>6</b>	<b>12,178.3</b>	<b>7,355.1</b>
<b>Debt Advice:</b>			
Gross salary and taxable benefits		306.4	805.1
Contract and temporary staff		311.2	12.0
Redundancy costs		–	5.9
Employer's National Insurance costs		33.5	38.5
Defined contribution pension costs		23.0	36.9
<b>Total employee costs</b>	<b>6</b>	<b>674.1</b>	<b>898.4</b>

### Note i

Contract and temporary staff costs increased in the year reflecting the use of contractors to deliver digital products and was offset by equivalent savings in external service expenditure.



## Reporting of compensation scheme - exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total Number of exit packages by cost band	
	Financial Year 2013/2014	Financial Year 2012/2013	Financial Year 2013/2014	Financial Year 2012/2013	Financial Year 2013/2014	Financial Year 2012/2013
<£10,000	-	-	-	-	-	-
£10,000-£25,000	-	-	-	1	-	1
£25,000-£50,000	-	-	-	1	-	1
£50,000-£100,000	-	-	-	1	-	1
£100,000-£150,000	-	-	-	1	-	1
£150,000-£200,000	-	-	-	-	-	-
<b>Total number of exit packages by type</b>	-	-	-	<b>4</b>	-	<b>4</b>
<b>Total resource cost/£'000</b>	-	-	-	<b>253</b>	-	<b>253</b>

## 9. Taxation

The tax charge on ordinary activities is:	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Current tax on continuing operations	67.7	64.3
Income tax expense for the year	<b>67.7</b>	<b>64.3</b>

Corporation tax for 2013/14 is calculated at a rate of 20% of the estimated assessable surplus for the year. The total charge for the year can be reconciled to the accounting surplus as follows:

Surplus before tax on continuing operations	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Surplus before tax on continuing operations	558.9	3,972.9
Tax at 20% thereon	111.8	794.6
Effects of:		
Adjustment for activities not subject to corporation tax	(44.1)	(730.3)
Current tax charge for the year	<b>67.7</b>	<b>64.3</b>
Effective tax rate for the year	12.1%	1.6%

The Money Advice Service is not liable for corporation tax on its statutory activities. The tax charge arises solely on net interest receivable of £343,220 (£321,700- 2012/13).

The Money Advice Service calculates corporation tax at the small profits rate of 20% (2013 20%).

## 10. Non Current Assets– Intangibles

Cost	Software £'000	Website £'000	Total £'000
<b>At 1 April 2012</b>	67.0	558.6	625.6
Additions	117.3	2,073.0	2,190.3
Write-down	(3.0)	–	(3.0)
<b>As at 31 March 2013</b>	<b>181.3</b>	<b>2,631.6</b>	<b>2,812.9</b>
<b>At 1 April 2013</b>	181.3	2,631.6	2,812.9
Additions	76.2	–	76.2
Write-down	–	(5.2)	(5.2)
<b>As at 31 March 2014</b>	<b>257.5</b>	<b>2,626.4</b>	<b>2,883.9</b>
<b>Accumulated amortisation and impairment</b>			
<b>At 1 April 2012</b>	9.3	–	9.3
Charge for year	31.8	511.7	543.5
Write-down	(0.9)	–	(0.9)
<b>At 31 March 2013</b>	<b>40.2</b>	<b>511.7</b>	<b>551.9</b>
<b>At 1 April 2013</b>	40.2	511.7	551.9
Charge for year	141.8	874.4	1,016.2
Write-down	–	(2.5)	(2.5)
<b>At 31 March 2014</b>	<b>182.0</b>	<b>1,383.6</b>	<b>1,565.6</b>
<b>Carrying Amount</b>			
At 31 March 2014	75.5	1,242.8	1,318.3
At 31 March 2013	141.1	2,119.9	2,261.0
At 31 March 2012	57.7	558.6	616.3
At 31 March 2011	–	–	–

## 11. Non Current Assets – Tangibles

Cost	Leasehold Property Improvements £'000	Furniture & Fittings £'000	IT Equipment £'000	Total £'000
<b>At 1 April 2012</b>	16.6	19.2	943.7	979.5
Additions	–	5.9	81.5	87.4
Write-down	–	(6.8)	(169.1)	(175.9)
<b>As at 31 March 2013</b>	<b>16.6</b>	<b>18.3</b>	<b>856.1</b>	<b>891.0</b>
<b>At 1 April 2013</b>	16.6	18.3	856.1	891.0
Additions	739.0	298.8	131.8	1,169.6
Write-down	(16.6)	(18.3)	(4.2)	(39.1)
<b>As at 31 March 2014</b>	<b>739.0</b>	<b>298.8</b>	<b>983.7</b>	<b>2,021.5</b>
<b>Accumulated depreciation and impairment</b>				
<b>At 1 April 2012</b>	3.1	3.6	143.5	150.2
Charge for year	6.2	7.0	305.2	318.4
Write-down	–	(3.0)	(65.7)	(68.7)
<b>At 31 March 2013</b>	<b>9.3</b>	<b>7.6</b>	<b>383.0</b>	<b>399.9</b>
<b>At 1 April 2013</b>	9.3	7.6	383.0	399.9
Charge for year	6.7	10.7	295.8	313.2
Write-down	(16.6)	(18.3)	(0.8)	(35.7)
<b>At 31 March 2014</b>	<b>(0.6)</b>	<b>0.0</b>	<b>678.0</b>	<b>677.4</b>
<b>Carrying Amount</b>				
At 31 March 2014	739.6	298.8	305.7	1,344.0
At 31 March 2013	7.3	10.7	473.1	491.1
At 31 March 2012	13.5	15.6	800.2	829.3
At 31 March 2011	–	–	–	–

## 12. Trade and other receivables

(i) Analysis by type	As at 31-Mar-14 £'000	As at 31-Mar-13 £'000
Staff receivables	41.8	28.6
Prepayments	807.9	1,365.9
Trade and other receivables	<b>849.7</b>	<b>1,394.5</b>
(ii) Analysis by relationship with HM Government	As at 31-Mar-14 £'000	As at 31-Mar-13 £'000
Balances with central government bodies	–	–
Balances with local authorities	–	–
<b>Intra-government balances</b>	–	–
Balance with bodies external to government	849.7	1,394.5
Trade and other receivables	849.7	1,394.5
Cash deposits	14,282.3	9,620.9
<b>Total trade, other receivables, cash and cash equivalents</b>	<b>15,132.0</b>	<b>11,015.4</b>

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## **13. Financial instruments**

### **a Credit risk**

The Money Advice Service's credit risk falls into two main categories:

- i. the collection of fees from the financial services industry. The FCA collect fees on behalf of the Money Advice Service and transfers collected fees on a weekly basis. The FCA has a strong record in terms of collecting fees with bad debt experience averaging at less than 0.3% of fees receivable over the last 3 years; and
- ii. the placement of those fees as deposits with various counter-parties: the Money Advice Service only invests with those financial institutions that meet its minimum credit rating as assigned by credit rating agencies. The Money Advice Service also spreads its deposits across a number of counter-parties in order to avoid concentration of credit risk.

### **b Interest rate risk**

Other than cash held in bank accounts, all of the Money Advice Service's cash and cash equivalents are fixed-rate fixed term deposits and are not sensitive to variations in interest rates.

### **c Liquidity risk**

The Money Advice Service manages its liquidity by carefully monitoring the projected income and expenditure related to its day-to-day business. The Money Advice Service also has an overdraft facility with HSBC for £5M to mitigate liquidity risk.

## 14 Trade and other payables

(i) Analysis by type	As at 31-Mar-14 £'000	As at 31-Mar-13 £'000
Trade payables and accruals	7,423.9	3,800.7
Deferred Income	–	219.6
Other taxation and social security	206.6	171.5
<b>Total trade and other payables</b>	<b>7,630.5</b>	<b>4,191.8</b>
<b>Current tax liabilities</b>	<b>66.6</b>	<b>64.3</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade payables is 30 days. Directors consider the carrying amount of trade payables approximate to their fair value.

In accordance with IFRS 7 trade payables and accruals are classified as financial liabilities measured at amortised cost.

(i) Analysis by relationships with HM Government	As at 31-Mar-14 £'000	As at 31-Mar-13 £'000
Intra-government balances: balances with other central government bodies	206.6	171.6
Balance with bodies external to government	7,423.8	4,020.2
Total trade and other payables	7,630.3	4,191.8
<b>Total trade and other payables</b>	<b>7,630.5</b>	<b>4,191.8</b>

## 15. Provisions

	Dilapidation £'000	Total £'000
At 1 April 2013	40.0	40.0
Provided in year	134.9	134.9
Provision utilised in the year	(40.0)	(40.0)
<b>Balance at 31 March 2014</b>	<b>134.9</b>	<b>134.9</b>
<b>Analysis of expected timing of cash flow</b>		
Not later than one year	–	–
Later than one year and not later than 5 years	–	–
Later than 5 years	134.9	134.9
<b>Balance at 31 March 2014</b>	<b>134.9</b>	<b>134.9</b>

On 7 March 2014 our lease of 120 Holborn expired and we entered into a new lease on 8 March 2014 for a period of ten years. We removed the existing provision and replaced it with a new provision for the dilapidation of the office at the end of our current lease (7 March 2024). We have provided for £165,000 of dilapidation costs in relation to our lease of 120 Holborn, London. Our lease agreement clause 4(m) states at the end of the term the Money Advice Service shall return the demised premises to the landlord in the repair and condition required by the lease. We have detailed the expected timing of cash flows in the note above. The provision has been discounted by 2% over ten years to arrive at a net present value of £135,000.



## 16. Reconciliation of operating surplus to net cash inflow from operating activities

Cash flows from operating activities	Notes	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Surplus for the year from continuing operations		491.2	3,908.4
Interest received on bank deposits		(343.2)	(321.7)
Corporation tax expense	<b>9</b>	67.7	64.3
<b>Adjustments for non-cash items</b>			
Depreciation of property, plant & equipment	<b>11</b>	313.3	318.4
Write-down of intangibles	<b>10</b>	2.7	2.1
Write-down of tangibles	<b>11</b>	3.4	107.2
Amortisation of intangibles	<b>10</b>	1,016.2	543.5
Increase/(decrease) in provisions	<b>15</b>	94.8	(2,033.5)
Operating cash flows before movements in working capital		1,646.1	2,588.7
<b>Adjustments for movements on working capital</b>			
Decrease in trade and other receivables falling due within one year	<b>12</b>	544.9	1,417.7
Increase/(decrease) in trade and other payables falling due within one year	<b>14</b>	3,438.5	(13,592.8)
Net cash inflows/(outflows) from operating activities		<b>5,629.5</b>	<b>(9,586.4)</b>

## 17. Financial Commitments

The Money Advice Service has no other significant financial commitments other than the ones noted in note 18 & 19.

## 18. Operating lease commitments

At 31 March 2014 the Money Advice Service had outstanding commitments for the future minimum lease payments under non cancellable operating leases which fall due as follows:

	Year ended 31-Mar-14 £'000	Year ended 31-Mar-13 £'000
Not later than 1 year	502.7	425.0
later than 1 year but not later than 5 years	2,356.4	–
later than 5 years	3,354.8	–
	<b>6,213.9</b>	<b>425.0</b>

The above operating lease relates to the Money Advice Service office at 120 Holborn. We entered into the lease on 8 March 2014 for a 10 year period, ending 7 March 2024. We have been granted a 24 month rent free period at the start of the operating lease (March 14 - March 16). In accordance with IAS 17 leases we will amortise the rent free period over the duration of the lease. We also received £225,000 from the landlord as contribution towards renovations of the office, this will also be amortised over the duration of the lease.

## 19. Contingent Liabilities

On 1 April 2012 the Money Advice Service took on grant agreements previously managed by the Department of Business, Innovation and Skills for the provision of Debt Advice in the UK. This transferred any employee related liabilities accrued at the date of termination of these grant agreements to the Money Advice Service.

The FCA funding for the year ended 31 March 2013 provides cover for inherited redundancy liabilities (£1.75M), up to 31 March 2012. The lead organisations have now estimated the total redundancy liability up to 30 September 2014 at a maximum of £2.5m. We have therefore transferred £0.8m from our Debt Advice general reserve to our Debt Advice special reserve (which are ring fenced funds) to cover the expected increased redundancy liability. The £2.5m will be transferred to lead organisations in October 2014, after which any changes in the value of the liability will be met by those organisations, not by the Service.

## 20. Related party transactions

### Remuneration of key management personnel

The remuneration of key management personnel of the Money Advice Service is set in our remuneration report (page 69). The individuals identified in the remuneration report are the key management personnel as defined by IAS. This includes our Chairman and Board of executive and non-executive directors.

### Significant transactions with the Financial Conduct Authority (FCA)

Under statute (Financial Services Act 2010) the FCA approves our budget but does not have influence over the operations of the Money Advice Service. Accordingly, the FCA does not control the Money Advice Service, but does consider it to be a related party.

During the year, the FCA provided an invoicing and fees collection service to the Money Advice Service.

The FCA charged the Money Advice Service an amount of £95,000 excluding VAT for the provision of this service for the year ended 31 March 2014 (2012/13 £95,000 excluding VAT).

### Consolidation into HM Treasury

The Office for National Statistics (ONS) classified the Money Advice Service (formerly CFEB) on 26 August 2010 as an unclassified public body. As part of 'Clear line of sight' government bodies are consolidated into department accounts and budgets. Therefore the Money Advice Service will be consolidated into HM Treasury's accounts. We have provided our year end 31 March 2014 figures for consolidation.

We do not receive any funding from HM Treasury.

## 21. Losses and special payments

There were no losses or special payments during the current or prior year.

## 22. Special severance payments

There were no special severance payments made during the current or prior year.

## 23. Events after the reporting period

The Money Advice Service Directors' Report and Financial Statements for the year ended 31 March 2014 were approved by the board on 11 June 2014.

There were no significant events after the reporting period.

# Accounts direction from HM Treasury

# HM Treasury

HM Treasury  
1 Horseguards Road  
London SW1A 2HQ  
[www.gov.uk/hm-treasury](http://www.gov.uk/hm-treasury)

Money Advice Service  
Holborn Centre  
120 Holborn  
London  
EC1N 2TD

10 May 2014

## **ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 5(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000**

1. This direction applies to Money Advice Service (MAS).
2. MAS shall prepare accounts for the financial year ended 31 March 2014 in compliance with the accounting principles and disclosure requirements of in accordance with the Companies Act 2006 and International Financial Reporting Standards as adopted by the EU.
3. In addition to compliance with the Companies Act, MAS shall also have regard for the requirements and principles identified in the Government Financial Reporting Manual issued by HM Treasury ("the FReM") for the financial year for which the accounts are being prepared to the extent that they clarify or build on the requirements of the Companies Act. This includes in the following areas:
  - a) Governance Statement
  - b) Remuneration Report
  - c) Fair Pay Disclosure
  - d) Exit Packages
  - e) Balances with other government bodies
  - f) Losses and Special Payments
  - g) Special Severance Payments
4. MAS is not required to comply with the FReM disclosure requirements in the areas below for the financial year ended 31 March 2014, although it may need to consider compliance for future years:
  - h) Sickness absences
  - i) Sustainability report
5. The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs at 31 March 2014," and subsequent financial year ends, and the result, changes in tax payer's equity and cash flows for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

Kate Ivers





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Typetalk **1800 1 0300 500 5000**

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