

Annual report 2010/11

Introduction from the Chair

Change is rarely straightforward. It can be challenging, uncomfortable, and disruptive. Our clients know this as they continue to face issues associated with the current economic climate. Bureaux also know this as they continue to stress the role they can play in the community amidst funding pressures. This has been a year of change; for the service and for our clients.

In times of change, there is also opportunity. Everyone is under pressure to provide services during this challenging time as efficiently and effectively as possible. The Citizens Advice service can do just that.

Despite all the challenges that change brings with it, we need to maintain the energy and conviction that our service can do more for clients. All of us, either collectively or individually, have faced and will face funding cuts. But the service has not yielded. As a result of promoting the role of Citizens Advice, the government has given us an unequivocal vote of confidence to name us as the service to provide information and advice. As a result of this, we will be expanding our role in the consumer landscape. We hope and expect that further opportunities will develop in the future for us to do more.

We do not and should not only change when the environment changes. That can lead to stagnation. So, we have also had a busy year in other areas: we have developed and are now deploying a new customer relationship management system called Petra; we have been rolling out Adviceline; we have started a new debt management programme; and launched our new leadership programme. This is not stagnation. This is strengthening the bedrock on which this great service stands.

The work of those on the frontline is as important as ever in these challenging times. The huge contribution made by our volunteers is as integral to this service as it is humbling.

So let us embrace change and what it may bring in the future. If we are prepared for it we can use it to the advantage of delivering more or better services to our clients. With that aim, it will always be a change for the good. We must pursue that aim because everything changes but change itself. So, in the words of Tennyson, "let the great world spin for ever down the ringing grooves of change."

Trustees' report

The trustees of Citizens Advice present their audited financial statements for the year ended 31 March 2011.

Our performance against our charitable activities will be illustrated over the next few pages. Our charitable activities are:

- Providing quality information and advice
- Influencing policy
- Strengthening the bureaux network
- Projects in partnership
- Delivery of services

We also have a cross cutting objective in our commitment to equality. Our Fair Accessible Inclusive Relevant (FAIR) strategy aligns with the service strategy.

Changing times

This year has been a year of significant challenge and opportunity for Citizens Advice with a grant-in-aid cut and the government asking the service to take on significant consumer responsibilities.

The government has proposed that the Citizens Advice service should be the place consumers go to in time of need. We have been offered the opportunity to take on the responsibilities of the telephone and web advice provision of the Consumer Direct service from 2012. Furthermore there is a proposition, subject to consultation and legislation, to run consumer advocacy and advice services (currently under Consumer Focus).

“Under our proposal, the Citizens Advice service will be responsible for all non-financial consumer education, information and advice – with an even higher public profile once it takes responsibility for the Consumer Direct helpline. At the same time, we propose to transfer to the service most of the consumer-related research and advocacy work currently done by the OFT and Consumer Focus”

Edward Davey, MP, March 2011

These activities are within our charitable objectives as defined by our Memorandum of Association that states that our objects are to promote any charitable purpose for the advancement of education, the protection and preservation of health and the relief of poverty, sickness and distress. They also align with our 2010-2014 strategic plan.

Changing lives

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

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This year:

- 2.1 million clients were advised by bureaux on 7.1 million problems.
- There were 14.2 million visits to our advice and information website – www.adviceguide.org.uk – from 9.5 million visitors.
- An estimated 6.8 million people positively benefited from our policy work.

We aim to record outcomes across all types of advice enquiry for at least five per cent of our clients, and at January 2011 we recorded six per cent – the largest data set of advice outcomes in the UK. Debt is again the number one advice issue in bureaux, accounting for one in three of all enquiries. This was also the case last year, our debt outcomes results¹ on those 2009/10 enquiries show:

- Over 16,700 clients had one or more debt written off.
- A total of £201 million worth of debt was written off.

Individual benefits extend beyond purely financial gains. Clients report improvements in health, feel more in control of finances, attribute improved relationships down to advice received and do not spend all or most of their time worrying about their debts².

How we're structured

Citizens Advice Bureaux deliver advice services from over 3,500 community locations in England and Wales, run by 382 individual registered charities (members)³, giving us more outlets than even the top two supermarket chains. Citizens Advice itself is also a registered charity, as well as being the membership organisation for bureaux. Together we make up the Citizens Advice service. Of the 28,500 people who work for the service, 21,500 are volunteers and 7,000 are paid staff

Through the infrastructure it provides, Citizens Advice equips bureaux to deliver the highest quality advice to their local community. In turn, customer evidence submitted by bureaux alerts Citizens Advice to widespread problems that require action at a national level.

Bureaux returned an 88 per cent satisfaction rating for the services that Citizens Advice provides them.

¹ For a summary of all types of advice outcomes for the same period see *The outcomes of CAB advice*, Citizens Advice, June 2011.

² *A Helping Hand: The Impact of Debt Advice on People's Lives*, Legal Services Research Centre, 20

³ A further 22 individual registered charities in Northern Ireland are also members of Citizens Advice as well as members of the Northern Ireland Association of Citizens Advice Bureaux (NIACAB). Activities of these bureaux are recorded in NIACAB's annual report and accounts.

“We are very pleased with the level of support we receive. Thank you”
Bureau feedback survey, 2010

How the public knows us

“If you need information or advice, go to Citizens Advice.”
Vince Cable, MP October 2010

Our brand is recognised by 97 per cent of the population⁴. We are the charity for the community. Our geographical reach ensures we are available for clients in all communities and we know there will always be people who need to access our services through face-to-face support. Yet modern technology has revolutionised the way we communicate, and is increasingly changing the ways that people expect to access products and services. This, coupled with the fact that the need for our services increases in tough economic times, has led us to develop our access points to ensure clients' advice and information needs are met as quickly and as effectively as possible.

We offer information through face-to-face, phone and email services and online via www.adviceguide.org.uk. We reach out into communities with the 3,500 locations Citizens Advice Bureaux that make face-to-face advice available from a variety of places including high streets, communities, doctors' surgeries, courts and prisons.

Our charitable activities

The trustees' report explains how we have benefited the public within each of our charitable activities.

When setting the objectives and planning the work of the Charity for the year, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Providing quality information and advice

“Citizens Advice is already an active champion for the consumers, helping them get a better deal and making it simpler and easier for them to get the information and advice they need.”

Gillian Guy, Citizens Advice Chief Executive, March 2011

We want to be the first choice for advice and information and will ensure our clients gain faster access to our services.

We saw 2.1 million clients this year, slightly short of our target of 2.2 million clients. The shortfall was due to the threatened closure of the Financial

⁴ *Awareness and perceptions of Citizens Advice Bureaux*, BMRB, 2009.

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Inclusion Fund (FIF) programme and running down of the 'Additional hours of advice' project. (See page 8 'Projects in partnership' for more information). The exceptional weather conditions in November and December also impacted on customer numbers.

We achieved our target that 15 per cent of our clients were black, Asian and minority ethnic (BAME).

Adviceguide.org.uk is our advice and information website. Last year we forecast that 11 million visitors could be using the website by 2012/13. We are well on target. This year the site received 14.2 million visits, an increase of 35 per cent, from 9.5m visitors.

Our telephone service, Adviceline, is fully operational in Wales. Adviceline in England has rolled out to 83 member bureaux and will be fully operational in 200 bureaux by the end of 2011/12. We forecast that there will be 243,000 calls answered by Adviceline in the next financial year.

We take pride in ensuring our advice is accurate, consistent and effective for our clients to ensure a positive outcome. We are the only national provider that systematically and comprehensively audits the quality of advice delivered by its members to the public.

We know that our clients want to access our advice in the most convenient way, whether this be by traditional face-to-face advice or through the telephone, internet or email. We have a strategy in place that will use modern technology for easier access and are developing a customer relationship system – 'Petra' – that will mean every stage of our customer journey is captured with no need to repeat their information. All bureaux will be using Petra by the end of 2011/12.

We have also signed an agreement with the Cabinet Office to explore ways to help clients who do not have internet access at home or, for other reasons, find it difficult to use digital government services.

Influencing policy

"Citizens Advice has done fantastic work during the recession, exposing the problems with charging orders, letting agents, doorstep mis-selling, sub-prime mortgage brokers and debt management companies."

Lauren Thompson, personal finance reporter, *The Daily Mail*

We change lives. We estimate that our policy work positively impacted on 6.8 million people. This included 5 million through joint working with UK Cards in improving terms and conditions for credit card holders at risk of financial difficulty.

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August 2010 saw another campaign success when the Financial Services Authority announced a firm crackdown on the way banks had been dealing with complaints about mis-sold Payment Protection Insurance (PPI) policies. The new rules were announced following a long campaign by consumer groups, including Citizens Advice. We submitted a super-complaint to the Office of Fair Trading (OFT), which asked the Competition Commission to investigate.

We stated that we would continue to lead evidence-based influencing campaigns and this year 92 per cent of our members engaged in at least one social policy campaign. We received over 50,000 client evidence forms that contributed to our campaigns against injustice.

In a survey of MPs, our campaign for increasing funding for our bureaux and our part in the 'Justice for All' campaign came second and third respectively out of 14 when those participating were asked if they were aware of charity campaigns⁵.

Examples of our social policy work in 2010/11 include:

- Positioning ourselves to best protect our clients for a 2011 Welfare Reform Bill that will enable the most radical reform of the welfare system since its inception.
- Submitting a detailed response to the Ministry of Justice on its proposals to change legal aid, devising a model response for bureaux to use and playing an active part in the Justice for All campaign to lobby on legal aid changes.
- Undertaking lobbying work jointly with Shelter about the need for responsible mortgage lending rules.
- Publishing *Cashing in*, a joint evidence report with Citizens Advice Scotland on the upfront fees and cold calling by credit brokers. We submitted the report as a super-complaint to the OFT.

Our 2010/11 *Social policy impact report* details more of our extensive work in this area.

Strengthening the bureaux network

“The Citizens Advice service... is a respected brand served by a network of volunteers whom people really trust. In many ways, they are one of the best examples of the big society in action.”

Edward Davey, MP, March 2011

We have a fantastic network of volunteers – we estimate that the value of the work they carry out is equivalent to over £110 million per year.

⁵ Charity Parliamentary Monitor Survey of MPs, nfpSynergy, March 2011.

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The trustees are extremely grateful to our volunteers who have given their time during the year and without whose contribution the charity would not be able to function as effectively or fully as it does. Our charity is served by local people for local people.

A truly nationwide service, our geographical spread of 98 per cent ensures that our services are available and accessible to society as a whole. It is the role of Citizens Advice to support our members and have the infrastructure in place to ensure that they can provide a quality service to our clients.

Last year we stated that we would work with our members to develop a plan to strengthen and sustain our network. We are currently consulting with our members on network development.

We also stated that we would continue to provide a range of high quality management consultancy, audit and support services to our members.

Our Bureau Management Information system (BMIS) website is the first point of contact for all matters relating to bureau management. Bureaux continue to appreciate this resource, recording a satisfaction rating of 96 per cent in the 2010 bureau satisfaction survey.

Our Bureaux Direct service provides bureaux with telephone support in specialist areas. This year we received 3,870 calls, an increase of 25 per cent. Human Resources was the most common theme, accounting for 46 per cent of the calls. This resource received satisfaction ratings of 97 per cent for access and 95 per cent for quality of advice.

“Bureaux Direct is the flagship of support provided to bureaux.”
Bureau feedback survey, 2010

We run regular area and chief officers' forums for all members to discuss and consult on strategic themes, encouraging constructive dialogue between and from our members.

In 2010/11 we delivered 1,464 training sessions to our bureaux staff and volunteers. This fell just short of our 1,500 target, due to the severe weather conditions in November and December when delegates or tutors were often unable to travel to the venue.

We said we would invest in a leadership programme and this was launched this year with Cass Business School – recognised world-wide as a centre of excellence for education and research in the non-profit sector – as our strategic provider. This programme is open to bureaux managers and trustees as well as Citizens Advice senior managers.

Significant work was undertaken to introduce a customer charter. However, after consultation with bureaux, it was agreed to defer this and develop the concept further in 2011/12.

Projects in partnership

"I feel Citizens Advice has performed well over the last few years... taking advantage of funding opportunities which can then be passed on to the local services."

Bureau feedback survey, 2010

Our clients are our priority. Whether working in partnership with our member bureaux or in collaboration with other agencies, we join up to ensure our advice is delivered as effectively as possible.

The five-year Financial Inclusion Fund, designed to tackle over-indebtedness, has helped just under 300,000 clients up to the end April 2011. The programme was threatened with closure throughout the year but the Government acknowledged its importance and announced £27 million for the provision of face-to-face debt advice between April 2011 and March 2012. However, at the time of going to print, it is unclear whether the services will be able to continue beyond that time.

The Additional hours of advice project was extended to spring 2011 with an extra £0.8m funding from central government. This enabled bureaux to see 50,000 more clients. The overall number of clients helped through the two-year life of this project (February 2009 to March 2011) was 925,000 against an initial target of 615,000.

We recorded Additional hours of advice outcomes in 38,000 cases and £84 million in benefits were achieved by this sample alone.

During the project over 5,000 volunteers were recruited and we expect to retain in the region of 3,500 of those to support ongoing initiatives.

There is still a clear demand for the Additional hours of advice service and government funding provided the opportunity to meet some of that extra demand. Despite the loss of funding, bureaux are still working hard to meet the needs of our clients.

We appointed a debt management plan partner to offer clients for whom such a plan is considered to be the most appropriate debt solution the option to be referred to a preferred partner automatically. Consumer Credit Counselling Service (CCCS) was appointed and a pilot began in May 2011.

Recognition of our successful partnership work came in September 2010 when we won two *Third Sector* awards. The Barclaycard funded Horizons project, supporting lone parents in the areas of money, work and education, on which we work together with Family Action and Gingerbread, won the Corporate Partnership category. Our work with Macmillan Cancer Support, which now sees 43 welfare benefits advice services for people affected by cancer provided through 76 Citizens Advice Bureaux, won the Charity Partnership category.

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We were successful in winning a contract to deliver money guidance in Wales. The Money Advice Service gives free in-depth support, tailored to individuals' circumstances and needs, on a whole range of money matters. Equivalent services in England are being delivered by another provider who is subcontracting services to us in the North East. We are developing seamless money and debt advice, moving away from fragmented services and funding.

We are always grateful to our donors and this year Prudential agreed to extend funding of the Financial Capability core team until 2014, committing £1.165 million over three years.

RBS awarded £1.5m over three years and EDF provided £0.5m, for Adviceline sponsorship. Further donors are mentioned on page 12.

Delivery of services

The production and sale of information products remains a key activity in achieving the aims of the charity, including both the Adviser and Advisernet. In addition, we have been able to attract increasing levels of sponsorship through our trading subsidiary, particularly £1.5 million over three years from the Royal Bank of Scotland in support of Adviceline.

Our commitment to equality

"Discrimination matters. It is important we recognise it and act appropriately."

Bureau feedback survey, 2010

We have a strong commitment to equality and our FAIR strategy is developed in alignment with the service strategy. Eighty per cent of our bureaux use our FAIR equality and diversity strategy.

We trained over 600 advisers on discrimination advice in 2010/11.

We said we would support the effective implementation of the Equality Act and we achieved this, by a public awareness campaign during Advice Week in October 2010, updating AdviserNet and Adviceguide and policies, and training advice session supervisors.

Support received from Citizens Advice in advising clients from disadvantaged or discriminated-against groups received a 96 per cent satisfaction rating from bureaux in our annual survey.

There has been progress made with increasing the diversity of our staff, with the number of disabled staff increasing by one per cent to five per cent. We have also retained the 'two tick standard'.

Moving forward

“In essence, we’re creating a one-stop shop helping all consumers – online, on the phone and face-to-face. While at the same time, the Citizens Advice service will have more strategic know-how to advise and campaign on the big issues which affect us all as consumers.”

Edward Davey, MP, March 2011

We face a year of opportunity. All our efforts are geared to ensuring all our clients receive the best possible advice. We want to be the first choice for advice for everyone and we want to be as accessible as possible.

Below we set out some of our key priorities for 2011/12:

Delivering and implementing change

Our service is evolving. We will be taking lead responsibility for the non-financial consumer education, information and advice and consumer-related research and advocacy functions currently undertaken by the Office of Fair Trading and Consumer Focus. This is a huge vote of confidence in the Citizens Advice service.

We will develop contact centres, capture customer evidence necessary to support investigations and research by Trading Standards and have effective referrals and working relationships at a national, regional and local level.

Transform the advice process for clients and advisers

We are rolling out a new customer relationship management system – ‘Petra’ – to enable us to capture customer information in a seamless and effective way. All bureaux will be using Petra by the end of 2011/12.

We will begin to implement new services to support the changing environment, in particular the delivery of telephone advice on consumer issues.

Develop holistic and preventative money advice services

We want to take a leadership role in promoting the need for, and securing, private and public sector funding for money advice to be delivered by the voluntary sector.

We will establish ourselves as a leading voice in personal finance and debt policy, working with national consumer organisations and using our learning from delivery to consolidate our influence on government and corporate policies.

Extend our policy and campaigning work

Our campaigning will continue to protect individuals’ hard won rights in areas such as employment, housing and equalities.

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We will respond to and influence significant reforms and changes affecting clients, and bureaux, in the areas of welfare, legal aid, public services, and funding for local advice services.

We will work with government regulators and businesses to highlight gaps in regulation and compliance and push for improvements so that consumers get a fair deal.

Strengthen our network

There is a need to make the transition to a new sustainable structure for the bureaux network and a new model for Citizens Advice support. In doing this we will sustain the CAB network through the current funding crisis and beyond.

We will continue to support bureaux to deliver high quality services to clients throughout England and Wales.

Promote partnerships and build support

We will promote and support national, regional and local partnership development.

We will create a new quality assurance framework to underpin our national and local delivery partnerships so that we can have confidence in the integrity, ability and capacity of other agencies we direct our clients to.

Enlarge and develop our workforce

We will develop people across the service and ensure we remain a great service to work and volunteer for.

Our volunteers are important to us. We want to broaden the range of roles volunteers can play in the service, speed up training, provide more training and support and develop clear 'volunteer paths'.

In partnership with Cass Business School, we will continue to provide a leadership programme for our leaders and managers.

Make equality and diversity part of everything we do

We will be looking to ensure that the reform of the Equality and Human Rights Commission results in a strong and independent body, and in people having the best possible access to discrimination advice.

Equality and diversity will be embedded in all aspects of design and implementation of change arising from the new consumer landscape and our organisational and network transformation.

"The Citizens Advice service is...unique in its combination of long-standing expertise in national policy and frontline help for people. So we have a real opportunity to strengthen this connection between the needs of consumers with a strong national policy and advocacy function"

Edward Davey, MP, March 2011

Thank you to our donors

Citizens Advice is a charity and relies on funding from Government bodies, companies, charities and many others to make a difference to the lives of individuals, families and communities. We thank the following for their support during 2010/11.

Government grants

Department for Business, Innovation and Skills
Department for Communities and Local Government
Department for Work and Pensions

European Commission (Education, Audiovisual and Culture Executive Agency via the European Citizens Action Service)
Her Majesty's Revenue and Customs
Her Majesty's Treasury
Welsh Assembly Government

Public bodies

Bedford Borough Council
Devon County Council
East of England Development Agency
Equality and Human Rights Commission
Consumer Finance Education Body
Financial Services Authority
Greater London Authority
The Insolvency Service
Kent Probation Service
Legal Services Commission
London Borough of Islington
Welsh Language Board
West Yorkshire Grants

Other

Barclays Bank plc
Barclaycard
Big Lottery Fund
Citi Foundation
Trust for London
Consumer Credit Counselling Service
EDF Energy
E.ON Energy
Eurofax
HBOS Foundation
Learndirect (UFI) Ltd
HSBC Bank plc
Macmillan Cancer Support
Money Advice Trust
npower
Nationwide Building Society
Northern Rock Foundation
Ofgem
PLUSS
Provident Financial plc
Prudential plc
The Royal Bank of Scotland plc
Royal British Legion
Santander Foundation
ScottishPower
Scottish and Southern Energy
Shelter
Turn2us

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

Structure, governance and management

The Trustee Board

Citizens Advice is governed by the Trustee Board which:

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

The membership of the Trustee Board for the year ended 31 March 2011 is set out below incorporating any changes post year end. The trustees are also directors of Citizens Advice for the purposes of Company Law.

In our annual bureau feedback survey our members returned a 91 per cent satisfaction rating for 'the overall effectiveness of the governance of Citizens Advice by the Trustee Board'.

Recruiting and training and trustees

Proposals for recruiting a Trustee Board of up to 12 trustees appointed on basis of skills and expertise were agreed by our CAB members voting at the AGM in September 2010. The changes will develop a more diverse Board and guidance (*Standing Orders for Citizens Advice Trustee Board Recruitment*) ensures trustees include those with bureau expertise and are a balance of men and women drawn from across England and Wales, a range of age groups, religions and beliefs, sexual orientations and of disabled persons. The Trustee Recruitment Committee, made up of three trustees, two people from CAB and an external expert, was created to lead on searching for, appointing and developing Citizens Advice Trustees.

The new arrangements for Trustee appointments are explained in broad terms in our Articles of Association ['The Trustee Board shall comprise up to 12 trustees, all of whom will be appointed by the Trustee Board']. More detailed provisions, including the need to make sure all trustees share the values of the CAB service and are recruited from across England and Wales to ensure geographical balance, are laid out in Standing Orders and the recruitment committee's Terms of Reference.

New trustees are appointed as existing trustees' terms of office come to an end. Trustees may serve a second three year term of office if the Board confirms that their performance has been satisfactory and their skills are still required by the Board. In January 2011 adverts for trustees appeared in the national press. Over 70 candidates with a good range of skills and backgrounds applied. Shortlisted candidates were interviewed by the Trustee Recruitment Committee. The Trustee Board appointed Mike Weaver to serve as Honorary Treasurer and Mark Gamsu as a trustee with effect from 1 May 2011. Two further appointments will be made in September 2011.

All new Trustees receive a full induction from Citizens Advice and our intranet site, CABlink, contains designated pages with information to support trustees in their roles, including a trustee handbook. The training needs of individual

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trustees are reviewed and specific training is provided as necessary. The trustees also take time during the year to focus on particular areas of the business outside of the duties at board meetings.

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

- select appropriate accounting policies and apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, and explain where they haven't been followed.
- use a going concern basis to reporting unless it is inappropriate to presume the charitable company will continue.

The trustees and Chief Executive are also responsible for:

- Keeping proper accounting records which disclose the financial position of Citizens Advice and enable them to ensure that the financial statements comply with the Companies Act.
- Taking such steps to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.
- Ensuring the regularity and propriety of the public finances, as set out in the Financial Memorandum with the Department for Business Innovation and Skills (BIS).
- The maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each trustee confirms that:

- a) in so far as the trustee is aware, there is no relevant audit information of which Citizens Advice's auditors are unaware.
- b) he/she has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities and setting appropriate policies for the year.

Organisational structure and decision making

Responsibility for day-to-day management matters and the implementation of policy is delegated to the Chief Executive, within a clearly understood framework of strategic control.

The Chief Executive is supported by the executive directors:

Executive directors

Gillian Guy	Chief Executive
Shani Fancett	Director of Membership Services
Keith Gilbey	Director of Strategic Development

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John Humpston Director of Corporate Services
Teresa Perchard Director of Policy

David Harker CBE retired as Chief Executive in June 2010.

Mike Dixon was appointed as Assistant Chief Executive in April 2011. Alistair Cromwell was appointed as Change Programme Director in May 2011.

Shani Fancett retired as Director of Membership Services on 17 June 2011. Sue Wigley was appointed to the new post of Director of Network Operations from 20 June 2011.

The Trustee Board and Executive Team regularly communicate and ensure strategic direction is agreed and executed.

Member bureaux take part in the policymaking in a variety of ways such as consultation, area and Wales forums, as well as by voting on the resolutions at the AGM. The Trustee Board meets at least six times a year. Area forums are also held to ensure bureaux are consulted fully about proposed changes in the service.

The Trustee Board can delegate responsibility for specified matters to the following committees:

- Membership and Standards Committee (which has responsibility for the membership to the Association of Bureaux and seeks to uphold standards of the Association).
- Equalities Committee (which maintains an overview of Equality and Diversity issues).
- Performance Review and Audit Committee (which monitors the financial and non-financial performance of Citizens Advice)
- Trustee Recruitment Committee (which is responsible for the recruitment and development of Citizens Advice trustees).
- Chairs Committee (which takes action which is urgently necessary between the regular meetings of the trustee board and which does not fall to any other committee).

Decisions taken by individual members or committees of the Trustee Board under delegated powers are recorded in written minutes available to the Trustee Board as a whole.

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Name	Role	Date appointed	Date resigned	Member of committee
The Rt Revd. John Gladwin	Chair	08.09.09		EC, CC, TRC
Gerald Broadbent		31.03.08		PRAC
Sacha Deshmukh		24.02.10		CC
John Devine OBE		16.11.04	14.09.10	
Annie Hedge		24.02.10		EC
Sheila Hendrickson-Brown		08.09.09		
Craig Lane		26.09.07	15.02.10	EC
Belinda Leathes		30.11.05		PRAC
David Livesey		03.05.05		CC, MSC
Jane Mordue		26.09.07	14.09.10	CC, MSC, TRC
Jane Mordue	Deputy Chair	27.10.10		CC, MSC, TRC
Martin Mosley		07.12.06	30.04.11	
Paul Nicholls		08.09.09		
Gordon Pankhurst	Deputy Chair	16.02.05	14.09.10	CC
Stephen Potts		07.06.07	14.09.10	
Jack Scott		23.09.08		
Jonathan Tross CB	Honorary Treasurer	06.04.05	30.04.11	CC, PRAC, TRC
Mike Weaver	Honorary Treasurer	01.05.11	27.07.11	CC, PRAC
Mark Gamsu		01.05.11		

Employee involvement

Trustee Board papers, including agendas and minutes are available to all employees. Regular meetings are held between management and the union, and the union and its members to discuss Citizens Advice activities. Citizens Advice pays the salary for a full-time union representative and pays the costs of staff travelling to union meetings. An employee satisfaction survey is carried out periodically and the results are used to influence management decisions in the future.

Equal opportunities

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

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

Risk management and internal controls

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

Citizens Advice's operations expose the Charity to a variety of financial risks. However, as it is a debt free organisation with a positive cash-flow, the impact of interest rate changes, debt market prices and liquidity are extremely low. Citizens Advice has no exposure to equity securities. It holds no significant investments. Other price risks are not considered to be significant to Citizens Advice due to the nature of its activities.

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

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

The Statement of internal control included within this document (see page 24) sets out the risk and control framework.

Responsibility towards the environment

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

Our legal status

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

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

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Citizens Advice commenced operations on 1 October 1979 at which date the assets and liabilities of the unincorporated National Association of Citizens Advice Bureaux were acquired as represented by the CAB General Fund (see note 18).

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

Our administrative details

Company Number: 1436945

Registered Charity Number: 279057

Company Secretary: Joanne Hampton

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

Auditor:
Baker Tilly UK Audit LLP
25 Farringdon Street, London EC4A 4AB

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

Bankers:
Barclays Bank PLC
1 Churchill Place, London E14 5HP

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

Vizards Tweedie
42 Bedford Row, London WC1R 4JL

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

Dickinson Dees
112 Quayside, Newcastle upon Tyne NE991SB

Pension Scheme Actuary:
Jardine Lloyd Thompson Benefit Solutions
251 High Street, Orpington, Kent BR6 0NT

Financial review

Citizens Advice is funded by a grant-in-aid from BIS, a variety of project based income, trading income and other income. The total income for the year was £62.3m (2010: £65.2m) being a decrease of five per cent. The largest falls were a reduction in our core grant as a result of the funding cuts earlier in the year and a reduction in the money received for the Additional hours of advice project.

The Statement of financial activities for the year ended 31 March 2011, shows net expenditure across all funds of £0.04m (2010: net income of £0.8m). This represents a culmination of net income and expenditure across individual funds.

The BIS unrestricted fund showed net expenditure of £0.03m (2010: net expenditure of £0.9m). There were some material one off investments made from this fund in the year to pay for redundancy costs (which are disclosed as an exceptional item), transition of IT supplier and to build a new customer relationship management (CRM) system. The expenditure incurred on the development of the CRM has been capitalised on the balance sheet.

Other unrestricted funds end the year with a surplus of £0.5m before transfers (2010: £0.1m). This was higher than expected due to the receipt of £0.2m of legacy income.

There was a deficit of £1.1m (2010: £0.1m) on the restricted BIS fund which encapsulates income and expenditure related to the Financial Inclusion Fund project. The reason for this was due to a recognition that surplus funds on this project are due to be repaid to BIS.

The other restricted fund incorporates all non-BIS restricted income and expenditure on a variety of projects. The net income of £0.6m before transfers (2010: £1.8m) was predominantly due to timing differences between income and expenditure.

The consolidated financial statements include the results of Bedford CAB up until 28 March 2011 when Citizens Advice ceased its interest. The financial results of our trading subsidiary, Citizens Advice Limited, have also been consolidated. It is worth noting that Citizens Advice Limited has to comply with a different set of accounting policies than Citizens Advice, as a result of which £0.4m of sponsorship income has been recorded in the consolidated accounts but deferred in the subsidiary accounts. The Charity's accounts are for Citizens Advice only and do not include the financial results of the individual bureaux, which are separately constituted charitable organisations.

Looking ahead, we expect to receive more money from BIS to fund the set up of new consumer contact centre services. These services will need to be in place from 1 April 2012 from which point we expect our grant-in-aid to increase to pay for this extension of service.

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The Charity has allocated its income to meet its charitable objectives in the following ways:

	2011 (£m)	2011 (%)	2010 (£m)	2010 (%)
Providing quality advice and information	9.0	14	10.6	16
Strengthening the bureaux network	14.9	25	15.9	25
Influencing policy	3.2	5	4.3	7
Projects in partnership	32.7	52	31.5	48
Delivery of services	1.3	2	1.2	2
Governance costs	0.2	0	0.4	1
Costs of generating funds	0.4	1	0.5	1
Exceptional item: (compensation for loss of office)	0.6	1	0	0
	62.3	100%	64.4	100%

The financial statements below comply with the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities as revised in 2005 and the Companies Act (2006), the accounts section of the BIS Financial Memorandum and the annual reports and accounts guidance from the central Treasury Accountancy Team and HM Treasury.

Going concern

The review of financial performance and the reserves position is set out above. Citizens Advice has adequate financial resources and is well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We acknowledge our pension fund obligations but we have a clear strategy to recover the deficit over the next 17 years and have planned our cash flows on that basis. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future, and believe that there are no material uncertainties that call into doubt the ability of Citizens Advice to continue as a going concern. The accounts have therefore been prepared on the basis that the group is a going concern.

Reserves policy

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

While we aim to manage our BIS unrestricted reserves to meet the above, our maximum allowed unrestricted BIS balance is equal to one month's BIS grant in aid. The year end balance was a surplus balance of £0.5m (2010: £0.6m)

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after restatement). Other unrestricted reserves were £4.1m as at 31 March 2011 (2010: £3.3m).

Restricted reserves, which showed a year end position of £6.6m at 31 March 2011 (2010: £7.4m), represent the balance of ongoing projects. Restricted balances are held for the purposes of the project in question and do not form part of the reserves policy other than to spend the money in accordance with the funders' restrictions.

Investment policy

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

All surplus funds are invested at the best interest rates attainable within an acceptable level of risk. Interest rates are monitored regularly. Citizens Advice considers it to be prudent to hold all surplus funds in an interest bearing account so that there is no risk to the capital amount of funds. This is to protect the grant awarded to Citizens Advice for the purpose it was intended.

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

Statement of internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Citizens Advice's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Citizens Advice for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

The risk and control framework

The *Risk management strategy*:

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

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

Risks are identified and evaluated in the following ways:

- Regular review by the Trustee Board, Performance Review and Audit Committee and the Executive Team.

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

Citizens Advice has a balanced approach to 'risk taking' and adopts an active approach to the mitigation of risk. From the risk register reviewed during the year, it was noted that 35 per cent (2010: 36 per cent) of net risks were high, 62 per cent medium (2010: 59 per cent), and 3 per cent low (2010: 5 per cent).

The most significant risks faced by Citizens Advice were identified by the Trustee Board in the year and relate to the following:

- The organisation fails to implement the Channel strategy and the service fails to get the benefit of improved access.
- The bureaux network weakens as a result of funding issues.
- The network weakens as a result of inadequate bureaux management and/or the relationship with bureaux funders.
- Inadequate financial strength over the period of the financial framework including the financial burden of supporting our pension schemes.
- The reputation of the service is adversely affected.
- Premises and / or staff become ineffective due to the effects of terrorist attack or pandemic.
- Delivering IT services.
- CASE becomes not fit for purpose in meeting the needs of the organisation and the network going forward.

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

- Rolling out Adviceline to bureaux in Wales and parts of England.
- Reducing the potential funding cuts and receiving assurances of increased funding in future years.
- Developing a new CRM system that will replace CASE in 2011/12.
- The annual contribution to our defined benefit pension scheme increased in 2010/11 which we factored into our budgetary assumptions and allocated funds accordingly.

Looking ahead into 2011/12 and beyond, there will be risks around the development and delivery of new consumer services as we take on a wider remit in this area.

Information assurance

A cross-divisional Information Assurance Group has been formed to ensure the confidentiality, integrity and availability of all our sensitive data assets is maintained to a level which is consistent with the requirements of our clients and our funding/strategic partners. A programme of work to achieve an appropriate level of compliance to the Cabinet Office's Security Policy Framework and to industry best practice will be put in place. The formal information assurance risk management process will be incorporated into the existing Trustee Board, Performance Review and Audit Committee and Executive Team framework.

Citizens Advice manages risk by focusing on strategic objectives and taking a balanced scorecard perspective.

Review of effectiveness

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

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

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

Gillian Guy
Chief Executive
17 August 2011



John Gladwin
Chair
17 August 2011



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

Period ending 31 March 2011

We have audited the group and parent charity financial statements of National Association of Citizens Advice Bureaux ("the financial statements") for the year ended 31 March 2011 on pages 28 to 58. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 14 and 15 the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Basis for qualified opinion on financial statements

As set out in Note 21, during 2008 the charity closed its defined benefit pension scheme to new entrants and to future service accrual. Following advice from the pension scheme actuary the charity has a formal agreement in place to make annual payments of £1.05m over 20 years to fund the deficit in the scheme as at 31 March 2008. This liability has been disclosed as a contingent liability and no provision for the liability payable under the arrangement has been included in the balance sheet at 31 March 2011.

In our opinion the existence of an agreed contribution statement provides a sufficiently reliable estimate of the liability such that the net present value of the future payments should be included as a provision on the face of the balance sheet under Financial Reporting Standard 12. Based on a discount rate used in the actuarial valuation a provision should be made as at 31 March 2011 of £12,036,000. As a result of this provision total assets less all liabilities and accumulated unrestricted funds at 31 March 2011 should decrease by £12,036,000, total outgoing resources/net outgoing resources for the year then ended should increase by £3,730,000, total outgoing resources/net incoming resources for the year ended 31 March 2010 should increase/decrease by £461,000 and accumulated unrestricted funds at 1 April 2009 should decrease by £7,845,000.

<p>Qualified opinion on financial statements</p> <p>In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:-</p> <ul style="list-style-type: none">- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2011 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and- have been prepared in accordance with the Companies Act 2006 <p>In all material respects the expenditure, income and resources funded by Grant in Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities that govern them.</p> <p>Opinion on other requirement of the Companies Act 2006</p> <p>In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.</p>	<p>Matters on which we are required to report by exception</p> <p>We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none">- the parent charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or- the parent charity financial statements are not in agreement with the accounting records and returns; or- certain disclosures of trustees' remuneration specified by law are not made; or- we have not received all the information and explanations we require for our audit. <p><i>Baker Tilly UK Audit LLP</i></p> <p>Nicholas Paul Sladden FCA DChA (Senior Statutory Auditor) For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor 25 Farringdon Street London EC4A 4AB</p> <p>5 December 2011</p>
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National Association of Citizens Advice Bureaux (Citizens Advice)
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Consolidated statement of financial activities Year ended 31 March 2011
Incorporating an Income and Expenditure Account

	Note	Unrestricted		Restricted		Total	Total
		BIS £'000	Other £'000	BIS £'000	Other £'000	2011 £'000	2010 £'000
Incoming resources							
Incoming resources from generated funds:							
Voluntary Income	2	-	249	-	-	249	231
Bank interest		101	3	30	39	173	187
Incoming resources from charitable activities:							
Grants	3	19,736	251	19,357	17,696	57,040	59,864
Delivery of services		2,453	361	-	647	3,461	3,879
Training and support		138	739	-	97	974	884
Other incoming resources		76	23	-	102	201	170
Exceptional item – write off liabilities	12	-	228	-	-	228	-
Total incoming resources	18	22,504	1,854	19,387	18,581	62,326	65,215
Resources expended							
Charitable activities							
Providing quality information and advice	6	7,230	-	-	1,730	8,960	10,629
Strengthening the bureaux network	6	10,132	814	-	3,997	14,943	15,958
Influencing policy	6	3,049	-	-	122	3,171	4,314
Projects in Partnership	6	170	-	20,470	12,071	32,711	31,513
Delivery of services	6	702	537	-	89	1,328	1,152
Governance costs	6,8	238	2	-	-	240	392
Costs of generating funds	6	437	1	-	1	439	483
Exceptional item – compensation for loss of office	12	575	-	-	-	575	-
Total outgoing resources	6,7,18	22,533	1,354	20,470	18,010	62,367	64,441
Net (expenditure)/ income	10	(29)	500	(1,083)	571	(41)	774
Transfers	18	-	309	(43)	(266)	-	-
Reconciliation of funds							
Fund balance brought forward	18	566	3,336	1,169	6,235	11,306	10,532
Fund balance carried forward	18	537	4,145	43	6,540	11,265	11,306

All activities derive from continuing operations. BIS is the Department for Business, Innovation and Skills (see note 3 a).

Accounting policy (o) sets out the basis for consolidation of the accounts. The net expenditure for Citizens Advice alone was £643,000 in 2010/11 (net income £965,000 in 2009/10).

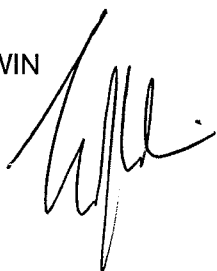
National Association of Citizens Advice Bureaux (Citizens Advice)
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Consolidated balance sheet (Registered number 1436945) At 31 March 2011

	Note	2011 £'000	Group Restated 2010 £'000	Citizens Advice Restated 2011 £'000	2010 £'000
FIXED ASSETS	13	1,523	840	1,523	839
CURRENT ASSETS					
Investments	26,27	7,339	5,937	6,439	5,937
Debtors	14	2,309	2,132	2,882	2,424
Cash at bank and in hand	26,27	3,011	6,046	2,908	5,646
		12,659	14,115	12,229	14,007
CREDITORS: amounts falling due within one year	15	2,713	2,927	2,713	2,810
Net current assets		9,946	11,188	9,516	11,197
Total assets less current liabilities		11,469	12,028	11,039	12,036
CREDITORS: amounts falling due after more than one year	16	-	398	-	234
PROVISIONS for liabilities and charges	17	204	324	204	324
TOTAL ASSETS LESS ALL LIABILITIES		11,265	11,306	10,835	11,478
FUNDS OF THE CHARITY					
Restricted funds	18	6,583	7,404	6,153	7,399
Unrestricted funds					
General fund - non-BIS	18	4,145	3,336	4,145	3,513
General fund – BIS	18	537	566	537	566
Total unrestricted funds		4,682	3,902	4,682	4,079
TOTAL FUNDS	18	11,265	11,306	10,835	11,478

The financial statements were approved and authorised for issue by the Trustee Board on 17 August 2011 and signed on their behalf by:

JOHN GLADWIN
Chair



GILLIAN GUY
Chief Executive



National Association of Citizens Advice Bureaux (Citizens Advice)
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Consolidated cash flow statement Year Ended 31 March 2011

	Note	2011 £'000	Restated 2010 £'000
Net cash (outflow)/inflow from operating activities	A	(568)	148
Returns on investments			
Interest received		173	187
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,238)	(25)
Cash placed in other liquid resources	C	(1,402)	(5,937)
(DECREASE)/INCREASE IN CASH AND INVESTMENTS	B, C	(3,035)	(5,627)

Notes to the cash flow statement

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

	2011 £'000	2010 £'000
Net (expenditure) income	(41)	774
Depreciation charges	136	202
Increase in debtors	(177)	(632)
(Decrease)/increase in creditors	(195)	29
Decrease in investments	-	2
Decrease in provisions	(120)	(47)
Disposal of assets	2	7
Bank interest receivable	(173)	(187)
Net cash (outflow)/inflow from Operating Activities	(568)	148

B. Analysis of changes in cash during the year

	As at 31 March 2011 £'000	Movement £'000	As at 1 April 2010 £'000
Cash at bank and in hand	3,011	(3,035)	6,046

C. Note 26 provides details of investments placed in other liquid resources and cash in bank and in hand.

National Association of Citizens Advice Bureaux (Citizens Advice)

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Notes to the financial statements Year ended 31 March 2011

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom, the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities as revised in 2005, the Charities Act (1993), the Companies Act (2006), the accounts section of the Department of Business, Innovation and Skills (BIS) Financial Memorandum, and the Annual Reports and Accounts Guidance from the Central Accountancy Team and HM Treasury. The principal accounting policies, which have been applied consistently, except where noted are set out below:

(a) Accounting convention

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

(b) Going concern

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

Subsidiary charities may be acquired from time to time whereby the intention is to support those organisations until necessary remedial action is taken. However, trustees will continue to consider the impact on the charity's overall available resources of that support and will review periodically whether that support should be maintained.

(c) Fixed assets

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

All assets are held at historic cost less depreciation. Assets are reviewed each year to ensure they are fit for the intended purpose.

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

The estimated lives of the assets are as follows:
Office and computer equipment – three years.
Infrastructure software – eight years

(d) Leases

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

(e) Pension costs

The multi-employer defined benefit scheme was closed during the financial year ended 31 March 2008. Having taken advice from the scheme's actuary, Citizens Advice cannot identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The disclosures under FRS 17 in this circumstance are shown in note 23. The expected cost of providing pensions is calculated periodically by a professionally qualified actuary. The operating costs of providing retirement benefits to employees are charged to the statement of financial activities in the year in which they are incurred as required by FRS 17.

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

National Association of Citizens Advice Bureaux (Citizens Advice)

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Notes to the financial statements Year ended 31 March 2011

1. ACCOUNTING POLICIES (continued)

f) Grants payable and receivable

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

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

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

(g) Deferred income

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

(h) Legacies

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

(i) Delivery of services

The trading activities of Citizens Advice, mainly the bureaux membership fee and the sale of information products, are exercised in the course of carrying out the primary purpose of the charity. The gross income and expenditure is shown in the Statement of Financial Activities as delivery of services.

Any activities that are not for the primary purpose of the charity are accounted for in Citizens Advice Limited and this subsidiary has been consolidated into the Statement of Financial Activities. The expenditure and income is also shown in the Statement of Financial Activities as delivery of services.

(j) Training and Support

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

(k) Other income

All other income is accounted for on an accruals basis.

(l) Resources expended

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

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

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

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

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

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

(m) Reserves

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

1. ACCOUNTING POLICIES (continued)

(m) Reserves continued.

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

There are no such carry forward restrictions on other unrestricted funds

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

(n) Provisions

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

(o) Consolidation

During 2008/09 Citizens Advice took a controlling interest in Bedford & District Citizens Advice Bureau (Registered charity 1106738) and in Stevenage Specialist Telephone Advice Centre (Registered charity 1119987). Citizens Advice ceased its interest in Bedford & District Citizens Advice Bureau on 28 March 2011 whilst Stevenage Specialist Telephone Advice Centre went into voluntary liquidation on 22 April 2010.

The accounts of each entity have been consolidated within the accounts on a line by line basis, using the acquisition basis of accounting, from the date control of each entity changed to the date control ceased.

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

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

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2. Voluntary income

	2011 £'000	2010 £'000	
Legacies	242	132	
Donation through television appearance	-	75	Who wants to be a millionaire
Donations from private individuals	7	24	Individual Giving Project
Total donations	249	231	

3. Grants

a) Government grants

Funder	2011 £'000	2010 £'000	Purpose
Government department grants			
BIS*	19,731	21,470	Grant in aid
BIS*	19,357	18,579	Financial Inclusion Fund (11 projects)
BIS*	-	61	Leadership programme
BIS*	-	1	Conference sponsorship
Department of Communities & Local Government	626	864	The National Homelessness Advice Service
Department for Work and Pensions	1,021	-	Future jobs fund
Department for Work and Pensions	64	28	Information assurance
HM Prison Service	-	129	Reducing offending through advice
HM Revenue & Customs	250	250	Tax credits training
HM Treasury	5,310	7,500	Provision of additional hours advice
Welsh Assembly Government			
Welsh Assembly	665	665	Better advice: better health
Welsh Assembly	188	313	Disability rights take up campaign
Welsh Assembly	4	747	Adviceline (Wales)
European grants			
European Commission	-	43	European Consumer Centre
Total Government grants	47,216	50,650	

* Department for Business, Innovation and Skills.

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3. Grants (continued)

b) Grants from other public bodies

Funder	2011 £'000	2010 £'000	Purpose
Advantage West Midlands	-	75	Bureaux support
Bedford Borough Council	202	176	Bedford & District CAB
Devon County Council	243	708	Regional welfare benefit rights
East of England Development Agency	214	186	Financial capability
Equality and Human Rights Commission	56	4	Discrimination project work
Consumer Finance Education Board	463	-	Money guidance
Financial Services Authority	428	454	Money guidance
Greater London Authority	37	-	Financial advice
The Insolvency Service	274	-	Debt relief
Kent Probation Service	150	113	Offender support services
Legal Services Commission	441	371	Employment consultancy
Legal Services Commission	73	96	Bedford & District CAB
London Borough of Islington	153	177	Provision of advice services
Office of Fair Trading	-	247	Financial capability
Probation Service	-	23	Bedford & District CAB
West Yorkshire County Council	64	67	Regional welfare benefits
	2,798	2,697	

c) Other grants

Funder	2011 £'000	2010 £'000	Purpose
The Abbey National Charitable Trust	50	50	Financial capability
AEGON	-	10	Independent financial advice
Alliance and Leicester plc	-	15	National money advice projects
Anglian Water	-	55	Bedford & District CAB
Barclays Bank plc	6	-	Conference support
Barclaycard	70	70	Independent financial advice
Barclaycard	32	25	Conference support
Barclaycard	608	574	Financial capability for lone parents
Big Lottery Fund	228	505	Against discrimination & for better access
Carnegie UK Trust	-	30	Rural racial discrimination work
Citi Foundation	48	59	Financial capability
City Parochial Fund	32	19	Social policy development
Consumer Credit Counselling Service	-	-	Conference sponsorship
EDF energy	100	160	Energy advice projects
EDF energy	495	-	Adviceline
EoN energy	50	50	Energy advice projects
Eurofax	4	-	Telephone advice
sub-total to carry forward to next page	1,723	1,622	

National Association of Citizens Advice Bureaux (Citizens Advice)

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Notes to the financial statements Year ended 31 March 2011

3. Grants (continued)

c) Other grants (continued)

Funder	2011 £'000	2010 £'000	Purpose
brought forward from previous page	1,723	1,622	
HBOS Foundation	-	114	Adviceguide young people's information
Learndirect (UFI Ltd)	116	-	Bureaux IT development
MacMillan Cancer Support	31	21	Benefits advice
Money Advice Trust	643	713	Money advice national strategy
Money Advice Trust	98	118	Money advice training
Nationwide Building Society	353	553	National money advice projects
Northern Rock Foundation	744	199	Integrated debt advice project
Npower	-	50	Energy advice project
PLUSS	10	-	Regional project
Provident Financial plc	20	20	National money advice project
Prudential plc	301	303	Financial literacy
The Royal Bank of Scotland plc	-	262	Social policy creditor liaison
Royal British Legion	2,701	2,337	Veteran's welfare benefits advice
Santander plc	225	-	Financial capability
Scottish Power	-	50	Energy advice project
Shelter	1	31	Bedford & District CAB
Sundry donations	44	62	Sundry projects
Turn 2 Us	16	13	Web project
v, the youth volunteering charity	-	49	Youth volunteer project
Total other grants	7,026	6,517	
Total grants	57,040	59,864	

4. Information regarding directors and employees

The trustees of Citizens Advice are the non-executive directors of the charitable company. No emoluments were paid to any non-executive directors (2009/10: nil). Payments of £11,000 (2009/10: £24,000) were made to 19 (2009/10: 18) non-executive directors during the year in respect of expenses for travel and expenses incurred in the course of executing their duties. No trustee indemnity insurance was purchased.

Employee costs during the year:

	2011 £'000	2010 £'000
Wages and salaries	14,749	15,172
Social security costs	1,471	1,583
Pension costs (see note 23)	1,865	1,440
Temporary staff	164	174
	18,249	18,369

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4. Information regarding directors and employees (continued)

The 2010/11 costs include the costs of staff at Bedford & District Citizens Advice Bureau to 28 March 2011 whereas the 2009/10 costs also included £992,000 for Stevenage Specialist Telephone Advice (2010/11:nil) . No staff are directly employed by Citizens Advice Ltd.

Pension costs shown above relate to amounts accrued in the year. Amounts were paid to the Citizens Advice Group Stakeholder Pension Plan a month in arrears which commenced on 1 April 2008. The amount paid in 2010/11 was £765,000 (2009/10: £740,000). In addition there was a contribution of £1,100,000 (2009/10: £700,000) to the NACAB Pension and Assurance Plan (1991) which was closed on 27 March 2008.

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

	Number	Number
	2011	2010
Charitable activities		
Providing quality information and advice	148	154
Strengthening the bureaux network	200	229
Influencing policy	62	74
Projects in partnership	41	37
Delivery of Services	5	5
Governance	3	3
Costs of generating funds	8	8
Average number of persons employed	467	510

The 2010/11 figures include 17 staff (2009/10:18) employed on average at Bedford & District Citizens Advice Bureau under the 'Strengthening the bureaux network' activity. The staff figures for 2009/10 also included 42 staff employed by Stevenage Specialist Telephone Advice centre. No staff were employed by Stevenage Specialist Telephone Advice centre in 2010/11 and the entity went into voluntary liquidation on 22 April 2010 (see note 11).

Aggregate emoluments paid to executive directors in the financial year

In accordance with the requirements of the Financial Memorandum, the following information should be disclosed for named senior managers. Citizens Advice has identified all the executive directors as senior managers. This is consistent with its treatment of key managers for Related Party Disclosures (FRS 8 – note 24).

The figures comprise gross salaries and all allowances payable, including employee pension supplement, and exclude employer's pension contributions. In addition senior managers were reimbursed less than £3,000 (2009/10: £5,000) in total for travel and expenses incurred in the course of executing their responsibilities. No other amounts were payable. All staff paid over £60,000 were executive directors. All of the executive directors withheld their consent to be individually named in the disclosure of the information below.

	Number	Number
	2011	2010
£80,000 to £89,999	3	4
£90,000 to £99,999	1	-
£100,000 to £109,999	1	-
£110,000 to £119,999	-	1

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4. Information regarding directors and employees (continued)

In addition, compensation for loss of office was paid to one member of staff, who was not an executive director, which resulted in total emoluments in the band between £110,000 and £119,999.

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

	Number	Number
	2011	2010
up to £2,499	-	-
£2,500 to £4,999	-	-
£5,000 to £7,499	4	5

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

5. Grants payable

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

a) Partnership grants to member bureaux

Region	No.	Salaries		Other		Capital		2011 Total No.	2011 £'000	2010 £'000
		£'000	No.	£'000	No.	£'000	No.			
North	-	-	-	-	-	-	-	-	-	72
Central	3	16	18	20	-	-	21	36	82	
South	3	8	7	41	-	-	10	49	141	
Wales	-	-	-	-	-	-	-	-	-	65
Total	6	24	25	61	-	-	31	85	360	

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5. Grants payable (continued)

b) Other grants to member bureaux

Purpose	Funder	2011 Total No.	2011 £'000	2010 £'000
Financial capability	Abbey National Charitable Trust	9	3	17
Financial advice	Advantage West Midlands	3	1	65
Financial capability	Anglia Water Trust	12	17	-
Financial capability	Bank of America Corporation	10	9	44
Financial capability for lone parents	Barclaycard	56	506	436
Other financial capability	Barclaycard	1	46	18
CABnet implementation	BIS	-	-	5
Financial Inclusion Fund	BIS	1,326	17,023	16,631
Financial capability	BIS	-	-	48
Rural Racial Discrimination work	Carnegie Trust	2	5	-
Financial capability	Citi Foundation	25	14	-
Social Policy Development	City Parochial Fund	4	28	-
Financial guidance	Consumer Finance Education Board	96	385	326
National Homelessness Advice Service	Department for Community & Local Government	44	15	170
Future jobs fund	Department of Work and Pensions	382	779	-
Financial capability	East of England Development Agency	34	75	81
Financial capability	EDF Energy	121	86	-
Adviceline	EDF Energy	1	50	-
Offender support services	HM Prison Service	-	-	106
Tax credits training	HM Revenue & Customs	44	135	135
Additional hours project	HM Treasury	829	4,960	6,954
Debt Relief orders	Insolvency Service	328	111	-
Local project	Kent Probation Service	5	118	91
Financial advice	London Borough of Islington	14	158	144
Financial capability	Nationwide Building society	202	480	239
Integrated debt advice	Northern Rock	70	753	-
Financial capability	Office of Fair Trading	48	48	108
Various projects	Other regional funders	147	120	136
Veterans' welfare benefits advice	Royal British Legion	147	2,351	2,052
Fuel poverty project	Scottish and Southern Energy plc	28	138	128
Bureaux IT development	Learndirect	33	73	-
Better Advice; Better Health	Welsh Assembly	247	861	861
Adviceline (Wales)	Welsh Assembly	-	-	185
Total other grants to member bureaux		4,268	29,348	28,980

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5. Grants payable (continued)

c) Regional grants to member bureaux

Region	Funder	2011 Total No.	2011 £'000	2010 £'000
South West	Devon County Council	24	165	166
Midlands	Nottinghamshire County Council	-	-	13
Total regional grants to member bureaux		24	165	179
TOTAL BUREAUX GRANTS		4,323	29,598	29,519

d) Grants to other bodies

Purpose	Recipient	2011 £'000	2010 £'000
Progress towards equality and diversity	Advice Services Alliance	-	10
Financial Inclusion Fund	Birmingham Settlement	214	169
Energy advice	Bristol Debt Advice Centre	11	
Financial Inclusion Fund	Burley Lodge Centre	153	168
Financial capability & energy advice	Cambridge Housing society	18	26
Financial Inclusion Fund	Compass(Peterborough)	15	11
Financial Inclusion Fund	Ebor Gardens Advice Centre	46	28
Financial Inclusion Fund	Harlow Welfare Rights	32	11
Financial Inclusion Fund & financial capability	Ipswich Housing Action	87	35
Financial Inclusion Fund	Luton Rights	58	17
Various	Money Advice & Community Support	26	37
Financial Inclusion Fund	Money Advice South West	113	111
Financial capability & rural racial discrimination Work	Advice NI	36	41
Financial Inclusion Fund	Norfolk Community Law	53	19
Financial Inclusion Fund	RNID	19	30
Financial capability & rural racial discrimination Work	Scottish Association of Citizens Advice	72	32
Financial Inclusion Fund	Shelter Cymru	225	220
Financial Inclusion Fund	Single Parent Action Network	56	51
Financial Inclusion Fund	St Vincent Support Centre	47	50
Various	Wales & West Housing Association	14	19
Financial capability	Women's Employment, Enterprise and Training Unit (WEETU)	-	11
Various	94 miscellaneous grants (2009/10:96)	114	139
Total Grants to others		1,409	1,235
Total Grants		31,007	30,754

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5. Grants payable (continued)

e) Largest grants paid to member bureaux

The following are the 50 largest grants from all funders paid to individual bureaux in 2010/11. They are all in respect of the Financial Inclusion Fund.

Bureau name	2011 £'000	2010 £'000
1 Barnsley	199	187
2 Bedworth Rugby and Nuneaton	125	105
3 Birmingham	431	394
4 Bolton	247	231
5 Bradford & Airedale	508	568
6 Caerphilly	209	200
7 Camden	336	324
8 Cheshire East	208	228
9 Combined Hospitals	131	148
10 Cornwall	192	211
11 Coventry	230	225
12 Cumbria	428	412
13 Doncaster	117	116
14 Dudley	158	157
15 East Yorkshire	368	370
16 Gateshead	315	312
17 Grimsby	102	118
18 Kirklees	180	165
19 Leeds	305	279
20 Manchester	267	261
21 Middlesbrough	196	195
22 Newcastle	326	296
23 Newport	135	106
24 North Tyneside	256	235
25 Oldham	109	105
26 Pendle	109	84
27 Peterborough	133	133
28 Plymouth	152	159
29 Redcar and Cleveland	199	189
30 Rotherham	231	196
31 Salford	176	166
32 Salford mental health	111	114
33 Sandwell	233	222
34 Sedgefield and District	160	138
35 Sheffield Debt Support	521	512
36 South Tyneside	275	270
37 Stockton DA & IS	190	203
38 Stoke on Trent	302	297
39 Swansea	115	98
40 Tameside	104	97
41 Telford & Wrekin	104	107
42 Torfaen	141	140
43 Wakefield	234	250
44 Walsall	215	227
45 Wansbeck	107	96
46 Washington	368	344

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5. Grants payable (continued)

e) Largest grants paid to member bureaux continued

Bureau name	2011 £'000	2010 £'000
47 West Northumberland	111	105
48 Wolverhampton	327	335
49 Worcester	125	116
50 York	105	87

6. Total resources expended

Total resources expended for the year ended 31 March 2011:

	Direct staff costs £'000	Grants £'000	Other direct costs £'000	Support costs £'000	Total 2011 £'000
Charitable objectives					
Providing quality information and advice	4,720	332	2,416	1,492	8,960
Strengthening the bureaux network	6,073	2,443	5,182	1,245	14,943
Influencing policy	1,932	28	695	516	3,171
Projects in partnership	1,613	28,204	1,955	939	32,711
Delivery of services	185	-	1,108	35	1,328
Governance costs	96	-	140	4	240
Costs of generating funds	291	-	75	73	439
Exceptional item					
Compensation for loss of office	575	-	-	-	575
	15,485	31,007	11,571	4,304	62,367

Total resources expended for the year ended 31 March 2010:

	Direct staff costs £'000	Grants £'000	Other Direct costs £'000	Support costs £'000	Total 2010 £'000
Charitable objectives					
Providing quality information and advice	4,575	359	2,487	3,208	10,629
Strengthening the bureaux network	6,183	1,754	5,621	2,400	15,958
Influencing policy	2,153	73	835	1,253	4,314
Projects in partnership	1,348	28,568	781	816	31,513
Delivery of services	137	-	966	49	1,152
Governance costs	90	-	279	23	392
Costs of generating funds	243	-	72	168	483
	14,729	30,754	11,041	7,917	64,441

7. Support cost breakdown by activity

Support costs breakdown for the year ended 31 March 2011:

	Premises £'000	Administration £'000	IT Services £'000	Human Resources £'000	Finance £'000	2011 £'000
Charitable objectives						
Providing quality information and advice	276	331	441	105	339	1,492
Strengthening the bureaux network	230	277	368	88	282	1,245
Influencing policy	95	115	153	36	117	516
Projects in partnership	174	209	278	66	212	939
Delivery of services	6	8	10	2	9	35
Governance costs	1	1	1	-	1	4
Costs of generating funds	14	16	22	5	16	73
	796	957	1,273	302	976	4,304

Support costs breakdown for the year ended 31 March 2010:

	Premises £'000	Administration £'000	IT Services £'000	Human Resources £'000	Finance £'000	2010 £'000
Charitable objectives						
Providing quality information and advice	422	474	1,638	170	504	3,208
Strengthening the bureaux network	339	381	1,137	137	406	2,400
Influencing policy	165	185	640	67	196	1,253
Projects in partnership	107	120	417	43	129	816
Delivery of services	6	7	25	3	8	49
Governance costs	3	3	12	1	4	23
Costs of generating funds	22	25	86	9	26	168
	1,064	1,195	3,955	430	1,273	7,917

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

There was a reduction in cost across all categories above primarily due to a cost reduction exercise performed in the year. In addition, there was a further reduction within ICT due a reclassification of IT costs that we incur in the course of delivery IT services to bureaux from support costs to the charitable activities.

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8. Governance costs

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

	2011 £'000	2010 £'000
Audit fees (internal and external)	68	108
Governance and leadership	86	161
Trustees' meeting costs*	47	71
Strategic planning	39	52
	240	392

* Of which out-of-pocket expenses reimbursed to trustees were £11,000 (2009/10: £24,000)

9. Corporation tax

Citizens Advice, Bedford & District Citizens Advice Bureau and Stevenage Specialist Telephone Advice Centre are registered charities and accordingly are exempt from taxation on income and gains where they are applied for charitable purposes. Citizens Advice Limited covenants all profits to the main charity each year under Gift Aid and does not incur any tax liability.

10. Net expenditure

Net incoming resources for the year are stated after charging:

	2011 £'000	2010 £'000
Operating lease costs		
Property	872	943
Motor vehicles	1	39
Office equipment	38	40
Depreciation	136	202
External Auditors' remuneration		
External audit fee – Baker Tilly UK Audit LLP	32	34
Non audit work – Baker Tilly Tax and Accounting Limited	2	2
Internal Auditor's remuneration		
Internal audit fee	36	72

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11. Disposals

Citizens Advice ceased its controlling interest in Bedford & District Citizens Advice Bureau on 28 March 2011. The accounts consolidate the proportion of income and expenditure for the period up to the date of the disposal.

Stevenage Specialist Telephone Advice Centre (SSTAC) went into voluntary liquidation on 22 April 2010 and this was disclosed as a post balance sheet event in 2009/10 accounts and costs were charged to the Statement of financial activities in the year to 31 March 2010. There remains a debtor in Citizens Advice for £27,000 at 31 March 2011 where the liquidator has estimated there is a reasonable likelihood of realising net assets following a report to the meeting of creditors on 22 April 2010 convened under the provision of Section 98 of the Insolvency Act 1986. Costs arising from the disposal have been charged to the Statement of financial activities in the year to 31 March 2010. See also note 12 regarding an exceptional item arising from the disposal.

12. Exceptional items

The consolidated accounts for 2009/10 included £228,000 of net liabilities in respect of Stevenage Specialist Telephone Advice Centre. These have been written back as an exceptional item within Incoming Resources in the Consolidated Statement of Financial Activities in 2010/11 following the entity entering into voluntary liquidation on 22 April 2010.

Resources expended includes £575,000 as an exceptional item for compensation for loss of office following a reduction in our grant in aid from the Department of Business, Innovation and Skills. These are mainly voluntary redundancies across the range of our services and are costs that fall outside our ordinary activities.

13. Fixed assets

	Infrastructure software Citizens Group Advice £'000 £'000		Office & computer equipment Citizens Group Advice £'000 £'000		Total Citizens Group Advice £'000 £'000	
Cost						
At 1 April 2010	882	882	284	303	1,166	1,185
Additions	785	785	36	34	821	819
Disposals	-	-	(65)	(82)	(65)	(82)
At 31 March 2011	1,667	1,667	255	255	1,922	1,922
Depreciation						
At 1 April 2010	87	87	239	259	326	346
Charge for the year	87	87	49	48	136	135
Disposals	-	-	(63)	(82)	(63)	(82)
At 31 March 2011	174	174	225	225	399	399
Net book value at 31 March 2011	1,493	1,493	30	30	1,523	1,523
Net book value at 31 March 2010	795	795	45	44	840	839

13. Fixed assets (continued)

Infrastructure software assets include the following cost of asset in construction relating to software development that is not depreciated until work is complete.

	£'000
At 1 April 2010	182
Additions	785
At 31 March 2011	<u>967</u>

14. Debtors

	Group		Citizens Advice	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade debtors	404	1,212	397	1,136
Other debtors	118	139	118	139
Prepayments & accrued income	1,578	580	1,578	579
HM Revenue & Customs	209	201	209	201
Subsidiary undertakings	-	-	580	369
	<u>2,309</u>	<u>2,132</u>	<u>2,882</u>	<u>2,424</u>

Included in other debtors is £118,000 (2009/10: £138,000), which relates to 84 (2009/10: 88) staff season ticket or car loans. These are interest free and are recoverable through monthly payroll deductions. These include 2 senior officers who, at the balance sheet date, had a total of less than £5,000 loans outstanding.

15. Creditors: amounts falling due within one year

	Group		Citizens Advice	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade creditors	35	78	35	53
Citizens Advice bureaux grants	60	87	60	87
Other creditors including taxation & social security	420	556	420	486
Accruals & deferred income	1,733	1,558	1,733	1,536
Capital creditors	465	648	465	648
	<u>2,713</u>	<u>2,927</u>	<u>2,713</u>	<u>2,810</u>

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15. Creditors: amounts falling due within one year (continued)

	Group		Citizens Advice	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Other creditors including taxation and social security comprises:				
HM Revenue and Customs: PAYE	183	286	183	220
National Insurance	204	233	204	233
Other creditors	33	37	33	33
	420	556	420	486

Accruals and deferred income comprises:

Accruals	1,612	1,314	1,612	1,292
Deferred income at 1 April 2010	244	274	244	274
Amount released from previous year	(244)	(274)	(244)	(274)
Incoming resources deferred in the year	121	244	121	244
	1,733	1,558	1,733	1,536

Deferred income comprises subscription income for both paper and electronic information products.

16. Creditors: amounts falling due after one year

	Group		Citizens Advice	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Loans	-	164	-	-
Capital creditors	-	234	-	234
	-	398	-	234

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17. Provisions

	Group		Citizens Advice	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Property provisions				
Provision at 1 April 2010	190	193	190	193
Released during the year	(18)	(32)	(18)	(32)
Utilised during the year	(164)	(55)	(164)	(55)
Additional provision	39	84	39	84
Provision at 31 March 2011	47	190	47	190
Other provisions				
Provision at 1 April 2010	134	178	134	178
Released during the year	(2)	(2)	(2)	(2)
Utilised during the year	-	(142)	-	(142)
Additional provision	25	100	25	100
Provision at 31 March 2011	157	134	157	134
Total provisions at 31 March 2011	204	324	204	324

The remaining property provisions relate to dilapidations at one office following office moves. Other amounts are £125,000 for provision of electronic information and £32,000 for pension contributions to be settled on behalf of East End Citizens Advice Bureau.

18. Statement of funds

	At 1 April 2010 £'000	Income £'000	Expenditure £'000	Transfer between funds £'000	At 31 March 2011 £'000
Unrestricted funds – BIS	566	22,504	22,533	-	537
Unrestricted funds – other	3,336	1,854	1,354	309	4,145
Total unrestricted funds	3,902	24,358	23,887	309	4,682
Restricted funds –BIS	1,169	19,387	20,470	(43)	43
Additional Hours project	1	5,310	5,306	-	5
Local Government projects	491	513	687	-	317
Welsh Assembly funding	626	858	1,196	-	288
Social Policy projects	394	72	170	-	296
Membership Services projects	170	215	179	(13)	193
Financial Capability projects	2,674	2,204	2,555	4	2,327
Specialist Support projects	512	2,419	1,711	(77)	1,143
sub-total to carry forward to next page	6,037	30,978	32,274	(129)	4,612

18. Statement of funds (continued)

	At 1 April 2010	Income	Expenditure	Transfer between funds	At 31 March 2011
	£'000	£'000	£'000	£'000	£'000
brought forward from previous page	6,037	30,978	32,274	(129)	4,612
Other Strategic development projects	1,184	6,799	6,018	(180)	1,785
IT projects	169	99	97	-	171
Equalities projects	-	28	22	-	6
European Commission projects	9	-	-	-	9
Subsidiary - Bedford & District CAB	5	64	69	-	-
Total restricted funds	7,404	37,968	38,480	(309)	6,583
Total Funds	11,306	62,326	62,367	-	11,265

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

BIS restricted funds comprises grants from BIS for eleven Financial Inclusion Fund projects which ended on 31 March 2011 but the work is continuing under a different name. There are three other continuing projects

The Additional Hours funding from HM Treasury commenced in 2008/09 to provide additional advice in bureaux.

Local Government comprises a money advice services projects with West Yorkshire County Council and the London Boroughs of Islington and Newham, together with regional grant funding from Devon and Nottinghamshire County Councils. Welsh Assembly covers a range of money advice projects and funding for Adviceline (Wales).

Policy and Membership funds comprise all funds received specifically to undertake social policy or bureaux related project activities.

There is funding from nineteen organisations to deliver financial capability projects and funding from nine organisations to deliver specialist support and advice. The other Strategic Development funds comprise partnerships with a range of funders to provide money advice projects.

IT services programme funds comprise any non-BIS funds received for the development of IT Services projects. The European Commission funding in relation to consumer work has ceased. The equalities project is funded by the Government Equalities office.

The Bedford & District CAB restricted funds are in respect of funding from Shelter, Bedford Borough Council, Bedford Pilgrim Housing Association, Lloyds TSB Foundation and the Goldington Centre

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18. Statement of funds (continued)

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

19. Analysis of net assets between funds

	Unrestricted		Restricted		Total
	BIS	Other	BIS	Other	
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2011 are represented by:					
Fixed assets	1,348	-	-	175	1,523
Current assets	736	4,148	1,309	6,466	12,659
Creditors: amounts falling due within one year	(1,343)	(3)	(1,266)	(101)	(2,713)
Provisions	(204)	-	-	-	(204)
Fund balance	537	4,145	43	6,540	11,265

20. Citizens Advice Bureaux

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

21. Contingent liabilities

On 27 March 2008, Citizens Advice's defined benefit pension scheme was closed to new entrants future service accrual.

The scheme is a multi-employer scheme and the scheme's actuary has advised the assets and liabilities are not able to be segregated for each contributing employer. Hence it is not possible to separately identify the assets and liabilities relating to Citizens Advice for the purposes of FRS17.

In closing the scheme, a recovery plan was agreed to fund the deficit. The contributions in that plan were determined by the scheme actuary and agreed by the pension fund trustees. From 1 April 2011, the sponsoring employers will pay total annual contributions of £1,200,000 (2010/11: £1,200,000), to meet the scheme's deficit over the next seventeen years. However, this amount may vary over time, dependent upon the results of future actuarial valuations of the scheme, the next of which is due as at 1 April 2011. The pension trustees also have the right to renegotiate the recovery plan if the actuarial report indicates that the existing recovery plan is no longer adequate.

21. Contingent liabilities (continued)

This arrangement has been disclosed as a contingent liability under paragraph 82 of FRS 17. Further disclosures of the pension scheme required under FRS17 are set out in note 23.

22. Operating lease commitments

At 31 March 2011 Citizens Advice was committed to making the following annual payments in respect of operating leases:

	2011		2010	
	Land and buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Leases which expire:				
Within one year	138	1	179	39
Between two and five years	689	38	639	40
After five years	80	-	125	-
	907	39	943	79

23. Pension scheme

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

Period Ending 31 March 2011

The employers operated a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2010 and updated to 31 March 2011 by a qualified actuary, independent of the scheme's sponsoring employers. The major assumptions used by the actuary are shown below.

The best estimate of contributions to be paid by the employers to the scheme for the period beginning after 31 March 2011 is as follows:-

a) Contributions by each employer in respect of expenses.

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

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

In accordance with the recovery plan following the 1 April 2010 actuarial valuation, the sponsoring employers will pay total annual contributions of £1,200,000, of which Citizens Advice contributed £1,100,000 in 2010/11 and will contribute £1,050,000 from 2011/12.

23. Pension scheme (continued)

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

	31/03/11 £'000s	31/03/10 £'000s	31/03/09 £'000s
Fair value of scheme assets	65,866	61,518	47,971
Present value of scheme liabilities	98,104	97,993	82,123
Deficit in scheme	(32,238)	(36,475)	(34,152)
Liability	(32,238)	(36,475)	(34,152)
Deferred tax	-	-	-
Net liability	-	-	-

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

	Period Ending 31/03/11 £'000s	Period Ending 31/03/10 £'000s
Scheme liabilities at start of period	97,993	82,123
Current service cost	284	243
Interest cost	5,332	5,478
Contributions by scheme participants	-	-
Actuarial (losses)/gains	(3,094)	12,942
Benefits paid, death in service insurance premiums and expenses	(2,411)	(2,793)
Past service costs	-	-
Business combinations	-	-
Curtailments	-	-
Settlements	-	-
Scheme liabilities at end of period	98,104	97,993

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23. Pension scheme (continued)

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

	Period Ending 31/03/11 £'000s	Period Ending 31/03/10 £'000s
Fair value of scheme assets at start of period	61,518	47,971
Expected return on scheme assets	4,291	2,976
Actuarial gains	965	12,371
Contributions by employer	1,503	993
Contributions by scheme participants	-	-
Benefits paid, death in service insurance premiums and expenses	(2,411)	(2,793)
Business combinations	-	-
Settlements	-	-
Fair value of scheme assets at end of year	65,866	61,518

The actual return on the scheme assets over the period ending 31 March 2011 was £5,256,000.

Total expense

	Period Ending 31/03/11 £'000s	Period Ending 31/03/10 £'000s
Current service cost	284	243
Interest cost	5,332	5,478
Expected return on scheme assets	(4,291)	(2,976)
Past service cost	-	-
Curtailments	-	-
Settlements	-	-
Total	1,325	2,745

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23. Pension scheme (continued)

Pension gains/(losses)

	Period Ending 31/03/11 £'000s	Period Ending 31/03/10 £'000s
Difference between expected and actual return on scheme assets: loss	965	12,371
Experience gains and losses arising on the scheme liabilities: gain	96	5,377
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: gain/(loss)	2,998	(18,319)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable): loss/(gain)	4,059	(571)
Total amount : gain/(loss) *	4,059	(571)

* Citizens Advice and its subsidiaries are not required to prepare a statement of total recognised gains and losses. Also see note 21 on contingent liabilities.

Assets

	31/03/11 £'000s	31/03/10 £'000s	31/03/09 £'000s
Equities	41,621	39,442	30,599
Gilts	330	395	13,750
Corporate Bonds	14,579	12,578	3,331
Cash	7,060	7,251	291
Property	2,276	1,852	-
Total assets	65,866	61,518	47,971

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

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23. Pension scheme (continued)**Assumptions**

	31/03/11 % per annum	31/03/10 % per annum	31/03/09 % per annum
Inflation	3.6	3.6	3.0
Salary increases	-	-	-
Rate of discount	5.5	5.5	6.8
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.6	3.6	3.0
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	n/a	3.6	3.0
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 March 2011 imply the following life expectancies

Male retiring at age 65 in 2011	23.2 years
Female retiring at age 65 in 2011	25.7 years
Male retiring at age 65 in 2031	25.2 years
Female retiring at age 65 in 2031	27.6 years

Expected long term rates of return

The expected long term return on cash is determined by reference to gilt yields at the balance sheet dates. The long-term expected return on gilts and corporate bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance.

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

	31/03/11 % per annum	31/03/10 % per annum
Equities	8.00	7.50
Gilts	4.40	3.70
Corporate Bonds	5.50	6.80
Cash	4.40	3.70
Property	7.50	-
Overall for scheme	7.03	6.34

23. Pension scheme (continued)

Amounts for the current and previous four periods

	31/03/11 £'000s	31/03/10 £'000s	31/03/09 £'000s	31/03/08 £'000s	31/03/07 £'000s
Fair value of assets	65,866	61,518	47,971	59,926	64,104
Present value of scheme liabilities	98,104	97,993	82,123	87,794	92,937
Deficit in scheme	(32,238)	(36,475)	(34,152)	(27,868)	(28,833)
Experience adjustment on scheme assets	965	12,371	(15,462)	(8,354)	1,959
Experience adjustment on scheme liabilities	96	5,377	(972)	6,306	(95)

24. Related party transactions

There have been related party transactions identified in accordance with FRS 8. Citizens Advice is sponsored by BIS. BIS is regarded as a related party. During the year, Citizens Advice has had no material transactions with BIS other than the receipt of its Grant in Aid and £19,357,000 for eleven specific projects as shown in note 3(a) (2009/10: £18,641,000, three specific projects). Citizens Advice had a number of transactions during the year with Citizens Advice Scotland, which is also sponsored by BIS.

The Friends of Citizens Advice Bureaux Trust is a charity established to raise funds for the benefit of Citizens Advice Bureaux. The trust became dormant on 5 July 2005 when the activities of the trust transferred to Citizens Advice. There were no financial transactions or balances in the year to 31 March 2011 (2009/10: nil).

A subsidiary charity was set up in 2008/09, Citizens Advice Management Services, to provide management services to bureaux. There were no financial transactions or balances in the year to 31 March 2011 (2009/10: nil).

Citizens Advice International is a company which was registered in Belgium on 6 December 2004. Although not a related party under FRS 8, it is included here due to the connection of name and objectives. It was established to provide support to Citizens Advice organisations throughout the world. No charge has been made for any expenditure incurred by Citizens Advice on behalf of Citizens Advice International during the year. At 31 March 2011, Citizens Advice owed Citizens Advice International nil (2009/10: nil). Citizens Advice International is not consolidated into the accounts as it is a separate entity and Citizens Advice does not have the power to control it.

Citizens Advice Limited is a subsidiary company owned by Citizens Advice and all Citizens Advice non-charitable trading is conducted through it. The Directors are the National Association of Citizens Advice Bureaux and John Gladwin. During the year ended 31 March 2011, it made a profit of £563,000 (2009/10: £135,000) which was then gift aided to Citizens Advice and recorded within delivery of services.

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24. Related party transactions (continued)

At 31 March 2011 Citizens Advice Limited owed £1,010,000 to Citizens Advice (2009/10: £341,000). The accounts for the year ending 31 March 2011 were agreed on 27 July 2011.

Citizens Advice took a controlling interest in Bedford & District Citizens Advice Bureau during 2008/09 but control was relinquished on 28 March 2011. The accounts have been consolidated for the period during control. During the year ended 31 March 2011 it made a deficit of £6,000 (2009/10: £13,000). No net assets have been consolidated at 31 March 2011 (2009/10: £55,000). The principal activity is to provide high quality advisory services to the local community.

Citizens Advice also took a controlling interest during 2008/09 in Stevenage Specialist Telephone Advice Centre. The subsidiary went into voluntary liquidation on 22 April 2010 (2009/10: £205,000 deficit). A £27,000 debtor is included in the parent company accounts at 31 March 2011, (2009/10: £27,000) which represents an estimation of what can be secured through a realisation of the net assets. The book value of fixed assets was written off at 31 March 2010 following valuation. The consolidated accounts at 31 March 2011 do not include any net liabilities for the subsidiary (2009/10: £228,000). The principal activities of the charity were to provide specialist advisory services in housing, debt, employment and welfare benefits.

25. Investments

The value of shares held in Citizens Advice Ltd is £2 being two ordinary shares of £1 each which represents 100% of the issued share capital. The company is a private limited company which was incorporated on 16 July 1982. The company is incorporated in England.

The company manages all forms of sponsorship on behalf of the parent company and covenants all profits each year under gift aid. The turnover in 2010/11 was £440,850 (2009/10: £311,172) which generated an operating profit of £135,895 (2009/10: £134,901). Net assets were £2 in both 2009/10 and 2010/11.

26. Current assets – Investments and Cash at bank and in hand

Cash deposits valued at £7,339,000 were reclassified as investments at 31 March 2011 and are analysed below.

Counter-party - type of investment	2011		2010	
	£'000s	%	£'000s	%
Barclays - Treasury deposits	1,470	20	1,580	27
Barclays - 1 year fixed maturing 7 April 2011 (2009/10 1 year fixed maturing 7 April 2010)	1,000	14	1,500	25
Cater Allen - 1 year fixed maturing 3 January 2012 (2009/10 1 year fixed maturing 5 August 2010)	1,499	20	950	16
Scottish Widows - 7 day notice account	2,005	27	-	-
Allied Irish 32 day notice account	-	-	955	16
Bradford & Bingley - 90 day Prestige Notice account	1,365	19	952	16
Total	7,339	100	5,937	100

26. Current assets – Investments and Cash at bank and in hand

The cash at bank and in hand is analysed below

Counter-party – Cash at bank and in hand	2011		2010	
	£'000s	%	£'000s	%
Barclays – current account	(649)	(22)	(544)	(9)
Barclays – business premium account	20	1	27	-
Barclays private bank – easy savings account	650	22	-	-
Britannia instant access account	1,852	62	2,294	38
Alliance and Leicester instant access account	645	21	2,688	45
Barclays Wealth Fund support account	388	13	391	6
Yorkshire (Guernsey) instant access account	-	-	785	13
Subsidiaries current bank accounts	103	3	400	7
Petty cash	2	-	5	-
Total	3,011	100	6,046	100

27. Prior year adjustment

The financial statements for the year ended 31 March 2010 have been restated due to a reclassification of cash to investments.

The balance sheet has also been restated for a re-classification of bank deposits held with counter-parties where investment proceeds are not able to be realised immediately. These deposits were shown in error as cash at bank and in hand but have now been shown as investments within current assets. Details of the investments have been disclosed in note 26.

The comparative figures in the primary statements and notes have been changed as follows:-

Consolidated balance sheet

	Group	Citizens Advice
	2010	2010
	£'000	£'000
CURRENT ASSETS		
Increase in Investments	5,937	5,937
Decrease in cash at bank and in hand	(5,937)	(5,937)
	-	-

28. Company Limited by Guarantee

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