the Money Advice Service

Annual Report and Accounts

for the year ended 31 March 2016

The Money Advice Service Annual Report and Accounts 2015/16

The Accounts for the year ended 31 March 2016 are presented to Parliament pursuant to paragraph 9A(3) of Schedule 1A of the Financial Services and Markets Act 2000

The Annual Report is presented to the House of Commons by Command of Her Majesty

The Annual Report is presented to the House of Lords by Command of Her Majesty

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Chairman's foreword

Chairman's foreword

Andy Briscoe
Chairman

Helping people make the most of their money is a vital task, not just for individuals and their families, but also for the wider economy and for the social benefits it can bring.

The Financial Capability Strategy for the UK – launched by the Money Advice Service in October 2015 – sets out a clear roadmap to how we can do that, using an evidence-based approach and a strong commitment across all sectors to work together.

In my role as Chair of the Money Advice Service, I also chair the Financial Capability Board (FCB). The Board is made up of leading figures from a wide range of organisations who support the need to raise financial capability – from Royal London to Toynbee Hall, from HSBC to Young Scot and many more. The FCB oversaw the development of the Strategy and is responsible for its successful implementation, in conjunction with a number of Steering Groups established to direct particular workstreams.

I would like to thank all those who worked so hard to produce the final Strategy – my fellow FCB members and those participating in the various Steering Groups; the great many other organisations and individuals from across government, business and the voluntary sector, who have given generously of their time and effort to comment on or contribute to the Strategy; and the staff of the Money Advice Service for their unwavering enthusiasm and commitment.

In light of the forthcoming legislation that would eventually see the Money Advice Service replaced by a new money guidance body, it is of paramount importance that we now take the Strategy forward and build momentum behind it. It would be deeply regrettable – and injurious to the interests of a great many people across the UK – were progress to be stalled and the new body to have to start again from scratch.

There has already been a strong start, with a particular focus on the importance of a robust approach to evaluation. We need to know 'what works' so that inevitably scarce resources can be put to the most effective use. As set out elsewhere in this report, the Money Advice Service has developed and introduced an Evaluation Toolkit to help facilitate robust evaluation of interventions aimed at improving financial capability. We have also established a variety of new funds and partnerships to support both existing and new projects – with a commitment in each case to measure the impact and to share the findings and insights.

In our Business Plan for the current year (2016/17) we have spelled out our determination to drive forward this important work – in particular through a new £7 million 'What Works Fund' to strengthen evaluation across the sector. The bidding process for grants under this scheme has already been launched with events right across the UK and a series of webinars, and we are looking forward to announcing the first grants in the autumn.

As we prepare for the transition to the new money guidance body, we will also work closely with HM Treasury, the Financial Conduct Authority and stakeholders so that the design of the new organisation – including its relationship with the new pensions body also envisaged – recognises the value of improving people's financial capability and takes forward the insights and experience we have gained.

Andy Briscoe
Chairman, the Money Advice Service

Chief Executive's introduction

Chief Executive's introduction

It is fair to say that 2015/16 has been an eventful year for the Money Advice Service.

Caroline Rookes
Chief Executive

The year began with the Service responding to the recommendations of the Farnish Review, continuing on an existing direction of travel but also strengthening our commitment to tackling some of the thorny issues emphasised by the Review. It ended with the Government's announcement at the Budget in March of a new money guidance body which will eventually replace the Money Advice Service. And in between – as our chairman, Andy Briscoe highlights in his foreword – we successfully launched a new Financial Capability Strategy for the UK, setting out a ten-year plan for how, working together, we can bring about a step-change in people's financial resilience and well-being.

One of the main differences between what the Money Advice Service does and what the new money guidance body is expected to do, is that the new organisation is expected to act primarily as a commissioning body and will not operate a direct-to-consumer service.

It is an important part of the transition programme to consider how the new body will ensure that consumers can continue to benefit from the sort of guidance we provide, as well as taking forward the insights and experience we have gained into how consumers think and act when it comes to their money.

An example of this is our contribution to helping consumers understand the pensions freedoms introduced in April 2015. In particular, our Retirement Adviser Directory (see page 28) has enabled thousands of customers to connect to a regulated adviser. For many people, this is a vital step to ensure that they can successfully navigate a complex landscape and arrive at a solution which enables them to make the best use of their pension savings.

The new body will not be in place until at least April 2018. In the meantime, in line with our statutory function, we will continue our work to ensure people have access to the information, support and guidance they need to make more effective financial decisions.

In this respect 2015/16 has been a particularly successful year for the Service. As in previous years, we have surpassed our main targets across the board – delivering a record number of customer contacts overall, and prompting more actions on the part of consumers to take control of their finances. It is especially pleasing that with our help customers took well over 21 million actions to improve their financial resilience.

Moreover, this has been achieved despite a sharp fall in our spending on promotional activity, enabling us to claim with justification that we really are delivering 'more for less'.

We have been significantly aided in this by the wide range of partners we work with across government, the voluntary sector, financial services and the wider business community. These organisations have an important 'footprint' in people's everyday lives, and they are also often in a strong position to communicate with people at times in their lives when they are making decisions – or are affected by life events – with significant financial implications.

The work we have done, and continue to do, to build and strengthen these relationships enables us to achieve so much more than we could on our own. We hope it will also lay the groundwork for the new money guidance body's approach.

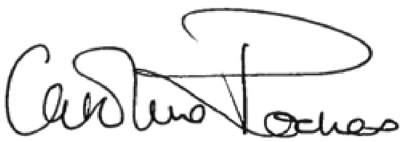
In our debt advice work, too, we have worked closely with our partners and delivered significant efficiency gains. An increase of less than 25% in our funding for debt advice – more than offset by savings in our money guidance budget – has delivered an increase of more than 50% in the number of debt advice sessions we have funded through our partners.

This strong performance enabled us to exceed what was undoubtedly a challenging target, and continues our record of achievement in this area: since 2012, the number of clients served by our funded projects in England & Wales has increased by well over 200% while the cost of serving each client has fallen by more than 50%. We have also taken forward a series of initiatives to improve the quality and consistency of debt advice services across the sector.

I am extremely proud of what the Money Advice Service has achieved in 2015/16, and of the staff who have delivered it in the face of all the speculation which has surrounded the Service and its future.

Both Andy and I have already recorded our thanks, and I wish to thank them again now – but I know this is not what drives them to give of their best each and every day.

They do it because they know that what we all do can make a real difference to people's lives, and because they are committed to making that happen. I am certain they will continue to show the same passion and drive as we begin the transition to the new money guidance body over the coming year.



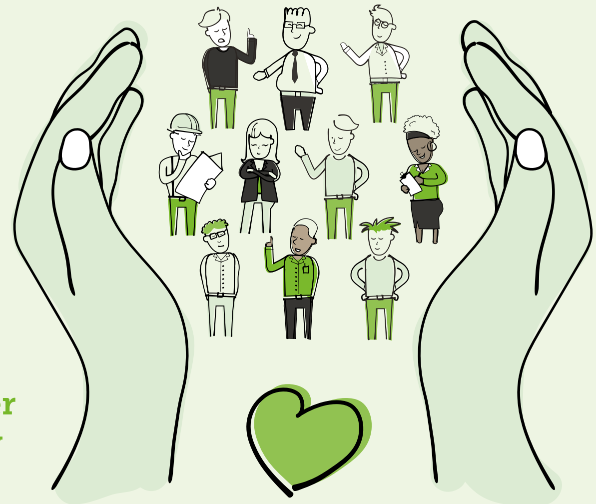
Caroline Rookes
Chief Executive, the Money Advice Service

A look back at 2015/16

In 2015/16 we helped millions of people to make the most of their money

We were contacted 26 million times by customers

an increase of 16% on 2014/15 – despite reducing our consumer engagement spend by well over 50%



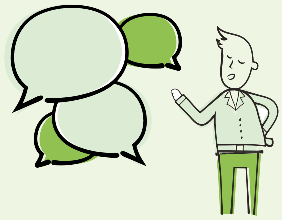
We helped customers to take action 21.4 million times

nearly 30% more than in 2014/15

High level of customer satisfaction

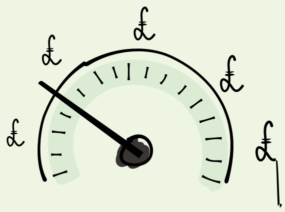
86%
said that the Money Advice Service had been helpful to them.

91%
said they would use our service again



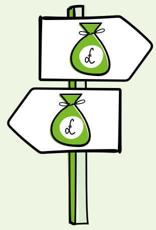
88%
said they would recommend our service to others.

We fulfilled our promise to **work much more closely with the rest of the sector**, collaborating on common goals over the course of the year.



10-year sector strategy

We worked with the Financial Capability Board to launch a ten-year strategy to improve people's ability to manage money well day-to-day, prepare for and manage life events, and deal with financial difficulties.



Connecting customers to industry

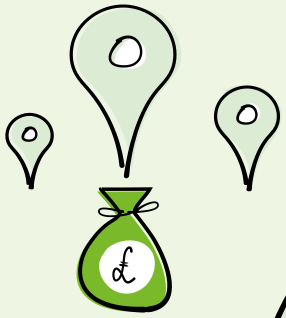
Our Retirement Adviser Directory now features 6,354 financial advisers and helped people 82,378 times to search for an adviser, to help demystify pension freedoms and more.

Savvy shopping

In a new way of working, we partnered with Wrap and MySupermarket to create reciprocal blogs and content about saving money by avoiding food waste, as well as how to be a savvy shopper, for the #SurviveJanuary campaign.

Our debt advice locator tool was accessed **340,000** times

It helps people access free debt advice services online and by telephone, or find face-to-face services near them.



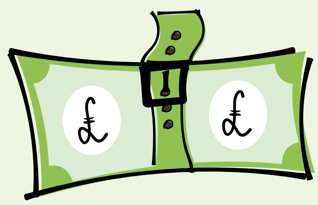
We launched a new Peer Review Scheme to identify and share best practice across the 230 debt advice organisations that use our funding in England and Wales

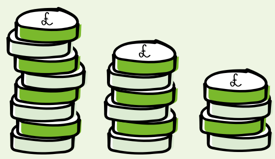
We supported people who sign up for IVAs with long-term money skills

Working with a Northern Ireland-based business, Aperture, we created a national pilot programme that aims to overcome some of the common money challenges clients face when they commit to an Individual Voluntary Arrangement (IVA).

We funded more than **380,000** debt advice sessions

78%
said that the Money Advice Service had been helpful to them.





86%
succeeded in reducing their debt within six months.

Our performance

Throughout what has been an eventful year for the Money Advice Service, we have kept a strong focus on delivering against the key performance indicators set out in our 2015/16 Business Plan.[1]

- We have provided information, support and guidance to more customers than ever before, despite a 20% reduction in our Money Advice budget.
- There were 21.4 million actions taken as a result of using the Service, significantly exceeding our target.
- Satisfaction levels remain high, with around 9 in 10 of our customers saying the Service provided them with the help they required, that they will visit the site again themselves, and recommend it to others.
- We have also seen another significant increase in the number of high-quality debt advice sessions we fund, while continuing to reduce the cost per session.

Key Performance Indicators	2015/16 target	Results
Volume of customer contacts (visit to the website, webchat, phone or face-to-face session)	**21.5m**	**26.0m**
■ Online contacts (excluding webchats)		*25.7m*
■ Face-to-face contacts		*0.1m*
■ Telephone contacts and webchats		*0.2m*
Unique UK website contacts	**N/A**	**19.4m**
Number of times we have given customers the help they required	12.0m	**17.2m**

Satisfaction criteria	2015/16 target	Results
■ Service provided help required	87%	86%
■ Will revisit the Service	90%	91%
■ Would recommend the Service	89%	88%

1. *2015/16 Business Plan* (Money Advice Service, March 2015).

Actions taken	2015/16 target	Year to date (Apr–Dec 2015)
Total actions taken as a result of using the service	**11.5m**	**21.4m**
■ Budgeting to live within means		14.8m
■ Managing debt well		2.9m
■ Saving regularly		2.3m
■ Being prepared for later life and retirement		1.0m
■ Protected against the unknown		0.4m

Debt advice	2015/16 target	Results[2]
Debt sessions funded through partners	**370,000**	**380,600**
■ England & Wales		352,200
■ Northern Ireland		2,500
■ Scotland[3]		25,900

2. Figures are rounded to the nearest hundred. Figures may not sum due to rounding.
3. Figures for Scotland cover March 2015–February 2016.

Our changing role

Our current remit

The Money Advice Service is an independent body set up by Parliament under the Financial Services Act 2010 to improve people's understanding of financial matters and their ability to manage their money.

We work with partners across government, business and the voluntary sector to help people get the guidance they need, when and where they need it. We offer people guidance and information across a wide range of money matters.

In 2012 our statutory function was enhanced to include responsibility for improving the availability, quality and consistency of debt services. The Money Advice Service is the largest single funder of free debt advice in the UK, enabling our partners to give hundreds of thousands of people each year the support they need to turn their lives around.

We also have an important role in providing leadership and co-ordination to the work of a wide variety of organisations aimed at improving people's financial capability and well-being.

Our funding comes from levies on the financial services industry, collected by the Financial Conduct Authority (FCA).

The Independent Review

On 20 March 2015, the Government published the findings of an independent review of the Money Advice Service's remit conducted by Christine Farnish (hereafter referred to as 'the Independent Review' or 'the Review').[4]

The Independent Review broadly endorsed the Money Advice Service's direction of travel – backed up by our own analysis of the guidance landscape and consumer need.

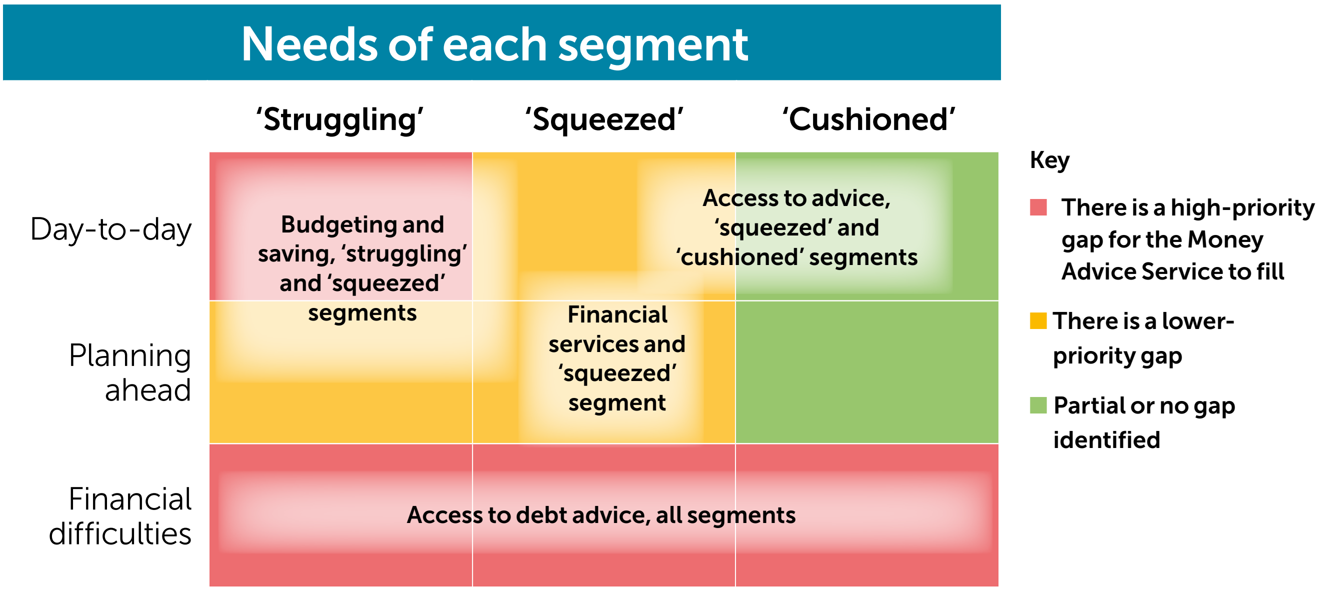
The Review made 25 wide-ranging recommendations concerning all areas of our organisation. Implementing the recommendations was an important part of our work during 2015/16.

We formed an independent panel of experts to help us consider in particular how best to implement the Review's recommendation that money guidance should be targeted at gaps in provision, avoiding duplication of good existing services.

With the panel's help, we analysed data from our Financial Capability Survey (see page 19) to identify key areas where there was clear need but where provision was low or non-existent, affecting three broad segments of the UK population.

4. *Money Advice Service: independent review* (HM Treasury, March 2016).

Figure 1 – A simplified summary of where we mapped the key needs of each segment that are not being addressed by impactful provision at scale



- The **'struggling'** segment comprises **11.6 million** adults of all ages who have low incomes and a high susceptibility to financial shocks. We have given this segment the name of 'struggling' to reflect the very tight fit between the income they receive and their essential household expenditures.
- The **'squeezed'** segment is **12.7 million** adults who are typically in mid-life; working; in a marriage/relationship; and have children. We have given this segment the name of 'squeezed' to reflect the financial pressures and financial volatility they told us they feel. They typically live in rented or mortgaged accommodation, so they experience the commercial pressures of rent rises and interest rate increases. And by and large people in this segment have strikingly low levels of savings: more than half have less than £500 in the bank. Given their high commitments, this segment is therefore acutely vulnerable to income shocks.
- The **'cushioned'** segment is the remainder of the adult population – comprising **24.5 million** people of all ages. We have mapped sub-segments with some differences between them (varying between 'comfortable' and 'affluent'), but broadly this group is cohesive. We have named this segment 'cushioned' because their defining characteristic is typically the amount of savings they have, which can act as a buffer if they experience a financial shock. By and large they are likely to have higher levels of control over their money too – but not universally so.

As with any such labels, these are shorthand descriptions – a key task is to understand diversity within each segment.

Further details of our response to the Independent Review can be found in our draft 2016/17 Business Plan published for consultation in December 2015.[5] The segmentation model we have developed is also covered there, as well as in the final version of the Business Plan, published in May 2016.[6]

5. *Consultation on the Money Advice Service's 2016/17 Business Plan* (Money Advice Service, December 2015).
6. *2016/17 Business Plan* (Money Advice Service, May 2016).

The public financial guidance review and consultation

In October 2015, building on the findings of the Independent Review, the Government launched a wider review of public financial guidance.[7] This review encompassed the roles of the Money Advice Service, the Pensions Advisory Service (TPAS), and the Pension Wise service set up by the Government to help people with the pension freedoms introduced in April 2015.

An interim outcome of the review was published alongside the Budget on 16 March 2016.[8] The Government issued a consultation (which ran until 8 June 2016) to replace the existing organisations with two new bodies:

- a new **money guidance** body, and
- a new **pensions** body.

The new bodies are expected to come into being in **April 2018** (subject to legislation). The new money guidance body would continue to commission free debt advice services, and would move to this model for the delivery of money guidance. It would not operate a direct-to-consumer service, nor promote a consumer-facing brand. The consultation also underlined the ongoing importance of building financial capability.

As a result of this announcement, we made a number of revisions to our draft Business Plan for 2016/17. In particular:

- We have accelerated our investment into pilots and interventions aimed at building the evidence base, with a strong focus on rigorous evaluation of 'what works'.
- We will no longer be making long-term investments in our direct channels, nor in marketing them.
- We have removed the aim contained in our draft Business Plan, of 'Working with financial services' – which aimed to influence product design and customer journeys so that they encouraged people to budget, save and plan ahead.

Further details can be found in the final version of our Business Plan.

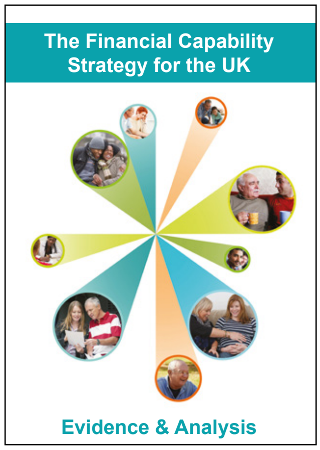
We have also set up a transition programme, under the leadership of HM Treasury (to which the new body would be accountable) and working alongside the Financial Conduct Authority. We will work to make the transition to the new body as smooth and efficient as possible – including considering how the expertise and insight we have acquired can be put to best use and how consumers can continue to benefit from the variety of tools and content we have developed.

At the same time we will continue to deliver on our existing statutory objectives to help people make the most of their money, and to improve the availability, quality and consistency of debt advice.

We will also seek to establish a broad consensus around where the gaps in the money guidance landscape lie, and build the evidence base around 'what works' to improve financial capability.

7. *Public financial guidance: consultation* (HM Treasury, October 2015).
8. *Public financial guidance review: proposal for consultation* (HM Treasury, March 2016).

Focus on financial capability




Financial Capability Strategy for the UK

Working-age people in the UK don't plan ahead:
12 million aren't saving enough for their retirement
27 million don't have a sufficient savings buffer to allow them to cope with a significant income shock
Only half of people with families have any life cover

Many UK adults don't have the resilience to deal with day to day events:
21 million don't have a modest £500 savings buffer to replace a fridge or mend the car
19 million don't have an approach to budgeting that they feel works

And too many are in financial difficulties:
Around 8 million have problems with debt
Of those, just One in six is seeking help

This Strategy, developed by the Money Advice Service and overseen by the Financial Capability Board, aims to improve financial capability, giving people the ability and motivation to address the situation described above.

That means improving people's ability to manage money well, both day to day and through significant life events, and their ability to handle periods of financial difficulty. It will focus on developing people's financial skills and knowledge, and their attitudes and motivation. This, combined with an inclusive mainstream financial system, can help people achieve the best possible financial wellbeing.

The Strategy consists of:

- a clear description of the problem the Strategy is looking to solve, and why it matters, including a comprehensive analysis of the 2015 Financial Capability Survey;
- an articulation of what success looks like over the 10-year life span of the Strategy; and
- a plan for how to get from today to achieving the ambitions of the Strategy.

A particular highlight of the Money Advice Service's year was the launch of the Financial Capability Strategy for the UK ('the Strategy') in October 2015.[9]

The Strategy was launched on 28 October 2015, with more than 100 people representing a wide range of organisations at a high-profile event in central London. Further events were also held in Scotland, Wales and Northern Ireland, highlighting specific issues relevant to each of the devolved nations.

The Money Advice Service has led the development of the Strategy, with input from a wide range of organisations interested in helping people manage their money better. This includes government, the voluntary sector, and the financial services industry.

The Strategy is based on **'collective impact'**, with a strong emphasis on **evidence and evaluation**. By working together in a co-ordinated way towards shared goals, we can achieve much more than through individual organisations working alone. And by testing different interventions and consistently measuring the impact they have on people's financial capability – we can ensure that resources are targeted on 'what works'.

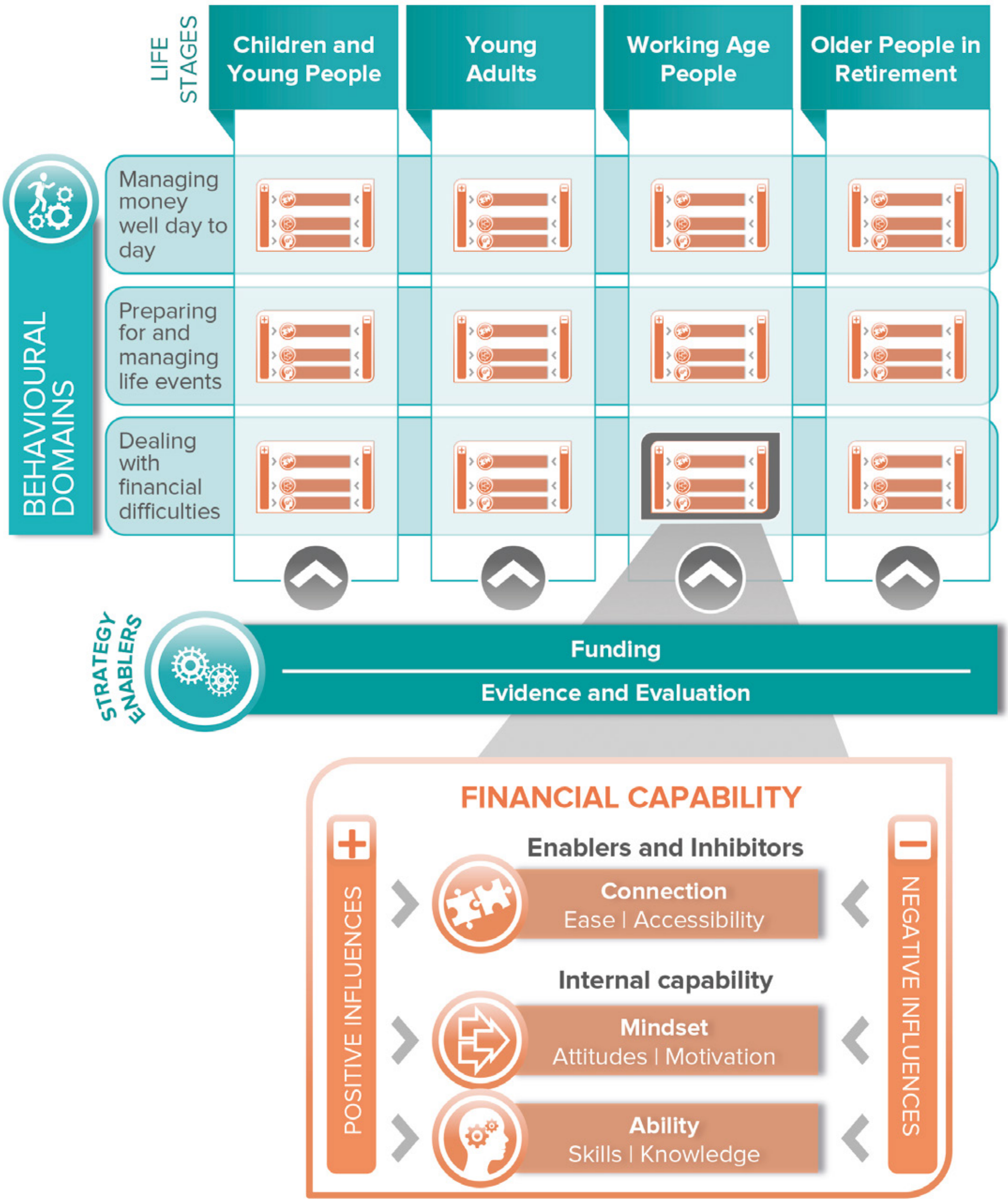
The Strategy sets out a ten-year plan to shift behaviour so that more people:

- **manage money well day to day** (including building financial resilience),
- **prepare for and manage life events** (planned or unplanned), and
- **deal with periods of financial difficulty** (including tackling debt problems).

It encompasses people's needs at every stage of their lives – from giving children and young people a good grounding in how to manage their money and encouraging working-age people to build their financial resilience and prepare for later life, right through to helping older people think about meeting care needs and end-of-life planning.

9. *Financial Capability Strategy for the UK* (fincap.org.uk, October 2015).

Figure 2 – The Financial Capability Strategy Framework



The framework divides the UK population into broad life-stages (columns) and clusters of key financial behaviours (rows)

The framework describes a financial capability model that can be used to diagnose problems and design provision relevant to each life-stage group and each cluster of key financial behaviours. Ease of connection, mindset and ability are the three critical components of financial capability.

Under **'Delivering our plan'** below, we highlight some of the work we have already been doing in 2015/16 to support the implementation of the Strategy. Our 2016/17 Business Plan sets out in detail how we are taking this work forward, including the launch of a **new £7 million 'What Works' Fund** to support high-quality evaluation of financial capability projects.

For more detail on the Strategy, see the financial capability website: **fincap.org.uk**.

The Financial Capability Survey

The Money Advice Service's UK Adult Financial Capability Survey has been specifically designed to support the Financial Capability Strategy for the UK. The survey has three functions:

- to generate **a map of adult financial capability in the UK**, indicating where capability is higher or lower,
- to provide **a diagnostic tool**, identifying the potential enablers and barriers to financial capability, and
- in time to produce a number of **high-level measures** that will track the performance of the Strategy.

These will be used alongside the robust evaluation of major pilots and interventions that are designed to support the Strategy.

More detail on the survey is available at **fincap.org.uk/financial-capability-survey**.

Delivering our plan

Our Business Plan for 2015/16 identified three priorities around which we would organise our work:

- **Effective leadership** – be an effective leader and influencer, driving insight-based change and financial well-being.
- **Driving improved financial resilience** – increase the number and proportion of people taking action to improve and sustain financial resilience.
- **Tackling crisis debt** – improve the scale, effectiveness and efficiency of the sector at preventing crisis debt, enabling people to overcome it quickly, and helping them to avoid returning.

Effective leadership

The Financial Capability Strategy for the UK (see pages 17-19) is at the heart of everything we do. The successful launch of the Strategy was one of our main aims for 2015/16.

We have also put in place a range of initiatives focused on areas where particular gaps have been identified through the Financial Capability Strategy and through our further analysis of the guidance landscape.

Understanding 'what works'

Evidence and evaluation central to the Financial Capability Strategy. We need to know 'what works' so that resources can be directed to projects and interventions which have been shown to be effective and have the potential to be of wider benefit.

We have continued to build the **Evidence Hub** we launched in March 2015. The Hub contains details of dozens of projects and interventions aimed at helping people increase their financial resilience and their ability to take more effective financial decisions. As well as details of each project, the Hub provides an evaluation of the impact, which includes an assessment of the strength of the evidence provided.

To support better evaluation of financial capability interventions, we have also developed a comprehensive **Evaluation Toolkit** to guide researchers and funders through how to evaluate their projects.

To deepen our understanding of what types of intervention can make a real difference to people's financial capability, we have earmarked up to **£7 million** to fund and evaluate pilots across the UK – with robust evaluation a central requirement to attracting funds. We expect projects across all life-stages to attract funding, with a focus on the priority issues that have been identified, including (but not restricted to):

- helping people with no financial buffer to **develop a savings habit**,
- making the most of **'teachable moments'** to help children and young people develop money skills,
- helping young adults make the **transition to financial independence**,
- exploring how the **workplace** can be used to improve financial capability and build resilience, and
- helping **older people** prepare for later life.

Children and young people

Children and young people are a particular focus for our work. What people see, learn and experience during childhood and adolescence has a profound effect on how they manage their money as adults.

The building blocks of money management in childhood include broad skills such as numeracy, self-regulation and perseverance. These also underpin wider educational attainment. Developing positive financial habits from a young age as well as a good understanding of money and the financial system are crucial.

In 2015/16, in response to one of the Independent Review's recommendations, we took on responsibility for the co-ordination of financial education in schools across England. Financial education is now part of the curriculum for secondary schools across the UK, but there is still a limited understanding of which approaches are most effective in improving children's ability to manage their money, both now and in adulthood. Teachers and schools need access to information about what works, as well as the link between developing money management skills and educational attainment.

'Maths in Context'

As part of our joint funding, in April 2016, the Education Endowment Foundation (EEF) announced a new trial to find out if teaching teenagers 'real-world' maths – such as estimating the cost of a gas bill or calculating the interest on a bank account – can improve their maths GCSE results.

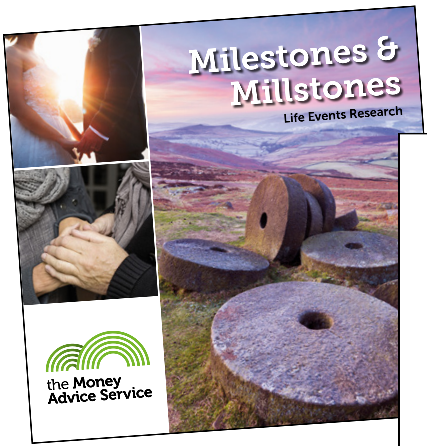
10,000 pupils in 130 English schools will take part in the evaluation of Young Enterprise's 'Maths in Context' programme which provides teachers with training and a set of lesson plans to help them teach maths in real-world contexts.

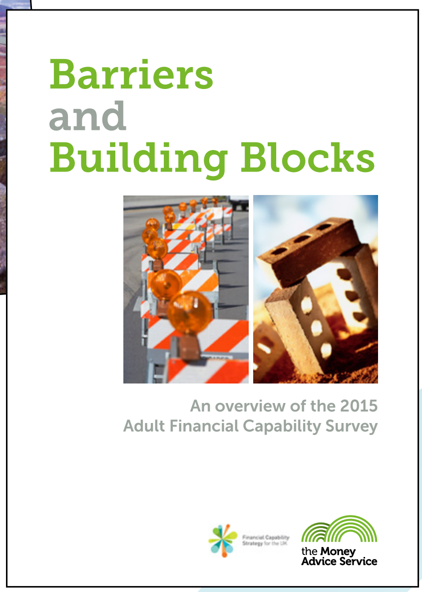
In August 2015, the Money Advice Service and the **Education Endowment Foundation (EEF)** launched a new **£700,000** fund to explore ways to give school pupils the tools and information they need to manage their money.

Contributing to the evidence base

As well as working to drive better evidence and evaluation across the financial capability landscape, we have continued to make our own contribution to the evidence base with a number of important pieces of research. In addition to the Financial Capability Survey (see page 19), the research we have published in 2015/16 includes:

- **'Milestones and Millstones' – looking at the impact of significant life events on how people manage their money.**[10]
- Research focusing on the language used around **pensions and retirement and how well people understood important terms.**[11] This research was a key input to the Association of British Insurers (ABI)'s guide to simplifying the language used around retirement choices, on which they are currently consulting.[12]
- Qualitative research on people's attitudes to spending in a social setting,[13] and young people's attitudes to **student loans**.[14]





10. *Milestones & Millstones: Life Events Research* (Money Advice Service, September 2015).
11. *Retirement Language: Analytical Report* (Money Advice Service, February 2016).
12. *Making Retirement Choices Clear* (ABI, April 2016).
13. *To budget or not to budget in a social setting* (Money Advice Service, April 2015).
14. *Time for a lecture on loans* (Money Advice Service, April 2015).

Driving improved financial resilience

Our Business Plan for 2015/16 highlighted the need to increase the number of people taking action after using our service to improve their financial resilience.

We have had nearly **26 million** contacts to our service over the course of the year – an increase of **16%** on the previous year – which includes more than **19 million** unique UK contacts to our website.

These results were achieved despite more than halving our budget for consumer engagement and communication – from £10.5m in 2014/15 to £4.4m in 2015/16 – including a significant in-year reduction (reflecting our ongoing move towards 'gap-filling' and our response to the Independent Review). Taken together, the increase in customer contacts and the reduction in spending represent an efficiency gain of around **180%** in terms of the cost per customer contact.

This is a pleasing result but just as important is that the number of actions taken on the back of those contacts has increased from 16.5 million in 2014/15 to **21.4 million**, an increase of nearly **30%**. This means that not only the number but also the proportion of people taking action after using our service has increased.

The Business Plan also highlighted the particular importance attached to **making and sticking to a budget**. In 2015/16 **nearly 15 million** actions were taken by our customers to budget and live within their means – an increase of well over **25%**.

Working in partnership

Working with others is vital to ensuring people get the information and guidance they need. The partners we work with help us reach consumers who may not otherwise seek help.

We make our tools and content freely available and work with partners to ensure the content is relevant to their customers and clients. In this way, the support we offer gets through to people when and where it is most likely to have an impact on their financial decisions.

Over the course of 2015/16 our partnerships helped to drive a total of **4.9 million** customer contacts:

- Our **financial services** team partnered with 35 organisations – including high-street and challenger banks, insurance companies, trade associations and non-mainstream lenders. We delivered almost **half a million** sessions through these partners. Our Pension Calculator tool was one of the key traffic drivers in this sector.
- We worked with 70 **'lifestyle'** partners who supported Money Advice Service campaigns, published bespoke articles and blog posts, and syndicated core content and tools. Partners in this sector delivered around **2.5 million** sessions – more than double last year's figure – with the majority of the sessions coming from parenting sites and portals.
- We worked with 120 organisations in the **not-for-profit** sector – including local government, housing associations, social enterprises and charities. The team implemented a regional strategy resulting in partners syndicating content, supporting Money Advice Service campaigns and engaging with the Financial Capability Strategy for the UK. Partners in this area delivered more than **2 million** sessions.

Examples of where we have forged new partnerships in 2015/16 – or strengthened existing ones – include:

- Deepening our relationship with **Netmums** in 2016, 20 Money Advice Service articles went live to the site's Money channel in February, covering a range of subjects such as budgeting, savings, benefits, debt, and divorce and separation. This has led to our content reaching **12,000** people a month, helping more consumers to make the most of their money.
- In October, we launched a new partnership with **SCOPE**, the UK disability charity. We created an online money hub, syndicating our tools and content with the aim of helping disabled people limit the extra costs of living they incur. We also offered support on money-related issues to the SCOPE online community, answering questions on topics such as benefits, debt, bank accounts and financial support for the disabled.

netmums

Scope
About disability

Our website – moneyadviceservice.org.uk

The vast majority of people who contact the Service do so through our website **moneyadviceservice.org.uk**

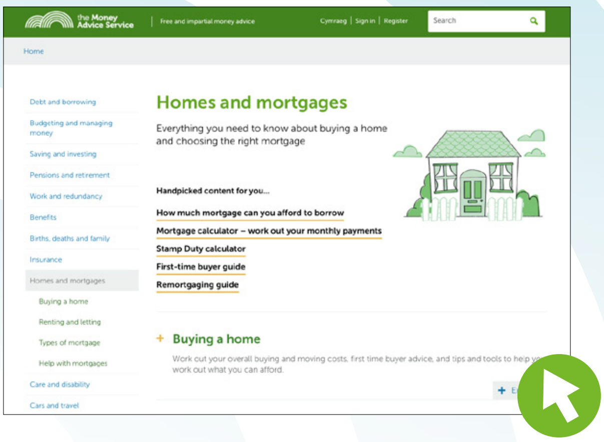
The website features a wide variety of tools and content to help people make the most of their money and plan for the future.

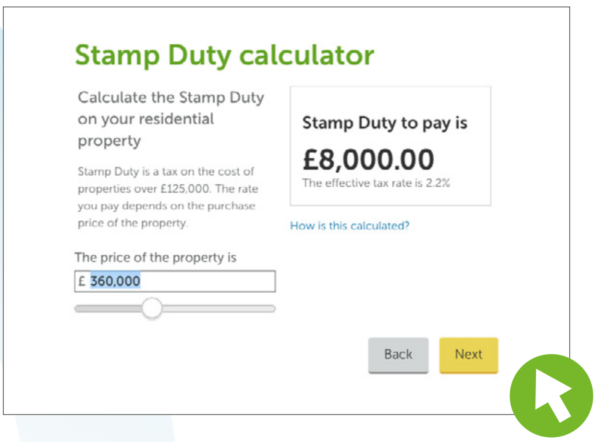
The most popular sections of our website during 2015/16 were:

- Homes and mortgages – **2.5 million views**
- Budgeting and managing money – **1.2 million views**
- Debt and borrowing – **1.1 million views**

The most popular tools during 2015/16 were:

- Stamp duty calculator – **769,000 completions**
- Mortgage affordability calculator – **652,000 completions**
- Mortgage calculator – **313,000 completions**
- Pension calculator – **201,000 completions**
- Budget planner – **109,000 completions**





Universal Credit

We have continued to work closely with the Department for Work and Pensions (DWP) to provide targeted support to claimants entering or moving to Universal Credit as it is rolled out. This includes budgeting support to help claimants transition from weekly to monthly budgeting, and taking responsibility for meeting housing costs. As Universal Credit requires claimants to have a bank account to which payments can be made, we also provide guidance on how to set up a basic bank account for those who do not currently have a suitable one.

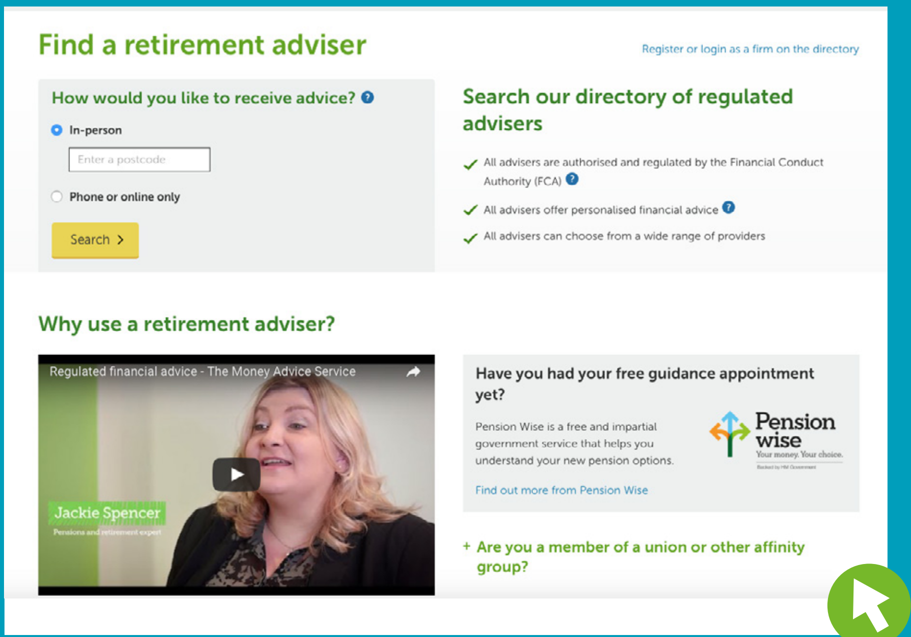
Guiding people to a better retirement

Reflecting the changing circumstances and challenges presented by the new pension freedoms introduced in April 2015, we have continued to refine and adapted our content around the choices people face as they approach and enter retirement.

Complementing the Government's 'Pension Wise' service, which helps people with specific choices they face in accessing their pension savings, we have developed a range of tailored resources, recognising that retirement is increasingly a journey with a number of stages rather than a single, one-off event.

Helping people to budget and plan ahead for the reduced income most people will face in retirement is at the heart of this journey. Our retirement content encourages people to take into account all of the issues and needs they are likely to face, including the potential costs of long-term care.

Retirement Adviser Directory



Our Retirement Adviser Directory provides Pension Wise customers with ready access to regulated financial advice. With more than 3,500 firms and 6,500 advisers from right across the UK registered, the Directory is an important part of the Pension Wise journey. In 2015/16, more than 20,000 people used the tool to connect to an adviser.

Raising awareness of key money issues

An important part of our work is to make consumers aware of issues which affect their personal finances and encourage them to take action to manage their money more effectively.

We launched a number of campaigns throughout 2015/16:

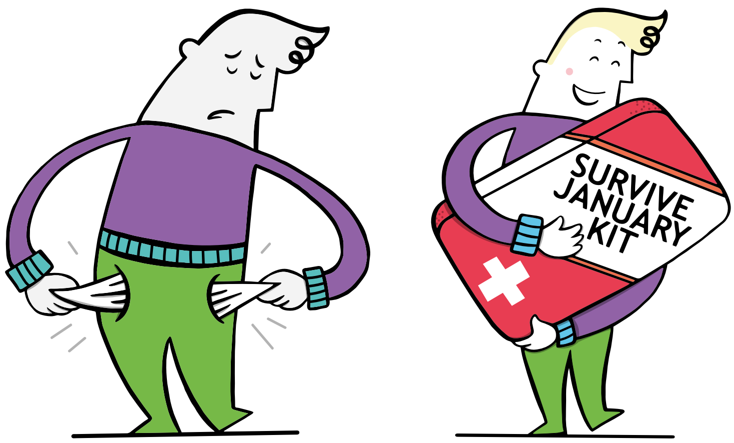
Tackling scam calls and emails

In July 2015 we issued a number of tips to help people spot and avoid possible financial scams. We followed this up in October with research highlighting that an estimated eight scam calls are made for every second of the day in the UK, and that around **3.5 million people had fallen victim to telephone fraud since 2010.**

'You Only Live Once'

In December, we highlighted the rise of '**YOLO' (You Only Live Once') spending – based on research suggesting that Britons spend as much as £167 million** on impulse purchases, and raising awareness of the problems this could cause in terms of increased debt.

SURVIVE january



Survive January

To help people struggling with their finances after Christmas and New Year celebrations, we launched a '**Survive January**' toolkit including:

- **checklists** to help people identify what they can do to cut back and when to do it,
- **budget planners** to help people consider where they can cut back,
- **recipe cards** featuring quick tips for cutting back on food expenditure during the month, and
- **videos** with tips and advice.

We worked with more than 50 commercial, local authority and charity partners for this campaign. In a new way of working, the Service partnered with Wrap and MySupermarket to create reciprocal blogs and content about saving money by avoiding food waste, as well as how to be a savvy shopper.

We also worked with Netmums to drive conversation about taking control of money matters and to identify the impact that working with a supportive community can have on people's finances.

Following the launch of this campaign, we experienced a **32% increase** in web visits, compared to the same period in the previous year.

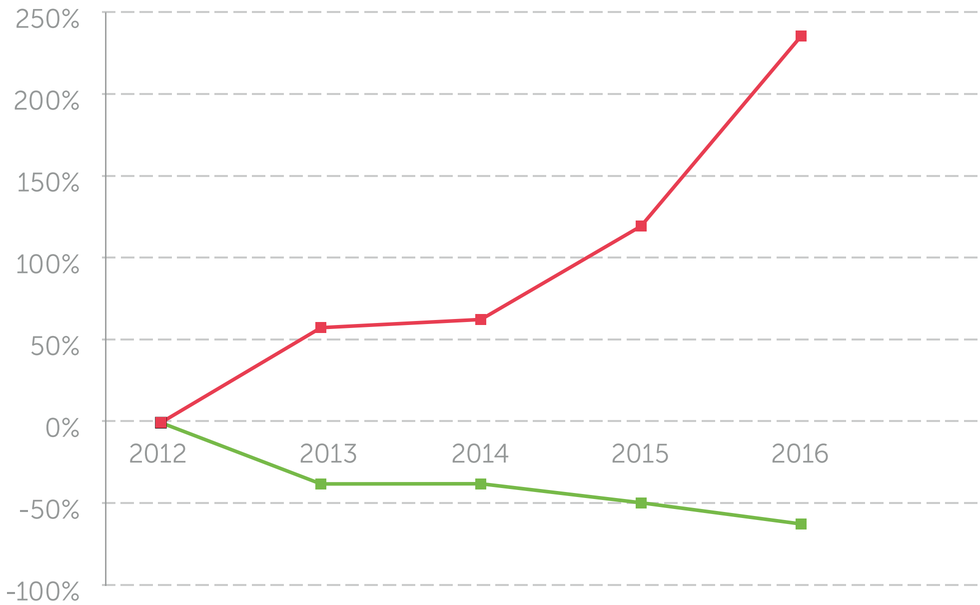
Tackling crisis debt

Helping people tackle financial difficulties and get their lives back on track is a hugely important task, with benefits not just to the individuals involved but to their families and to the economy and wider society.

In 2015/16, Money Advice Service funding enabled our partners to deliver **381,000** free debt advice sessions across the UK – an increase of more than **50%** on the previous year, while the budget for debt advice rose by less than 25%.

Overall since we assumed responsibility for debt advice services in 2012, our funding has helped more people year-on-year and, with our partners, we have reduced the cost per client of delivering that advice.

Figure 3 – Debt advice sessions have risen, while the cost per session has fallen – all while maintaining a consistent quality standard.



Key

Cumulative % change in clients helped (England + Wales) since 2012

Cumulative % change in cost per client since 2012

Importantly, we have also worked with our partners to ensure that the quality of service provided to clients has been maintained and indeed improved. We know that high-quality debt advice works: in the projects we fund, nearly **90% of people take action after getting advice, and three-quarters have made inroads into their debt within six months of doing so.**

Debt Advice Steering Group

Building on a recommendation of the Independent Review, we moved swiftly to establish a new **Debt Advice Steering Group** (DASG) – a high-level strategic group with representation at a senior level from some of the main debt advice providers and a range of creditor organisations, including the main high-street banks. The DASG met for the first time in June 2015.

The Steering Group is supported by an Operational Group to ensure that the strategic direction agreed by the DASG is translated into effective action.

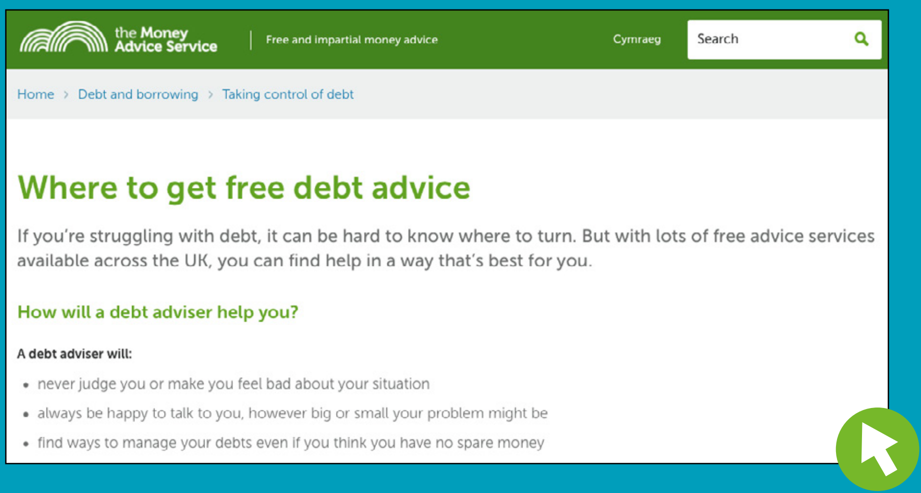
Early intervention

An important challenge is to get people to use debt advice services – and to do so at an early stage. There are more than 8 million over-indebted people in the UK, but only one in six actively seeks advice and of those more than half wait up to a year before they do so.

Throughout 2015/16 we have worked with a range of organisations across the sector to find better ways to:

- identify people at risk of becoming over-indebted,
- find ways of helping them avoid doing so where possible, and
- help them access high-quality advice where necessary.

Debt advice locator tool



We launched our **debt advice locator tool** in June 2014 to help people connect with free debt advice services locally or nationally.

This unique tool only features free debt advice organisations holding a Money Advice Service accredited quality standard or membership code, so people can be reassured the advice they are receiving is of a high and consistent standard.

In 2015/16, people across the UK have used the tool **340,000** times.

Baseline of debt advice 'repeat rate'

When people get debt advice, we want to help them not just to escape their current financial difficulties but to avoid becoming over-indebted again in the future. In our Business Plan for 2015/16 we committed to establishing a baseline for the proportion of clients in our funded projects who return to debt advice.

To achieve this, we surveyed around 900 debt advice clients whose cases were closed between July and December 2015 and found that around 45% had either had debt advice previously or had subsequently sought further advice. This included not just those who had previously used our funded services, but also those who were accessing our funded projects having previously had advice from other providers. We are now taking forward work in 2016/17 to build a deeper understanding of why people return to debt advice.

While our ambition is to reduce this 'repeat rate', we want to ensure that people continue to access high-quality debt advice when they need it. There are many instances in which people who have been over-indebted in the past will experience another 'trigger event' which leads them into further financial difficulties and it is important that they get help when that happens.

Debt mapping

In March 2016, we published a major piece of new research which for the first time gives every UK adult a statistical likelihood of being over-indebted, based on a number of factors and characteristics – including tenancy, age, household composition and income.[15]

This enables us to build an accurate picture of where debt problems are concentrated, which in turn can inform future funding decisions (both our own and those of other funding organisations).

Changes to the consumer credit regime

An important part of our work in 2015/16 has been putting in place robust procedures to help clients of debt management firms leaving the market.

In June 2015 we announced a new partnership with StepChange Debt Charity to fund a special service providing free support and advice over the phone.

In total, we set aside **£3.8 million** in 2015/16 to support clients in this position – including the partnership with StepChange Debt Charity, our own dedicated helpline and additional webchat services provided by Citizens Advice.

15. *A Picture of Over-Indebtedness* (Money Advice Service, March 2016).

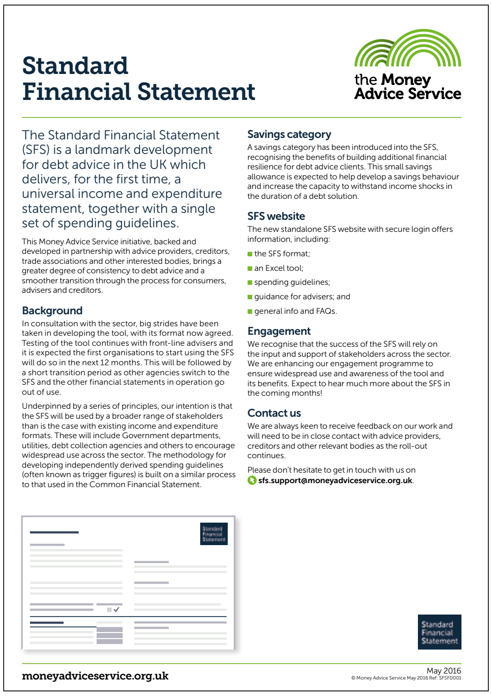
Peer review

As part of our ongoing commitment to raising standards, 2015/16 saw the initiation of a new **peer review scheme**, with specialist debt advisers assessing the work of other advisers and making suggestions for continuous improvement and development.

These will be captured in an action plan for organisations being assessed to implement in order to raise the quality of advice given to debt clients. Themes, areas of good practice and common challenges will be captured throughout the delivery of the scheme and will be shared widely with the sector.

Standard Financial Statement

Building on the groundwork conducted in 2014/15, we have continued to work with stakeholders – and in particular with StepChange Debt Charity and the Money Advice Trust – to develop a new '**Standard Financial Statement**' (SFS). This will present in an agreed form all the necessary information about a client's income and expenditure. The SFS represents a significant development as it will enable debt advisers to provide consistent help and support to their clients.



Standard Financial Statement

the Money Advice Service

The Standard Financial Statement (SFS) is a landmark development for debt advice in the UK which delivers, for the first time, a universal income and expenditure statement, together with a single set of spending guidelines.

This Money Advice Service initiative, backed and developed in partnership with advice providers, creditors, trade associations and other interested bodies, brings a greater degree of consistency to debt advice and a smoother transition through the process for consumers, advisers and creditors.

Background

In consultation with the sector, big strides have been taken in developing the tool, with its format now agreed. Testing of the tool continues with front-line advisers and it is expected the first organisations to start using the SFS will do so in the next 12 months. This will be followed by a short transition period as other agencies switch to the SFS and the other financial statements in operation go out of use.

Underpinned by a series of principles, our intention is that the SFS will be used by a broader range of stakeholders than is the case with existing income and expenditure formats. These will include Government departments, utilities, debt collection agencies and others to encourage widespread use across the sector. The methodology for developing independently derived spending guidelines (often known as trigger figures) is built on a similar process to that used in the Common Financial Statement.

Savings category

A savings category has been introduced into the SFS, recognising the benefits of building additional financial resilience for debt advice clients. This small savings allowance is expected to help develop a savings behaviour and increase the capacity to withstand income shocks in the duration of a debt solution.

SFS website

The new standalone SFS website with secure login offers information, including:

- the SFS format;
- an Excel tool;
- spending guidelines;
- guidance for advisers; and
- general info and FAQs.

Engagement

We recognise that the success of the SFS will rely on the input and support of stakeholders across the sector. We are enhancing our engagement programme to ensure widespread use and awareness of the tool and its benefits. Expect to hear much more about the SFS in the coming months!

Contact us

We are always keen to receive feedback on our work and will need to be in close contact with advice providers, creditors and other relevant bodies as the roll-out continues.

Please don't hesitate to get in touch with us on **sfs.support@moneyadviceservice.org.uk**.

Standard Financial Statement

moneyadviceservice.org.uk

May 2016
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We will begin to roll this format out over the coming year with a view to its being in place across the sector in 2018. We are also working with the Insolvency Service, the FCA, and with the Accountant in Bankruptcy (AiB) service in Scotland to embed the format in their statutory approach.

Our work across the UK

The Money Advice Service is a UK-wide body and the guidance we offer is relevant to consumers across the UK. We recognise, however, that the context in which we provide our service, and the needs and demands of consumers and stakeholders, vary in different parts of the UK.

We are committed to working with the governments of the devolved nations, and with a wide range of partners and stakeholders operating those nations, to ensure we add real value for consumers. It is by complementing the work of other agencies and organisations that we can best hope to meet the priorities and needs of consumers.

We have established a **Money Advice Service Forum** for each of the devolved nations, bringing together key stakeholders across relevant sectors to share insights and to inform plans for the future.

The **Financial Capability Strategy for the UK** (see pages 17-19) – informed by these Forums – included specific sections and strategies devoted to the priorities of people in Scotland, Wales and Northern Ireland and highlighting specific needs and issues in those countries. The Forums have helped develop action plans to take forward the Strategy in each of the devolved nations. The **Financial Capability Survey** also broke down the results for each of the devolved nations to highlight areas of difference with the UK as a whole.

The Money Advice Service has a **full-time country manager in each of Scotland, Wales and Northern Ireland. The country managers have** responsibility for developing the Service's activity and managing relationships with key stakeholders.

These country managers are supported by one of our **Executive Directors** so that issues and considerations specific to the devolved nations can be represented at Board level and factored into all of our plans.

We have highlighted below some of the key workstreams we have led or contributed to in 2015/16 for each of the devolved nations.

Northern Ireland

We have an active Forum of stakeholders in Northern Ireland working together to understand, map and improve activity to support money guidance and debt advice. Through this Forum we have developed key financial capability priorities for Northern Ireland to support the Northern Ireland Executive's Financial Capability Strategy, alongside the Financial Capability Strategy for the UK).[16]

Highlights of our work in Northern Ireland in 2015/16 include:

- working to put in place new three-year funding arrangements for debt services in Northern Ireland (see below);
- developing research to understand levels of indebtedness and attitudes to advice for consumers in Northern Ireland with a number of consultation events with stakeholders to address these issues on the future delivery debt advice services funded by the Money Advice Service;
- developing projects with the Northern Ireland Association for the Care and Resettlement of Offenders (NIACRO) to address engagement with debt advice services in Northern Ireland; and
- continuing to fund specialist support for debt advisers in Northern Ireland.

New Northern Ireland funding agreements

In previous years the Money Advice Service has provided funding for debt advice through the Department of Enterprise, Trade and Investment (DETI). These funded services came to an end in March 2016 and the Northern Ireland Executive asked the Money Advice Service to take on responsibility for funding and provision of debt advice in Northern Ireland, while continuing to work closely with them to ensure that delivery is aligned with their priorities.

We have worked to put in place grant agreements of **up to £1 million a year** for the delivery of debt advice in Northern Ireland in two separate streams:

- Stream 1 funding of up to **£800,000** a year will be targeted towards 11 projects to offer coverage across local authority areas for face-to-face and telephone debt advice.
- Stream 2 funding of up to **£200,000** a year has been offered to fund projects that will facilitate hard-to-reach groups and to engage people in a debt advice journey.

16. See *fincap.org.uk/northern_ireland_strategy* for details

Scotland

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

The highlights of our work in Scotland in 2015/16 have included:

- consulting on the Financial Capability Strategy for Scotland with stakeholders and holding a launch event for the Strategy (with cross-departmental Scottish Government support) and the Financial Capability Survey in the Scottish Parliament;[17]
- working with the Improvement Service – including the development of a Money Advice Performance Management Framework – to support the programme milestones in their 'Improving Outcomes in Money Advice' project. The project is aimed at improving the impact of Scotland's money guidance services and providing support to councils and their partners in this process; and
- continuing work with NHS Scotland on developing a model to support access to advice services through health and social care provision – for example by working with doctors to refer people to money guidance where this is indicated.

Funding debt advice in Scotland

Over the past three years we have had a successful partnership with the Scottish Government, jointly funding a series of debt advice programmes administered by the Scottish Legal Aid Board (SLAB), including a number of projects aimed at hard-to-reach groups.

We have committed to continuing our funding of debt advice projects through SLAB and have entered into a new three-year agreement. We are also working with SLAB to produce robust evaluation of existing workstreams so that we can continue to understand and improve the effectiveness of the services we fund.

17. See *fincap.org.uk/scotland_strategy* for details.

Wales

Alongside our English language services, the Money Advice Service's Welsh-language website moneyadviceservice.org.uk/cy ensures that our tools and content are available to everybody in Wales. We also provide Welsh-language telephone services and, where people wish to use face-to-face money guidance or debt advice services, these too are available in both English and Welsh.

The Money Advice Service's Wales Forum has worked to identify and develop priorities into an action plan for Wales, seeking to ensure that activity across a range of sectors is co-ordinated to achieve the greatest impact. Membership of the Forum includes the Welsh Government, the Welsh Local Government Association (WLGA), the Wales Council for Voluntary Action (WCVA) and the leads of the regional 'Financial Capability Forums' based in North, West and South Wales respectively.

Highlights of our work in Wales in 2015/16 have included:

- launching the Financial Capability Strategy for Wales and the Wales Financial Capability Survey with contributions to the Strategy from across the sector;[18]
- making an important contribution to the Welsh Government's Financial Inclusion Strategy, which included a number of recommendations from the Financial Capability Strategy for Wales, particularly relating to interventions aimed at supporting children and young people;
- as a member of the ministerial group 'National Advice Network', contributing to the Wales Information and Advice Quality Framework; the Social Welfare Law mapping exercise (which includes debt provision); and the Needs Analysis and draft Advice Services Strategy for Wales.

'Talk, Learn, Do'

In August 2015, the Money Advice Service and **Big Lottery Fund** in Wales announced a collaboration on a new pilot project which aims to help parents teach their children money management skills.

A total of **£400,000** was awarded to the three-year joint-funded project – '**Talk, Learn, Do: Parents, Kids and Money**' – starting in September 2015. The pilot scheme aims to motivate parents and equip them with the confidence and ability to develop the next generation of money savvy adults. Parents will be encouraged to help their children develop skills such as self-control, perseverance, sensible attitudes to money and setting financial goals.

The pilot is being implemented via nearly half of all local authorities in Wales and will reach as many as **1,000 parents** and **1,600 children** aged 3 to 11.

18. See *fincap.org.uk/wales_strategy* for details.

Our people

Our people

The Money Advice Service is a people business. So it should not be a surprise that central to our endeavours to increase financial capability is our desire to make the Money Advice Service a great place to work.

In 2015/16 our progress was good. We defined and built our UK Financial Capability expertise and implemented a number of learning programmes to develop our people. We continued to create long-term advocates and alliances and introduced new skillsets to the organisation through strategic secondment placements. We created an appetite for development and an increased interest across the organisation as employees sought out new ways to enhance their skills.

Our workforce is agile and diverse. Of the roughly 160 people we employ our permanent staff are joined by interims, fixed-term contractors and secondees to give us a rich mix of experience across all the functions we operate within.

The achievements set out in this Report and Accounts demonstrate the remarkable impact our people have had in helping others. To do this we also need motivated and engaged people. To sharpen our focus we invested time in 2015 to listen to our colleagues and let them share their experience 'of life at Money Advice Service'. This output has started to shape our thinking for the change journey ahead as the Money Advice Service transitions to a new entity. We believe, with the insights we have gained, that our people strategy will help us manage this transition successfully and keep engagement and morale high. This will ensure we are in an excellent place to continue to deliver highly regarded money guidance services in the future.

Our values

At the Money Advice Service we place equal importance on 'what' we do and 'how' we do it. Our values describe how our people behave and what our customers can expect from us. In summary:

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

Customer focused

Collaborative

Passionate

Open

Listening and learning

Equality, diversity and inclusion

The Money Advice Service is proud of our achievements and can truly say that equality, diversity and inclusion is at the heart of how we operate and our decision making. We take our role in society seriously. We are a consumer champion and an influencer in public policy debates where we seek to ensure that what we do is inclusive and to the benefit of all.

As an employer we are seeking to be an organisation which is recognised by colleagues, temporary staff, contractors and partners as:

- A fair employer who recruits, develops and promotes a diverse and talented workforce,
- An employer who provides an inclusive workplace where there is equal opportunity for all our colleagues regardless of their age, gender, ethnicity, sexual orientation, beliefs or disability.

Our vision is to provide a collaborative culture where we work well together, respect each other's differences and build a positive work environment.

During 2015/16 some of our notable achievements were:

- Consulting with representative diversity groups on key areas of policy and business planning,
- Working with the charity Brokerage to run workshops introducing young people to the City of London,
- Hosting codebar mentoring evenings who work to create a more diverse development community,
- Posting all of our vacancies on the Business Disability Forum website.

Statutory reports

Strategic report

The Directors present their Strategic Report for the Money Advice Service for the year ended 31 March 2016

Review of the company's business

In the year the Money Advice Service focused its expenditure on delivery of its key objectives of helping people to manage their money better. It reported surplus income over expenditure of £3.0m for the year ended 31 March 2016, compared to deficit income over expenditure of £0.8m for the year ended 31 March 2015. This surplus in the year resulted in an accumulated surplus of £12.1m. We will return £0.8m to fee payers by reducing their levy in 2016/17 and 2017/18. The increase in the UK Debt Advice general provision (£1.9m), will be used to support clients impacted by the FCA regulation of the consumer credit industry. We expect to spend £3.8m to support these clients in 2016/17.

Key areas of expenditure for the year ended 31 March 2016 continued to be the delivery of services (face-to-face, by phone and online). We spent £49.7m (2014/15: £45.5m), (64%) of our net costs on service delivery. In our Money Advice work, we spent £8.2m (2014/15: £10.9m) on service delivery which resulted in 83,000 (2014/15: 95,084) face to face sessions, 144,000 (2014/15: 140,890) telephone, e-mail responses and web-chat sessions, and total online customer contacts of 25.9m (2014/15: 22.25m). We helped customers to take action 21.4 million times, this is 9.9 million more than the target of 11.5 million. We developed and launched a range of new tools and content to help people with everyday money management, major purchases and significant life events.

We also funded 352,200 (2014/15: 219,700) debt advice sessions in England and Wales through our partners at a cost of £37.3m (2014/15: £29.4m). We spent £3.4m on debt advice in Scotland and Northern Ireland. (2014/15: £3.4m). This has delivered 25,900 (2014/15: 28,200) sessions in Scotland and 2,500 (2014/15: 3,700) sessions in Northern Ireland.

Across all nations 380,600 people have been helped through our debt advice providers in 2015/16 (2014/15: 251,700).

We spent £4.5m (2014/15: £10.5m) on consumer engagement and corporate communication activity including consumer campaigns, public relations, stakeholder engagement and internal communication.

Support services costs were £4.6m (2014/15: £3.9m) and comprise finance, facilities, procurement & legal, human resources, project management, and management information systems.

We spent £0.1m (2014/15: £0.1m) of proposition and product development expenditure in the year to develop a range of new tools and content to help people with everyday money management, major purchases and significant life events. We spent £1.7m (2014/15: £2.5m) on IT hosting and support services for our digital services. This was a year-on-year reduction of 32%.

Research and evaluation expenditure was £2.6m (2014/15: £2.3m).

Levy income received was £34.6m (2014/15: £42.6m) for Money Advice and £47.0m (2014/15: £38.1m) for UK Debt Advice for the year ended 31 March 2016. We received a one-off contribution from the utility companies of £2.0m to support our work on debt advice. Further details of income received are included in note 6, page 102 of our financial statements.

Cash in bank at 31 March 2016 was £22.2m compared with £11.0m for the year ended 31 March 2015; this is an increase of £11.2m cash in the year. The increase is primarily due to funds received from the FCA in relation to 2016/17 levy income. We now recognise invoices issued by the FCA to fee payers, and previously we recognised income when it was received. Further details of total trade and other payables are included in note 13 page 110 of our financial statements.

Further information on what we have achieved during the year is included on page 10.

Performance against budget

Net costs before capital expenditure for the year ended 31 March 2016 were £78.7m (including £45.0m Debt Advice expenditure) compared to £81.4m for the year ended 31 March 2015 (including £36.6m Debt Advice expenditure), and resulted in surplus income over expenditure after tax for the year of £3.0m (2014/15: deficit income over expenditure £0.8m). Our budget submission to the FCA is inclusive of capital expenditure, and therefore it is necessary to include capital expenditure during the year to fully compare actual expenditure to budgeted expenditure, as illustrated in the table below.

Accumulated surplus per financial statements	Notes	2015/16 £'000	2014/15 £'000	2013/14 £'000	2012/13 £'000	2011/12 £'000	2010/11 £'000
Net costs for the year	**5**	(78,691)	(81,378)	(78,196)	(77,110)	(40,741)	(31,213)
Levy income for the year	**6**	81,697	80,631	78,754	81,082	45,505	32,047
Corporation tax for the year	**8**	(35)	(39)	(67)	(64)	(34)	(1)
Accounting surplus / (deficit)		2,971	(786)	491	3,908	4,730	833
Cumulative accounting surplus as at 31 March 2015		**12,147**					
Adjust for non-cash and non-budget items							
Tangible & intangible additions	**9 & 10**	(477)	(155)	(1,246)	(2,278)	(1,605)	-
Tangible & intangible disposals and write-downs	**9 & 10**	247	2	44	109	-	-
Depreciation and amortisation	**9 & 10**	561	1,261	1,294	862	160	-
Interest on bank deposits	**15**	(178)	(195)	(343)	(322)	(168)	(2)
Bad debt	**14**	11					
Cash surplus		**3,136**	**127**	**240**	**2,279**	**3,117**	**831**
Cumulative cash surplus as at 31 Mar 2016		**9,730**					

Summary of cash reserves for the Money Advice Service	Notes	General reserve		Special reserve	
		Money Advice £'000	UK Debt Advice £'000	UK Debt Advice £'000	MAS Total £'000
Opening reserve 1 April 15		1,878	2,675	2,042	6,595
Cash surplus / (deficit) 2015/16		1,030	2,106		3,136
Transfer between reserves		-	-	-	-
Closing reserve 31 March 2016		2,908	4,781	2,042	9,731
Max reserve per policy					
Money Advice	**A**	2,100			2,100
UK Debt Advice	**A**		4,905	2,042	6,947
Total reserve allowed per policy		2,100	4,905	2,042	8,923
Return to fee payers		**808**	**-**		**808**

Note A
Money Advice – we have agreed with the FCA to retain additional income received (£0.4m) in 2015/16 as a reserve and return £0.8m of underspend to fee payers in 2016/17 and 2017/18.

UK Debt Advice – we will retain £2.0m as a reserve in 2015/16. This surplus will be used in 2016/17 to support clients effected by the changes in the debt management sector as a result of regulation of consumer credit firms.

Application of reserves policy

The Money Advice Service has set a general reserve policy, which is applied to separate reserves for Money Advice and UK Debt Advice levies whilst they remain separate funding streams. At present the Audit and Risk Committee has set the general reserve level for Money Advice at up to 7% of the current year's agreed funding and the reserve can accrue cumulatively from surplus income over expenditure. It can be used to fund general operating expenditure. Reserve amounts cannot be transferred between Money Advice and UK Debt Advice. Decisions to utilise the reserve are taken by the Audit and Risk Committee on behalf of the Board. If there is surplus income arising after all reserves have been agreed, this will be deducted from future funding levies raised in agreement with the FCA.

For 2015/16 we have increased the UK Debt Advice general reserve from 7% to 10.9%, this increase is for the current year only and our expectation is that the general reserve will revert to 5% from next year onwards. The increase in the general reserve is necessary to cover unforeseen costs to meet the needs of clients affected by changes in the debt management market which may be incurred during 2016/17. Actual utilisation of our reserve is subject to approval by the Board and the FCA and to full disclosure in the Money Advice Service's financial statements.

In accordance with our reserves policy agreed with the FCA, a Money Advice general cash reserve of £2.1m will be carried forward which is 7% of the 2016/17 year's funding (2014/15: £1.9m which is 4% of 2014/15 funding). For UK Debt Advice a general reserve of £4.9m will be carried forward which is 10.9% of the current year's funding (2014/15: £2.7m which is 7.0% of 2014/15 funding). This is in addition to a £2.0m special reserve for UK Debt Advice (2014/15: £2.0m).

We have added the UK Debt Advice underspend in the year of £2.1m to our UK Debt Advice general reserve. We have agreed with the FCA to a temporary increase in our UK Debt Advice general reserve to 10.9% for 2015/16. It is our intention to use this surplus during 2016/17 to support clients impacted by the FCA regulation of the consumer credit industry. We estimate this to cost £3.8m. This will allow us to return to a UK Debt Advice general reserve of 5% or less from 2016/17 onwards. We continue to work closely with the FCA to anticipate demand for these services.

We have made no adjustment to the UK Debt Advice special reserve. The reserve is £2.0m and was retained in a previous financial year and has been verified as an appropriate amount for potential redundancies in England and Wales if funding was withdrawn. This reserve was retained for a specific purpose, however this is not a provision or a liability. We review the special reserve on an annual basis with lead organisations to ensure the amount is appropriate and hasn't changed in the year. We also ask the lead organisations to confirm they are providing for the liability from 1 October 2014 onwards. As per their three-year grant agreements, the lead organisations must provide for any potential redundancy liability accruing after 1 October 2014.

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

Money Advice has added surplus funds of £1.0m in 2015/16 to its general reserve and funding will be reduced by £0.8m in 2016/17 and 2017/18. The Money Advice general reserve has been agreed with the FCA at a maximum level of £2.1m (7% of 2016/17 funding)

Funding

The Money Advice Service's primary source of income for its money advice and debt advice work is from levies raised from Financial Services and Markets Act 2000 authorised firms, payments institutions and electronic money issuers.

During 2015/16 the Money Advice Service has received levy income from consumer credit firms. The FCA took over regulation of consumer credit firms from the Office of Fair Trading (OFT) in April 2014 and have collected levies from firms that have been regulated during 2015/16.

This income is in addition to our annual funding requirement for 2015/16 and has been deferred to offset our funding requirements for 2016/17. We agreed this position with the FCA in February 2015 because of the uncertainty about the number of firms that would apply for regulation and the estimated time required to regulate firms.

This uncertainty made it difficult to estimate how much levy would be collected from consumer credit firms during 2015/16. Therefore levies collected from consumer credit firms during 2015/16 will reduce the levies required from Financial Services and Marketing Act 2000 authorised firms. Levies are raised and collected by the Financial Conduct Authority (FCA) on behalf of the Money Advice Service.

In 2015/16 utility companies made a one-off contribution of £2m for the provision of debt advice. We do not anticipate receiving funding from the utility companies in 2016/17.

Going concern

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

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

As at 31 March 2016 the Money Advice Service had received £4.4m of levy income for 2016/17 from levy payers. This income has been deferred and is recognised in our statement of financial position. The financial statements have been prepared on a going concern basis at the reporting date (31 March 2016). Following the Public Financial Guidance Review published in March 2016 the Money Advice Service will be replaced by a new, money guidance body. Management have taken this into account in considering the basis of accounting for this reporting period. It is management's view that the Money Advice Service has the mandate and resources to carry out the 2016/17 business plan. The business plan has been approved by HM Treasury and the Financial Conduct Authority and was published in May 2016 after consultation with the sector. Based on this the Money Advice Service should still be treated on a going concern basis for this reporting period. The going concern basis will be re-assessed in future reporting periods.

Future developments

Our strategic direction in 2016/17 is to build on the work we have delivered during 2015/16. We plan to implement fundamental changes to become a more strategic and evidence-based organisation, focused on a small number of clearly identified gaps. While the Government's announcement that a new money guidance body will come into existence in 2018 means there is no requirement for a long-term strategy, we have a mission for the remaining two years of our existence.

In 2016/17 we plan to:

Continue to deliver on our statutory objectives to help people manage their money better, and to improve debt advice.

Build agreement about the gaps in the landscape, and build robust evidence of what works, in interventions to improve financial decisions

The following are the principal areas of activity for 2016/17

Delivery through others: We will co-ordinate the many organisations that contribute to improving financial capability – investing up to £7m to fund trials and pilots that add to their evidence base about 'what works'.

Earlier and wider access to debt advice: We will fund help for 425,000 over-indebted people so that they can access free, high-quality advice - 15% more than in 2015/16. We will run a series of tests with over-indebted people designed to encourage them to seek advice earlier.

More people budgeting and saving: We will partner with the Department of Work and Pensions to offer Universal Credit recipients a free, fast tool to help them with their household budgeting. We will run pilots that test innovative ways of getting people to save, targeted on two of our most challenging customer segments.

Improving access to guidance and advice: We will begin to reshape our direct channels in line with the principles set out in the Government's Public Financial Guidance Review; proposal for consultation. We will stop all marketing, but will continue to meet natural demand and maintain customer satisfaction for our direct services.

Widening and improving financial education: We will conduct randomised controlled trials, analyse a major cohort study and map financial education provision. We will contribute these to a growing evidence base, raising the bar for how the financial capability needs of children and young people will be served at school and at home.

We will achieve all these ambitious aims with a significantly reduced budget for 2016/17, while increasing the amount of money that goes to the frontline of debt advice.

We will begin the transition to the new money guidance body, to make it as relevant and cost-effective as possible, by careful planning with HM Treasury and the Financial Conduct Authority.

Equality and diversity

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

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

Health and safety

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

Trade payables payments policy

The Money Advice Service's policy is to aim to pay 100% of valid invoices with a correct purchase order within 30 days of receiving them. The average time taken to pay suppliers from receipt of invoice was 30 days (30 days in 2014/15).

Principal risks and uncertainties

The delivery and stakeholder acceptance of the Financial Capability Strategy

A key deliverable for the Money Advice Service during 2015 / 16 was the delivery of the Financial Capability Strategy. This was established following the belief and consistent message from stakeholders that levels of financial capability need to be improved. The Financial Capability Strategy aims to improve financial capability across the UK. That means improving people's ability to manage money well, both day-to-day and through significant life events, and their ability to handle periods of financial difficulty.

The Financial Capability Strategy was launched in October 2015 following a wide consultation based on what was in progress, what works, where the gaps are in current provision and what priorities stakeholders want the Strategy to take forward. Successful delivery of the Strategy will depend on effective co-ordination to ensure that we avoid duplication and fill gaps. Most importantly it will require a rigorous approach to evidence and evaluation, so that actions are informed by what we know works. The Money Advice Service will continue to contribute strategic and thought leadership and will focus on improving and disseminating the evidence about what works, increasing the amount and visibility of robust evaluation, and working with others to design, fund and evaluate interventions with the potential to improve financial capability.

The outcome of the Independent Review and our response

In March 2015 Christine Farnish published her Independent Review. While advocating the cause of financial capability, she challenged our thinking about the role of direct delivery channels. In response, we carried out in-depth analysis of the needs and behaviours of 5,000 consumers and, mapping this against what consumers can access from across the marketplace, began our gap-filling approach. When the Independent Review was published in March 2015, the Money Advice Service accepted 19 of the 25 recommendations it made. We asked an independent panel of experts to help us consider the remaining six recommendations.

The panel met three times and considered a range of consumer evidence, options and the broader strategic drivers around money guidance. The central task for us and the panel was to agree a suitable analytical framework to respond to the recommendation that we should direct money guidance funding only at gaps. With the panel's help, we looked at data from 5,000 people, through the lens of the financial capability behaviours prioritised by our partners in the UK Strategy. We then mapped provision in the marketplace against the key areas of need. Where good provision already exists, we stated that the Money Advice Service should not duplicate (although it could influence and support). We identified some key areas where provision was low or absent. We looked at each of these in turn with the panel to confirm that the gaps were indeed the right ones for us to focus on.

Debt advice and the challenges we face

We have built improved quality and evaluation standards into our requirements and future commissioning objectives. We continue to engage with three major debt providers and there are regular industry forums and sector working groups to tackle areas of shared interest and influence. Our new programme of work particularly takes up the recommendation of the Independent Review which referred to MAS exploiting opportunities when they allow to combine offline money guidance and debt advice, both by improving early intervention and by building people's financial capability during and after the receipt of debt advice. In June 2015, a new Debt Advice Steering Group (DASG) met for the first time, in response to a recommendation of Christine Farnish's Independent Review of the Service. The DASG brings together influential stakeholders from banks, other creditor organisations and the advice sector. It provides high-level oversight and coordination to our work across the sector to build on that success. We will provide the secretariat support for DASG, along with a new Debt Advice Operational Group (DAOG), and a series of action groups, as they work through the emerging priorities. This framework embodies the collaborative approach that we continue to take to deliver our statutory role. Following the consultation of our 2016/17 business plan we propose the closure of face-to-face money adviser services recognising that the cost to acquire customers and the cost to serve them were both high. This links to the same recommendation of the Independent Review regarding the combining of offline money guidance and debt advice. We will also invest money from the 'what works' fund to enhance the capacity of existing face-to-face money adviser networks in a way that disseminates and builds evidence.

The outcome of the Public Financial Guidance review

In October 2015, the government launched the public financial guidance consultation to seek views on how publicly funded pensions guidance, debt advice and money guidance (including financial capability) could best be structured to help consumers make effective financial decisions. In March 2016 the Government published a series of proposals in response to the Public Financial Guidance consultation. This built on Christine Farnish's recommendations, and endorsed her view that both debt advice and money guidance need long-term leadership and support from a statutory and strategic body. The government announced that the Money Advice Service will be replaced in April 2018, by a new body charged with equipping consumers to make more effective financial decisions. The consultation closed in June 2016 and the government will consider the responses to the consultation over the summer, and in parallel, work closely with the affected organisations to finalise the delivery structure. A detailed timetable will be set out with the final response to the public financial guidance review, which will be published in autumn 2016. In the meantime we will of course fulfil our statutory remit, as the Government's announcement set out.

By Order of the Board

Michelle Clewer
Company Secretary

Directors' report

for the year ended 31 March 2016

Directors' report for the year ended 31 March 2016

The Directors of the Money Advice Service Ltd present their report, together with the audited financial statements on pages 87 to 90 and associated notes on pages 91 to 116 for the year ended 31 March 2016.

Principal activities

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

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

Its statutory objectives are to:

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

The statutory functions include but are not limited to:

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

It became the Money Advice Service on 4 April 2011.

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

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

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

Directors

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

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

Non-executives

Andy Briscoe (Chairman)	appointed 27 September 2013
Nicola Bruce	appointed 1 April 2015
Mike Dailly	appointed 1 April 2015
Jonathan Douglas	appointed 4 January 2011
Laurie Edmans	appointed 4 January 2011, retired 9 December 2015
Caroline Fawcett	appointed 1 April 2015
Richard Hughes	appointed 4 January 2011
Stephen Locke	appointed 4 January 2011
Chris Morson	appointed 1 September 2015
Robert Skinner	appointed 1 February 2012

Executives

David Haigh	appointed 1 June 2015
John Penberthy-Smith	appointed 1 June 2015
Lesley Robinson	appointed 1 January 2012, resigned 30 October 2015
Caroline Rookes (CEO)	appointed 1 February 2013

Further details of the Money Advice Service's Directors are included in our governance statement for the year ended 31 March 2015 (see page 60).

Directors' insurance

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

Disclosure of information to the auditor

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

(a) so far as the Director is aware, there is no relevant audit information of the which the Company's auditors are unaware

(b) the Director has taken all the steps that he/she ought to have taken as a director in order to make him/her aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

External auditors

Under the Financial Services Act 2012 the Comptroller and Auditor General (C&AG) was appointed the statutory auditor of the Service.

Internal auditors

At the Audit and Risk Committee meeting in August 2014 the Money Advice Service appointed Grant Thornton as its internal auditors for 3 years. Grant Thornton has undertaken seven reviews for the year ended 31 March 2016 (see page 73 for details).

Political donations and political expenditure

The Company has not made any political donations for the year ended 31 March 2016.

The Strategic and Directors' Report was approved by the board on 4 July 2016 and signed below by order of the Board.

By Order of the Board

Michelle Clewer
Company Secretary

Statement of Directors' and Accounting Officer's responsibilities

Statement of Directors' and Accounting Officer's responsibilities

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Governance statement

Governance statement

Scope of responsibility

As Accounting Officer for the Money Advice Service, I can confirm that all transactions and balances included in the Money Advice Service 2015/16 financial statements were recognised in accordance with the relevant legislation and International Financial Reporting Standards (IFRS) as adopted by the European Union.

I also confirm to the best of my knowledge and belief, and having made the appropriate enquiries, the following:

- all transactions undertaken have been properly reflected and recorded in the financial statements, and all material liabilities, both actual and contingent, and all material guarantees that we have given to third parties, including oral guarantees made by the company and the group on behalf of an affiliate, director, officer or any other third party, have been properly recorded or disclosed;
- all significant assumptions used by us in making accounting estimates, including those surrounding measurement at fair value and review of impairments, are reasonable;

My assurance is based on the ongoing programme of work carried out by our internal audit function. I also have the added comfort of the work carried out by external auditors on the Money Advice Service financial statements, whose work includes an assessment of the reasonableness of significant accounting estimates made by the directors.

Overview

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

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

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

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

During the year, consultations have been carried out with the FCA on the 2016/17 Annual Business Plan and Budget. The FCA Board approved the budget at its March meeting but asked that the plan be reviewed to ensure that activity was in line with HMT's preferred model. The reviewed plan was published in May.

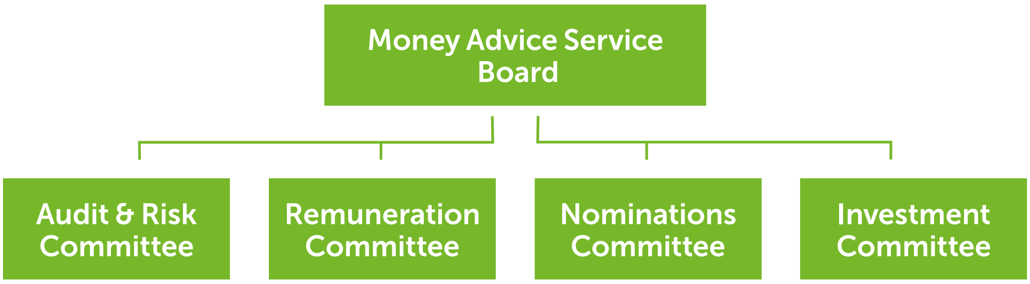
The Chief Executive Officer is the accounting officer of the Service and is personally responsible for:

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

Having reviewed the evidence provided from risk management and from the internal auditors opinions, I am satisfied that the Service has maintained a sound system of internal control during the financial year 2015/16, operating effectively across the organisation, on which I can rely as accounting officer.

Governance Framework of the Money Advice Service

Governance Structure of the Money Advice Service



The Money Advice Service is governed by a Board who is responsible under company law for ensuring that the statutory objectives are carried out and that the Service is run in an appropriate, legal way. Along with the Board the Service also has a number of sub-committees who supervise the running of the organisation as follows: Audit & Risk Committee, Remuneration Committee, Nominations Committee and Investment Committee.

Board composition

As at 31 March 2016, the Board comprised of twelve Directors, (nine Non-Executive Directors and three Executive Directors, including the Chief Executive).

The FCA approves all appointments to the Board with the appointment of the Chair and the CEO being approved by HM Treasury.

Two Board members left the Board during the year (one Executive Director and one Non-Executive Director) as follows:

- Lesley Robinson (Executive Director) resigned as UK Debt and Corporate Services Director, and Company Secretary on 30 October 2015, as she accepted another executive position on another Board.
- Laurie Edmans (Non-Executive Director) retired on 9 December 2015.

The details of the current Board members are as follows:

Chair

Andy Briscoe

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

Andy assumed the chairmanship on 27 September 2013.

In June 2016, the FCA and HM Treasury approved his reappointment until April 2018.

Non-executive directors

Nicola Bruce

Nicola is an experienced strategist with a background in non-standard financial services. She was formerly Director of Strategy at Albermarle & Bond, one of the UK's leading pawn brokers and non-standard lenders, and Director of Strategy & Business Development at De La Rue plc, the banknote and security printer. Prior to this, Nicola was a partner at The Monitor Company where she led strategy development and consumer research projects for financial services and consumer goods companies.

Nicola was appointed on 1 April 2015 for a three-year term.

Michael Dailly

Michael is the Director of the Govan Law Centre in Glasgow. This is a not-for-profit advice centre, helping people at the sharp end who are having to cope with financial disputes, including credit repayments and mortgage repossessions. He has also been a member of one of the Service's key stakeholder groups, the Financial Services Consumer Panel. Michael was appointed on 1 April 2015 for a three-year term.

Non-executive directors

Jonathan Douglas

Jonathan's career has centred on learning, initially through libraries and since 2007 as Chief Executive of the National Literacy Trust (NLT). He was previously Head of Policy Development at the Museum and Libraries Archives Council and also Adviser at the Chartered Institute of Librarians and Information Professionals. He has been on the boards of several charities relating to learning and access and literature. Jonathan was appointed 3 January 2011 for a two-year term, in January 2013 his term was renewed for another three years. In January 2016, his term was renewed for a further two years.

Caroline Fawcett

Caroline is a specialist in customer service and excellence and bringing customers to the heart of organisations. She's been the customer experience director and marketing director at Legal & General, customer director at the Rural Payments Agency, and has held positions as Serco, Essex County Council and the Care Quality Commission. She also has significant experience of the financial services sector – as well as her positions at Legal & General, she is currently on the Board of Co-Op Insurance and was also formerly on the Board of OneFamily (formed when Engage Assurance and Family Investments merged in 2015). Caroline was appointed on 1 April 2015 for a three-year term.

Richard Hughes

Richard spent the first ten years of his career as a Civil Servant, working in the Home Office, Prison Service and Cabinet Office. Since 2001 he has worked in public sector consulting for PA Consulting and Capgemini, specialising in strategy, business change and performance improvement. He also had a period leading business development in Justice for Working Links, a provider of services to support the unemployed into work and the rehabilitation of offenders. He is currently a member of PA Consulting's Government and Public Services team, focusing on public service reform. Richard was appointed 3 January 2011 for a two-year term, in January 2013 his term was renewed for another three years. In January 2016, his term was renewed for a further two years.

Non-executive directors

Stephen Locke

Stephen began his career at HMT, then he spent 15 years at Which?, where he was Director of Research and Policy. Latterly he joined the ITC as Director of Advertising and Sponsorship, helping to establish its successor body Ofcom before setting up as an independent consultant on regulation and consumer issues. He has held a range of non-executive Board level posts in organisations covering these areas. He is currently Chair of London TravelWatch, Chair of the statutory panel set up to advise the Payment Systems Regulator and Chair of the Advertising Advisory Committee which advises advertising regulators on TV and radio advertising rules. He is also a Board member of the consumer body Transport Focus. Stephen was appointed on 4 January 2011 for a three-year term, in January 2014 his term was extended for another 6 months until July 2014, and in May 2014 his term was renewed for three years to July 2017.

Christopher Morson

Christopher has held a number of senior roles in the finance sector, and he is currently also a Non-Executive Director of the DVLA. Previous roles have included: Digital Director, Virgin Money; Managing Director of Digital, RBS/NatWest: Director, Strategy, Retail Direct Division RBS, Managing Director of a consumer finance businesses in the EU and Director, Operations of RBS Cards. He has been instrumental in the introduction of mobile banking apps into the UK and the development of a number of innovations in banking. In the early nineties during a period as a senior consultant with Price Waterhouse Management, Christopher project managed a number of high profile commercial television finance propositions. Other industry exposure at that time included Card Processing, utilities and fine chemicals. Christopher was appointed on 1 September 2015.

Robert Skinner

Robert is the Chief Executive of the Lending Standards Board. Prior to this he spent three years as Director General of the Money Advice Trust, a charity that provides advice to over-indebted individuals, via National Debtline and training and support to money advisers. Robert's earlier career was spent working for Barclays Bank where he held a number of senior roles in Large Corporate, International and Retail banking. He was appointed 1 February 2012 for a three-year term. Robert was appointed as the Senior Independent Director in December 2015.

Chief executive

Caroline Rookes

Caroline was appointed as Chief Executive of the Money Advice Service on 1 February 2013. During a distinguished career in the Civil Service, recognised with a CBE in 2010, she has overseen a number of major developments to improve people's personal finances. These include the introduction of automatic enrolment (the new duty on employers to enrol their staff automatically into a pension), the new NEST pension scheme, changes to private pension legislation and regulation, reviews of welfare benefits, and simplification of the pension tax regime.
In February 2016, the FCA and HM Treasury approved her reappointment for a further three years until 31 January 2019.

Executive directors

David Haigh

David is UK Financial Capability Director.
He is responsible for developing a Strategy to harness collective impact and drive improvements in the way people manage their money. He has held a variety of senior strategic policy and leadership roles over the last decade, and was the Commercial Director at the Department for Health, responsible for developing a programme to improve the efficiency of the NHS. David spent two years working in the Australian Treasury, leading the team in delivering the Budget and setting up the Clean Energy Investment Corporation. He also worked at the Department for Work and Pensions where he led the policy and legislation to deliver automatic enrolment into pension schemes.

John Penberthy-Smith

John is Customer Director. He is passionate about being an advocate for consumers, ensuring that they have access to free and impartial information and guidance which will really make a difference to their lives and aspirations. His role is to ensure that the customer is at the heart of everything the Money Advice Service does, from creating new and engaging content to developing marketing strategy. His aim is to stay ahead of the latest trends to ensure that information and content is delivered in the most relevant and accessible way possible.
John has held senior commercial roles at Vodafone, 3 Mobile and Eircom. He also draws from his extensive work as a strategic consultant with a range of organisations, who he has helped to improve their business performance and develop delivery of multi-channel strategies.

Board duties/responsibilities

The role of the Board is to take responsibility for the development and delivery of the Money Advice Service's strategic vision, business plan, policies and services. It also monitors performance and holds the organisation to account. The Board also has the responsibility for setting and supporting the organisational values, and ensuring that these values embody the company's commitment to conduct business in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations. Further details on the Board's key responsibilities are available in its Terms of Reference.

The Board considered a number of key issues during the year including:

- Public Financial Guidance Review and Financial Advice Market Review
- UK Financial Capability Strategy
- Financial Capability Survey and findings
- Debt Advice 3 Year Grant agreements for Northern Ireland
- 15/16 Annual Review and financial statements
- 16/17 Business Plan and budget
- Staff Engagement Survey
- Stakeholder Engagement
- Customer insight and engagement

Board performance

The Board met nine times during the year, which included an annual 'away day' to review strategy and corporate design

During March 2016, the Board and Board Committees conducted an internal evaluation of their effectiveness looking at their performance over the year 2015/16. This was carried out by anonymous questionnaire and a report was compiled. The Board discussed the report at its meeting in May 2016 and an action plan will be agreed.

During the year the Board attended several presentations, including Mapping the Market and Over-Indebted Population numbers.

The July Board (away day) focused on the vision and future challenges for MAS, the results of which formed the 2016-2019 corporate strategy and operational design.

As a result of comments in last years' Board Evaluation the Non-Executive Directors have become more involved in the business outside of Board meeting, and each were assigned to the three business units and have attended meetings throughout the year to get to know staff and share advice. The Non-Executive Directors have also attended question and answer sessions at All-Staff meetings.

Following a short trial using a leading meeting and document collaboration system, the Board and Board Committees have now become digital and completely paperless.

Board Committees

The Audit & Risk Committee

The Audit & Risk Committee was chaired by an interim chair, Stephen Locke, until May 2015. The Board appointed Caroline Fawcett as the new Chair of the Committee from June 2015. The Committee is responsible for reviewing and providing assurance to the Board on matters including the effectiveness of the Money Advice Service internal controls and risk management systems, the integrity of financial statements and for oversight of the external audit process. Following Board approval in September 2015, the Committee increased its membership to four Non-Executive Board members appointed by the Board. The Chief Executive, Head of Corporate Services and other executive directors (as appropriate) and at least one representative of the external auditors and internal auditors normally attend meetings of the Committee.

The Committee met four times during the year and the agenda continued to be busy. As part of its normal cycle of work, the Committee has reviewed the risk management policy including the risk appetite statement, strategic risk register (each meeting), external audit report, internal audit reports, procurement MI including single tender action contract awards, review of policies including banking and investment, accounting, whistle-blowing, gift, hospitality and entertainment, code of conduct, changes in financial procedures. The Committee also reviewed and recommended the Annual Review and Accounts 2014/15 for approval by the Board.

Remuneration Committee

The Remuneration Committee was chaired by Laurie Edmans CBE until he resigned in December 2015. Richard Hughes took over as Chair from January 2016. The Committee is responsible for ensuring that the Money Advice Service has in place a comprehensive, effective and value for money total reward and performance framework that enables the organisation to attract, retain and motivate a high calibre workforce. It comprises three Non-Executive Board members (excluding the Chair of the Board). To ensure independence, the Chair of the Audit and Risk Committee is not a member of the Remuneration Committee.

The Committee had two meetings during the year and agreed the new Executive Director remuneration, 2015/16 people agenda, organisation-level performance-related award for 2014/15, the individual performance awards, consolidated pay increase and equal pay review, the performance reviews for executive directors including the performance awards for them and their objectives.

Nominations Committee

The Nominations Committee is chaired by Andy Briscoe. The Committee is responsible for leading the process for Board appointments and to make recommendations to the Board, subject to the approval of the FCA. The Committee is made up of four directors, comprising the Chairman of the Board, two non-executive directors and the Chief Executive.

The Committee met once during the year (March 2016 meeting postponed until April) and discussed the following key issues: executive directors recruitment, non-executive directors renewal of terms, the appointment of a new Senior Independent Director, board evaluation proposal, and individual performance appraisals for the Board. The Committee recommended the reappointment of Caroline Rookes as CEO, and Andy Briscoe as Chair, both of which were approved by the FCA and HM Treasury. The Committee also approved the appointment of Sheila Wheeler as the new UK Debt Advice Director, which was approved by the FCA.

Investment Committee

The Investment Committee is chaired by Richard Hughes. The Committee facilitates timely approval of investment decisions which are above the executive level delegated authority limits. The Committee comprises three Non-Executive Board members appointed by the Board and meets whenever approval for an investment decision is necessary.

The Committee met three times during the year and also agreed projects by correspondence. It discussed the following key issues during the year, debt advice 3 year grant agreements for Northern Ireland, face-to-face services in 2016, impacted clients, and contact centre reprocurement and has made appropriate recommendations to the Board when needed.

Board and Committees details for the year ended 31 March 2016

The Board and Board Committees met regularly during the year and details of the number of meetings held and attendance at those meetings are set out in the table below.

Name	Board meeting	Audit & Risk Committee	Remuneration Committee	Nomination* Committee	Investment Committee
Executive Directors					
David Haigh	9/9				
John Penberthy-Smith	9/9				
Lesley Robinson	5/5				
Caroline Rookes	9/9			1/1	
Non-Executive Directors					
Andy Briscoe	9/9		2/2	1/1	
Nicola Bruce	9/9	4/4			3/3
Mike Dailly	9/9			1/1	
Jonathan Douglas	8/9		2/2		
Laurie Edmans[a1]	5/7		2/2	1/1	
Caroline Fawcett	8/9	4/4			
Richard Hughes	9/9	1/1	1/2		3/3
Stephen Locke	8/9	4/4			
Chris Morson	5/6	1/2			
Robert Skinner[a2]	9/9			0/1	3/3

Key

* The Nomination Committee normally meets twice a year, but the March 2016 Nomination Committee was postponed until 14 April 2016

a1 Senior Independent Director until December 2015

a2 Senior Independent Director from December 2015

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

Executive Leadership Team (ELT)

The corporate governance system of the Board and its committees are further supported by the Executive Leadership Team (ELT). The ELT supports the Board in the development of the Strategic Business plan and oversees the day-to-day management of the Money Advice Service. ELT meetings are a forum for the Executive Directors to:

- Monitor and drive operational delivery
- Take decisions about the allocation of finance and other resources within their delegated powers
- Consider the risks to the Service and agree mitigating action
- Agree papers for submission to the Board and Committees, and
- Perform any ad hoc duties as necessary.

The ELT comprises the following:

- Chief Executive (Chair)
- UK Financial Capability Director
- Customer Director
- UK Debt Advice Director
- Head of Corporate Services
- Head of Human Resources

Other staff attend the meetings when required. The ELT meets at least fortnightly and at such other times as it requires and reports to the Board and provide any additional reports relating to the discharge of the above duties, as appropriate.

Risk Management

At the Money Advice Service we have a clear framework for identifying and managing risk, both at an operational and strategic level. Our risk identification and mitigation processes have been designed to be responsive to the environment in which we operate.

Internally, we employ a strong risk management approach to identifying risks, tolerance, mitigation and management. This helps us achieve our goals, identify opportunities for improvement and mitigate the effects of a wide range of risks to the organisation.

Forming the cornerstone for all our risk management activity is our risk appetite statement which is reviewed and refreshed every year. The Audit and Risk Committee ratified the 2015/16 risk appetite which provided us with an updated view of how we should effectively manage risk within the organisation. Our risk appetite has a strong control framework in place which rather than stifle risk management allows the organisation to work within a transparent and well managed structure.

We need to oversee the risks that we are taking and how we are mitigating the external and internal risks that we face and in doing so we have to ensure that there is a consistent approach to the assessment of risks and opportunities. The effectiveness of risk management will be subject to challenge through regular systematic assessment. This oversight has been effective in the past and we need to make sure that it remains fit-for-purpose as the organisation flexes.

The way we manage our risk is based on the following principles:

- foster a culture to support well-judged decisions about risks and opportunities
- the management of risk is integrated into existing processes
- clear roles are agreed relating to the accountability, management, escalation and communication of risks, and
- all staff encouraged to be open and honest in the reporting and escalation of risks.

We have benchmarked our risk management process against a number of similar organisations and our framework reflects best practice seen elsewhere. Our internal audit function is outsourced to Grant Thornton which also provides another source of bringing best practice into the organisation.

Internal Audit

The Money Advice Service undertakes regular internal audits to ensure that the organisation benefits from ongoing improvements in efficiency, effectiveness and control. Grant Thornton were appointed to provide Internal Audit services to the Service in August 2014 for 3 years. A programme of internal audits was agreed by the Audit & Risk Committee, and was undertaken and reported to the Committee during the year.

The following audits were performed during 2015/16:

- Corporate Governance
- Project Management
- IT, General Controls and Data Security
- HR, Performance and Payroll
- Key Financial Controls
- Marketing
- Procurement

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

Information Security

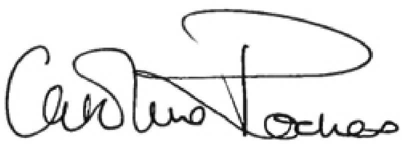
In accordance with our responsibilities under the HMG Security Policy Framework and the Data Protection Act 1998, the Service has in place provisions for information security.

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

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

It is our established practice to let the Information Commissioner's Office (ICO) know of data protection related incidents and I can confirm that for the year 2014/15 no incidents were drawn to the ICO's attention.

This governance statement is signed by our Accounting Officer on 4 July 2016.



Caroline Rookes
Chief Executive Officer and Accounting Officer

Remuneration Report

Remuneration Report

Remuneration committee

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

Chair	Laurie Edmans until December 2015
Chair	Jonathan Douglas from May 2016
Member	Richard Hughes
Member	Mike Dailly
Ex-officio	Andy Briscoe

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

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

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

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

Remuneration strategy

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

2015/16 Remuneration review

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

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

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

Board Membership and terms of office			
Executives	**Appointment date on the Board**	**Renewed on**	**Due for renewal**
David Haigh	01/06/2015		01/06/2018
John Penberthy-Smith	01/06/2015		01/06/2018
Lesley Robinson	01/01/2012	02/01/2015	Resigned on 31/10/2015
Caroline Rookes	01/02/2013	31/01/2016	31/01/2019
Non-Executives			
Andy Briscoe	27/09/2013	26/05/2016	30/04/2018
Nicola Bruce	01/04/2015		31/03/2018
Mike Dailly	01/04/2015		31/03/2018
Jonathan Douglas	04/01/2013	08/01/2016	03/01/2018
Laurence Edmans	04/01/2011	03/07/2014	Retired on 09/12/2015
Caroline Fawcett	01/04/2015		31/03/2018
Richard Hughes	04/01/2013	03/01/2016	03/01/2018
Stephen Locke	04/01/2011	03/07/2014	02/07/2017
Christopher Morson	01/09/2015		31/08/2018
Robert Skinner	01/02/2012	01/02/2015	31/01/2018

Committee Membership

Audit & Risk Committee

Caroline Fawcett (Chair)
Nicola Bruce
Stephen Locke
Chris Morson

Remuneration Committee

Jonathan Douglas (Chair)
Richard Hughes
Mike Dailly
Andy Briscoe (ex-officio)

Nomination Committee

Andy Briscoe (Chair)
Mike Dailly
Caroline Rookes
Robert Skinner

Investment Committee

Richard Hughes (Chair)
Nicola Bruce
Robert Skinner

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

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

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

Basic pensionable salary

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

Performance related bonuses

The Executive Directors and the Chief Executive, like other employees, are eligible to be considered for a discretionary performance-related bonus, which for 2015/16 is up to a maximum of 15% of average base pensionable salary applying during the previous year.

The Chair and other non-executive members of the board are not eligible to be considered for a discretionary performance-related bonus.

Other benefits

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

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

Pensions

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

Remuneration Statement

The table below has been audited.

	Notes	Board fee £'000	Basic salary £'000	Other emoluments and benefits £'000	Pension £'000	Year ended 31/03/2016 Total £'000	Year ended 31/03/2015 Total £'000
Chair							
Andy Briscoe		74	-	-	-	74	74
Non-Executive Directors							
Nicola Bruce	**1**	25	-	-	-	25	-
Michael Dailly	**2**	25	-	-	-	25	-
Jonathan Douglas		25	-	-	-	25	25
Laurie Edmans	**3**	18	-	-	-	18	25
Caroline Fawcett	**4**	25	-	-	-	25	-
Richard Hughes		25	-	-	-	25	25
Stephen Locke		25	-	-	-	25	25
Christopher Morson	**5**	14	-	-	-	14	-
Joanne Shaw	**6**	-	-	-	-	-	23
Robert Skinner		25	-	-	-	25	25
John Spence	**7**	-	-	-	-	-	18
Total Non-Executive Directors		281	-	-	-	281	240
Executive Directors							
Karen Broughton	**8**	-	-	-	-	-	87
Mark Fiander	**9**	-	-	-	-	-	313
David Haigh	**10**	-	130	15	13	158	15
John Penberthy-Smith	**11**	-	145	15	14	174	40
Lesley Robinson	**12**	-	85	1	9	95	204
Caroline Rookes		-	147	22	15	184	180
Total Executive Directors		-	507	53	51	611	839
Total		**281**	**507**	**53**	**51**	**891**	**1,079**

Notes

1 Nicola Bruce was appointed a Non-Executive Director on 1 April 2015 for a three-year term.

2 Michael Dailly was appointed a Non-Executive Director on 1 April 2015 for a three-year term.

3 Laurie Edmans' term as Non-Executive Director ended on 31 December 2015.

4 Caroline Fawcett was appointed a Non-Executive Director on 1 April 2015 for a three-year term.

5 Christopher Morson was appointed a Non-Executive Director on 1 September 2015 for a three-year term.

6 Joanne Shaw (Non-Executive Director) resigned in December 2014 as she accepted a non-executive director appointment on another Board.

7 John Spence's (Non-Executive Director) term ended on 31 December 2014.

8 Karen Broughton resigned as Marketing & Service Delivery Director on 31 August 2014 (2013/14 FYE £162,000).

9 Mark Fiander, Strategy and Innovation Director left the organisation on 15 December 2014 (2013/14 FYE £162,000). His basic pay included gross salary of £120k, accrued holiday pay of £16k and pay in lieu of notice (PILON) of £94k. Included in the other emoluments and benefits figure is £56k in relation to a redundancy payment.

10 David Haigh was appointed UK Financial Capability Director on 10 February 2015 on a fixed term basis. On 1 June 2015 David was appointed as a permanent member of staff on an annual salary of £137,700.

11 John Penberthy-Smith was appointed Customer Director on 15 December 2014 on a fixed term basis. On 1 June 2015 John Penberthy-Smith was appointed as a permanent member of staff on an annual salary of £144,840.

12 Lesley Robinson's term as Corporate Services and Debt Advice Director ended 31 October 2015.

Below are details of the discretionary performance related awards made to executive directors for the year ended 31 March 2016. Awards agreed for the year will be paid in the following financial year and have been included in the emoluments and benefits figures in the table above.

Employee		Individual performance related award 2015/16 £'000	Total performance related award 2014/15 £'000
Caroline Rookes		22	22
David Haigh		14	-
John Penberthy-Smith		14	-
Karen Broughton		-	-
Lesley Robinson		-	21
Mark Fiander		-	-
Total		**50**	**43**

6. Other emoluments and benefits

This figure is comprised of private medical insurance for the employee only. Where employees elect to insure family members they are responsible for covering the contribution from net salary contributions.

Pension

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

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

B

Hutton fair pay review disclosure	**Year ended 31/03/2016 Total £'000**	**Year ended 31/03/2015 Total £'000**
Highest paid Director's total remuneration	169	190
Median remuneration of the Money Advice Service's total staff	54	57
Ratio	3.1	3.3

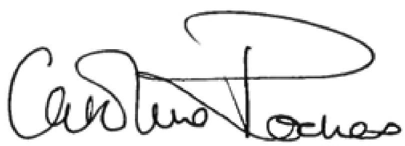
As specified in our accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000 we are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce. The Chief Executive Officer was the highest-paid member of the Service for the year ended 31 March 2016. The Director of UK Debt Advice & Corporate Services was the highest-paid member of the Service for the year ended 31 March 2015, she resigned in October 2015.

Total remuneration includes, performance related payments, benefits-in-kind and severance payments, where applicable. It does not include employer pension contributions.

The median remuneration of the Service's total staff is based on annualised, full-time equivalent remuneration for the year ended 31 March 2016 and the year ended 31 March 2015. The figures exclude employer pension contributions and exclude the highest paid director. The figures include agency and other temporary employees covering staff vacancies, but exclude consultancy services. Only remuneration paid to employees has been included. We have excluded agency fees and VAT from our calculations.

The relatively low ratio between the remuneration of the highest-paid member of the Service's Executive Directors and the median remuneration of the organisation's workforce reflects our people strategy of paying competitive 'spot rate' salaries, and not having any entry-level roles. The reduction in the median remuneration of the Money Advice Service's total staff is as a result of using fewer interim staff to fill permanent roles.

The financial statements were approved on 4 July 2016, and the remuneration statement was signed on 4 July 2016 on its behalf by;



Caroline Rookes
Chief Executive Officer

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

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

I certify that I have audited the financial statements of the Money Advice Service for the year ended 31 March 2016 under the Financial Services and Markets Act 2000. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Equity; and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Directors, Accounting Officer and auditor
As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the Directors and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Financial Services and Markets Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Money Advice Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Money Advice Service; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Review and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

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

Opinion on financial statements
In my opinion:

- the financial statements give a true and fair view of the state of the Money Advice Service's affairs as at 31 March 2016 and of the surplus for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the financial statements have been properly prepared in accordance with the Financial Services and Markets Act 2000 and HM Treasury's directions issued thereunder.

Emphasis of Matter
Without modifying my opinion, I draw attention to Note 2a of the Financial Statements (p93) concerning the application of the going concern basis in light of the announcement made in the March 2016 Budget, and under the Public Financial Guidance Review, that the Money Advice Service is to be replaced with a new money guidance body as part of a new delivery model. There is uncertainty over how long the Money Advice Service will operate in its current legal form, however any changes will require legislative action. I have assessed the use of the going concern basis and am content that this is therefore still appropriate for the 2015-16 financial statements.

Opinion on other matters
In my opinion:

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

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

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

Report
I have no observations to make on these financial statements.

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

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

Financial statements

for the year ended 31 March 2016

Statement of Comprehensive Income Year ended 31 March 2016

	Notes	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Cost of services - Money Advice	**5**	(33,111)	(43,715)
Cost of services - UK Debt Advice	**5**	(44,939)	(36,591)
Bad debt provision	**5**	(11)	-
Depreciation and amortisation	**5**	(561)	(1,265)
Write-down of non-current assets	**5**	(247)	(2)
Interest on bank deposits	**5**	178	195
Net costs for period		**(78,691)**	**(81,378)**
Fee revenue - Money Advice	**6**	34,567	42,539
Grant revenue - Money Advice	**6**	85	-
Fee revenue - UK Debt Advice	**6**	47,045	38,092
Total fee revenue		**81,697**	**80,631**
Surplus (deficit) before tax		3,006	(747)
Taxation	**8**	(35)	(39)
Surplus (deficit) after tax		2,971	(786)
Total comprehensive income /(expenditure)		**2,971**	**(786)**

Statement of financial position
As at 31 March 2016

	Notes	As at 31-Mar-16 £'000	As at 31-Mar-15 £'000
Non-current assets			
Intangibles assets	**9**	121	436
Property plant and equipment	**10**	1,099	1,119
Total non-current assets		**1,220**	**1,554**
Current assets			
Trade and other receivables	**11**	3,979	3,282
Cash and cash equivalents	**11**	22,219	10,951
Total current assets		**26,198**	**14,233**
Total assets		**27,418**	**15,787**
Current liabilities			
Trade and other payables	**13**	(15,084)	(6,434)
Current tax liabilities	**13**	(35)	(39)
Bad debt provision	**14**	(11)	-
Total current liabilities		**(15,130)**	**(6,473)**
Total assets less current liabilities		**12,287**	**9,314**
Non-current liabilities			
Provisions	**14**	(140)	(138)
Total non-current liabilities		**(140)**	**(138)**
Net assets		**12,147**	**9,176**
Equity			
Money Advice accumulated surplus		5,335	4,459
Debt Advice accumulated surplus		4,769	2,675
Debt Advice special reserve		2,042	2,042
Total Equity		**12,147**	**9,176**

The financial statements were approved by the Board of Directors on 4 July 2016, and were signed on 4 July 2016 on its behalf by;

Andy Briscoe
Chairman

Caroline Rookes
Chief Executive Officer

Statement of changes in equity
Year ended 31 March 2016

	Money Advice £'000	UK Debt Advice £'000	UK Debt Advice Special Reserve £'000	Total equity £'000
At 1 April 2014	6,746	699	2,517	9,962
Surplus income over expenditure for the year	(2,287)	1,501	-	(786)
Transfer between reserves (note 18)	-	475	(475)	-
At 1 April 2015	4,459	2,675	2,042	9,176
Surplus / (deficit) income over expenditure for the year	876	2,094	-	2,971
Total equity at 31 March 2016	**5,335**	**4,769**	**2,042**	**12,147**

Statement of cash flows
Year ended 31 March 2016

	Note	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Net cash generated from operating activities	**15**	11,606	(3,305)
Cash flows from investing activities			
Interest received on bank deposits	**4**	178	195
Corporation taxes paid		(39)	(67)
Payments to acquire intangible non-current assets	**9**	(224)	(58)
Payments to acquire property, plant and equipment	**10**	(253)	(97)
Net cash outflow from investing activities		**(338)**	**(27)**
Increase/(decrease) in cash and cash equivalents		**11,268**	**(3,332)**
Cash and cash equivalents at the start of the year		10,951	14,282
Cash and cash equivalents at the end of the year		22,219	10,951

Notes to the financial statements

Notes to the financial statements

1. General information

The Money Advice Service (formerly CFEB) is a company incorporated in the United Kingdom under the Companies Act 2006 and is limited by guarantee with no share capital. The members of the company have agreed to contribute £1 each to the assets of the company in the event of it being wound up. The address of the registered office is given on page 2.

The Consumer Financial Education Body (CFEB) was incorporated on the 1 March 2010 and changed its name to the Money Advice Service on 4 April 2011. These financial statements cover the year ended 31 March 2016 and have 12 month comparative figures for the year ended 31 March 2015.

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

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

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

Under the Companies Act 2006, section 54, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

The financial statements are prepared in accordance with EU adopted International Financial Reporting Standards, The financial statements are presented in compliance with International Accounting Standards (IAS) 1, Presentation of Financial Statements (Revised 2007) and the accounts direction issued by HM Treasury, see page 118 for details.

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

IFRS 9 - Financial Instruments

IFRS 15 - Revenue for Contracts with Customers

IFRS 16 - Leases

2. Significant accounting policies

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

a Going concern basis of accounting

The financial statements have been prepared on a going concern basis at the reporting date (31 March 2016). Following the Public Financial Guidance Review published in March 2016 the Money Advice Service will be replaced by a new, money guidance body, this will require legislative change which is expected in Autumn 2016, however at the time of publishing this report the date had not been confirmed. Management have taken this into account in considering the basis of accounting for this reporting period. It is management's view that the Money Advice Service has the mandate and resources to carry out the 2016/17 business plan. The business plan has been approved by HM Treasury and the Financial Conduct Authority and was published in May 2016 after consultation with the sector. Based on this the Money Advice Service should still be treated on a going concern basis for this reporting period. The going concern basis will be re-assessed in future reporting periods.

b Statement of Comprehensive Income

The format of the statement of comprehensive income on page 88 has been designed to show net costs before fees levied to cover those costs. It is considered that this format best represents the nature of the activities of the Money Advice Service, which involves carrying out statutory functions and levying fees to meet the net cost of those functions. We have provided an analysis of our expenditure by delivery channel, this analysis has also been provided in our business plan which allows users to easily compare budget to actual expenditure.

c Revenue recognition

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

All levy revenue receivables under the Financial Services and Markets Act 2000 (FSMA), are measured at fair value, and represents the levies to which the Money Advice Service was entitled in respect of the financial year. We recognise all 2015/16 levy income invoiced by the FCA and defer levy income received for 2016/17. In prior years we recognised revenue received only and didn't provide for levy income invoiced but not received.

Revenue was also received from Big Lottery Wales and from public service utility companies during the year. This revenue has been treated on the same basis as levy income.

For consumer credit funding revenue has been deferred and will be recognised to match expenditure incurred.

d Financial instruments

(i) Trade receivables - Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying value and the estimated future cash-flows deriving from the continued use of that asset, discounted if the effect is material.

(ii) Bad debt provision - We have changed the revenue recognition accounting policy and now recognise income when the FCA issue an invoice. It is therefore prudent to provide for bad debts, based on the historic average FCA bad debt collection fee rate which has been assessed to be 0.3% (based on the last 3 years).

(iii) Trade payables - Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(iv) Cash and cash equivalents - Cash and cash equivalents comprise cash in hand, demand deposits and other short term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

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

e Taxation

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

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

f Retirement benefit costs

The Money Advice Service operates a group personal pension scheme (GPP) which is a defined contribution scheme through Aviva.

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

g Capitalisation threshold of assets (tangible and intangible)

The Money Advice Service capitalise assets (tangible and intangible) with a value of £1000 or more.

h Tangible non-current assets

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

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

Depreciation is calculated to write off the cost less estimated residual value on a straight-line basis over the expected useful economic live of the tangible non-current assets.

Summary of the Money Advice Service's depreciation policy of tangible non-current assets

Tangible non-current asset	Useful economic life
Leasehold improvements	straight line over the period of the lease (10 years)
Furniture and fittings	straight line over 5 years
Computer hardware	over 3 years

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

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

i Intangible assets

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

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

Where no intangible asset can be recognised, development expenditure is charged to the statement of comprehensive income when incurred. Costs incurred to develop our responsive website have been charged to the statement of comprehensive income because of the limited useful economic life of this asset.

Summary of the Money Advice Service's amortisation policy of intangible non-current assets

Intangible non-current asset	Useful economic life
Internally generated website infrastructure	3 years
Software licenses	Amortised over the duration of the licence

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

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

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

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

During 2015/16 we carried out an impairment review of our website infrastructure costs which were capitalised in 2012/13 at £2.1m. These assets had a carrying value at 1 April 2015 of £0.3m. The review considered the value to the organisation of these assets and determined they were no longer valuable as we have moved to a responsive website which is based on a new infrastructure. For this reason we have disposed of this asset during 2015/16.

k Leases

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

The Money Advice Service has no finance leases in place.

The Money Advice Service has the following operating lease;
Fifth Floor, 120 Holborn (entered into 8 March 2014, expires 7 March 2024)

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

l Provisions

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

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

m Contingent liabilities

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

n Reserves

To the extent that any specific reserve is required for contractual obligations which may arise in future years, these will become special reserves. In the year ended 31 March 2013 we set up a special reserve of £1.8m for debt advice from the funding raised to cover the potential redundancy liability arising to 31 March 2012 on the grant agreements we have taken over from the Department for Business, Innovation and Skills (BIS). This reserve can only be utilised for potential payment of such redundancies, should the projects need to be closed early or at the end of their life (see note 18 for further details). Since 2013/14 we have worked with the lead organisations to ascertain the potential redundancy liability. A UK Debt Advice special reserve balance of £2.0m is being held in relation to this liability.

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

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

o External auditors

Auditor's remuneration for audit services was £27,000. The audit fee is now VAT exempt as it is required by statute as a result of the Financial Services Act 2012 (2014/15: £27,500).

p Critical accounting judgements and key sources of estimation uncertainty

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

Intangible assets - under IAS 38, no website build costs have been capitalised as additions during the year. Management judgement has been applied in quantifying the benefit expected to accrue to the Money Advice Service over the useful life of the relevant assets. The expected benefits relating to the carrying value of this asset are no longer expected so the carrying value has been adjusted to Nil in this years accounts (2014/15: £0.37m).

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

3. Business & geographical analysis

Business units

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

Money Advice

Customer – This area is responsible for all customer engagement and service delivery activities including face-to-face sessions, Money Advice line (web chat and telephony), partnership delivery, printing and distribution of user-guides, communications campaigns, development and digital services.

Executive Office – This area includes the chair, board of directors, executive leadership team, and support services.

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

UK Financial Capability – This area includes financial capability & strategic alliances, policy, corporate communications and insight & evaluation.

UK Debt Advice

This activity includes the co-ordination and provision of debt advice in the UK.

We have provided details of the expenditure incurred by each business unit and we have also split revenue by business unit proportionally to expenditure. We have not segmented our balance sheet because we do not do this for management accounts purposes.

Geographic analysis

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

4. Analysis of expenditure by business unit

Business unit information about the Money Advice Service is presented below;

Year ended 31 March 2016	Customer £'000	Executive Office £'000	Corporate Services £'000	UK Financial Capability £'000	UK Debt Advice £'000	Total £'000
Fees	19,761	1,412	8,064	5,415	47,045	81,697
Expenses	(19,343)	(1,382)	(7,904)	(5,301)	(44,939)	(78,869)
Business unit surplus/ (deficit)	418	30	160	115	2,106	2,828
Investment income						178
Surplus/ (deficit) before tax						3,006
Corporation tax expense						(35)
Surplus/ (deficit) for year						**2,971**

Year ended 31 March 2015	Customer £'000	Executive Office £'000	Corporate Services £'000	UK Financial Capability £'000	UK Debt Advice £'000	Total £'000
Fees	26,641	1,327	9,696	4,876	38,092	80,631
Expenses	(28,171)	(1,403)	(10,253)	(5,156)	(36,591)	(81,573)
Business unit surplus/ (deficit)	(1,530)	(76)	(557)	(280)	1,501	(942)
Investment income						195
Surplus/ (deficit) before tax						(747)
Corporation tax expense						(39)
Surplus/ (deficit) for year						**(786)**

5. Expenditure

	Notes	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Cost of Services – Money Advice			
Front line delivery*		7,074	8,169
Digital service delivery		1,134	2,767
Staff and associated costs	**7**	12,274	13,862
Support services		3,153	3,020
Consumer engagement		4,463	10,534
Financial capability		1,188	666
Proposition and product development		40	54
IT hosting and support services		1,775	2,505
Consumer insight and research		2,010	2,139
Total cost of services - Money Advice		**33,111**	**43,715**
Cost of services - UK Debt Advice			
Frontline delivery*		41,495	34,516
Support services		1,477	947
Staff and associated costs	**7**	1,323	996
Research and evaluation		644	132
Total cost of services - UK Debt Advice		**44,939**	**36,591**
Bad debt provision	**14**	11	-
Depreciation and amortisation	**9 & 10**	561	1,265
Write-down of non-current assets	**9 & 10**	247	2
Investment income		(178)	(195)
Total expenditure before tax		**78,691**	**81,378**

* Frontline delivery is the provision of financial advice and guidance

6. Income

	Notes	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Levy income - Money Advice			
FCA levy budget for the year		34,105	43,016
Income received in 2015/16 for:			
2011/12		6	14
2012/13		23	18
2013/14		61	221
2014/15		166	75
Deduction from future funding in excess of 2015/16 budget		206	(805)
Total levy income - Money Advice	**A**	**34,567**	**42,539**
Levy income - UK Debt Advice			
FCA levy budget for the year		44,934	38,075
Voluntary contribution - utility companies		2,000	-
Income received in 2015/16 for 2014/15		104	17
In excess of 2015/16 budget		7	
Total levy income - UK Debt Advice		**47,045**	**38,092**
Total levy income		**81,612**	**80,631**
Grant income - Money Advice	**B**	85	-
Total income		**81,697**	**80,631**

Note A - Money Advice levy income will be reduced by £0.8m in 2016/17 and 2017/18 because of an underspend in 2015/16. The balance of the underspend in 2015/16 will be retained in reserves (see note 2n for details).

Note B - Money Advice co-funded a three year grant with Big Lottery Fund Wales, this represents the first year's funding for Talk, Learn, Do: Parents, Kids and Money project.

7. Staff Costs

The average number of full-time equivalent permanent employees (including executive directors) for the year ended 31 March 2016 was 123.8 (2015: 111.9). The average number of full time equivalent permanent employees in each function during the year was as follows:

Note: The FTE figures below exclude contract and temporary staff.

Directorate	Year ended 31-Mar-16 Average no of FTE	Year ended 31-Mar-15 Average no of FTE
Customer	46	47
Executive Office	7	7
UK Financial Capability	40	32
Corporate Services	20	17
UK Debt Advice	11	9
Average number of full time equivalent permanent employees	**124**	**112**

Employment costs (including executive directors) comprise:	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Core operations:		
Gross salary and taxable benefits	6,944	5,921
Contract and temporary staff	4,143	6,637
Redundancy costs	21	147
Employer's National Insurance costs	684	706
Defined contribution pension costs	482	451
Total employee costs - Money Advice	**12,274**	**13,862**
Gross salary and taxable benefits	678	485
Contract and temporary staff	525	411
Employer's National Insurance costs	68	58
Defined contribution pension costs	52	42
Total employee costs - UK Debt Advice	**1,323**	**996**

Reporting of compensation scheme – exit packages

There was one payment of compensation scheme exit packages at the Money Advice Service in the year ended 31 March 2016.

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	Financial Year 2015/16	2014/15	Financial Year 2015/16	2014/15	Financial Year 2015/16	2014/15
<£10,000	–	–	–	–	–	–
£10,000-£25,000	1	–	–	–	1	–
£25,000-£50,000	–	–	–	–	–	–
£50,000-£100,000	–	–	–	–	–	–
£100,000-£150,000	–	–	–	1	–	1
£150,000-£200,000	–	–	–	–	–	–
Total number of exit packages by type	**1**	**–**	**–**	**1**	**1**	**1**
Total resource cost/£'000	**21**	**–**	**-**	**147**	**21**	**147**

8. Taxation

The tax charge on ordinary activities is:	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Current tax on continuing operations	35	39
Income tax expense for the year	**35**	**39**

Corporation tax for 2015/16 is calculated at a rate of 20% of the estimated assessable surplus for the year. The total charge for the period can be reconciled to the accounting surplus as follows:

Surplus / (deficit) before tax on continuing operations	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Surplus / (deficit) before tax on continuing operations	3,006	(751)
Tax at 20% thereon	601	-
Effects of:		
Adjustment for activities not subject to corporation tax	(566)	-
Current tax charge for the year	**35**	**39**
Effective tax rate for the year	20%	20%

The Money Advice Service is not liable for corporation tax on its statutory activities. The tax charge arises solely on net interest receivable of £177,959 (2014/15: £194,799)

The Money Advice Service calculates corporation tax at the small profits rate of 20% (2014/15: 20%).

9. Non current assets – intangibles

Cost	Software £'000	Website £'000	Total £'000
At 1 April 2014	258	2,626	2,884
Additions	58	-	58
Write-down	(4)	-	(4)
As at 31 March 2015	**311**	**2,626**	**2,937**
At 1 April 2015	311	2,626	2,937
Additions	224	-	224
Write-down	(249)	(2,626)	(2,875)
As at 31 March 2016	**286**	**-**	**286**
Accumulated amortisation and impairment			
At 1 April 2014	182	1,384	1,566
Charge for year	63	875	938
Write-down	(2)	-	(2)
As at 31 March 2015	**243**	**2,259**	**2,502**
At 1 April 2015	243	2,259	2,502
Charge for year	115	238	353
Write-down	(193)	(2,497)	(2,691)
As at 31 March 2016	**165**	**-**	**165**
Carrying Amount			
At 31 March 2015	68	367	436
At 31 March 2016	121	-	121

10. Non current assets – tangibles

Cost	Leasehold property improvements £'000	Furniture & fittings £'000	IT equipment £'000	Total £'000
At 1 April 2014	739	299	984	2,022
Additions	45	2	50	98
Write-down	-	-	(530)	(530)
As at 31 March 2015	**784**	**301**	**504**	**1,589**
At 1 April 2015	784	301	504	1,589
Additions	-	2	251	253
Write-down	(3)	-	(399)	(402)
As at 31 March 2016	**781**	**303**	**356**	**1,440**
Accumulated depreciation and impairment				
At 1 April 2014	(1)	-	678	677
Charge for the year	76	60	187	323
Write-down	-	-	(530)	(530)
As at 31 March 2015	**75**	**60**	**335**	**470**
At 1 April 2015	75	60	335	470
Charge for the year	78	60	70	208
Write-down	-	-	(338)	(338)
As at 31 March 2016	**153**	**120**	**67**	**341**
Carrying Amount				
At 31 March 2015	709	241	169	1,119
At 31 March 2016	628	183	289	1,099

11. Current assets

(i) Analysis by type	Note	As at 31–Mar–16 £'000	As at 31–Mar–15 £'000
Related parties amounts receivable	**A**	528	49
Prepayments and accrued income		3,182	3,233
Other debtors		268	-
Trade and other receivables		**3,979**	**3,282**
		As at 31–Mar–16 £'000	**As at 31–Mar–15 £'000**
Trade and other receivables		3,979	3,282
Cash deposits		22,219	10,951
Total current assets		**26,198**	**14,233**

Cash and cash equivalents

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

Prepayments and accrued income

As part of our three year Debt Advice grant agreements entered into in October 2014 we have provided the lead organisations with one month's cash flow which has been prepaid and included in prepayments and accrued income.

This prepayment will be released in September 2017.

Note A - We recognise income when the FCA issue an invoice to fee payers. This balance relates to levy income invoiced but not paid over to the Money Advice Service.

12. Financial Instruments

a Credit risk

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

(i) the collection of fees from the financial services industry. The FCA collects fees on behalf of the Money Advice Service and transfers collected fees on a weekly basis. The FCA has a strong record in terms of collecting fees with bad debt experience averaging at less than 0.3% of fees receivable over the last three years; and

(ii) the placement of those fees as deposits with various counter-parties: the Money Advice Service only invests with those financial institutions that meet its minimum credit rating as assigned by credit rating agencies. The Money Advice Service also spreads its deposits across a number of counter-parties in order to avoid concentration of credit risk.

b Interest rate risk

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

c Liquidity risk

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

13. Trade and other payables

(i) Analysis by type	Note	As at 31–Mar–16 £'000	As at 31–Mar–15 £'000
Trade payables		4,971	2,220
Accruals		3,001	2,662
Deferred income	A	6,847	1,304
Other taxation and social security		265	248
Total trade and other payables		**15,084**	**6,434**
Current tax liabilities		**35**	**39**

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

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

Note A - The increase in the year end deferred income is because we received income for 2016/17 levies before 31 March 2016. Also included in deferred income is levy collected from consumer credit firms during the year, which is in addition to 2015/16 funding requirements. These funds will be off-set against the Money Advice Services' 2016/17 funding requirement.

14. Provisions

	Bad debt £'000	Dilapidation £'000	Total £'000
At 1 April 2015	-	138	138
Unwinding of discount	-	2	2
Provision during the year	11	-	11
Balance at 31 March 2016	**11**	**140**	**151**
Analysis of expected timing of cash flow			
Not later than one year	11	-	11
Later than one year and not later than 5 years	-	-	-
Later than 5 years	-	140	140
Balance at 31 March 2016	**11**	**140**	**151**

On 7 March 2014 our lease of 120 Holborn expired and we entered into a new lease on 8 March 2014 for a period of ten years. We removed the existing provision and replaced it with a new provision for the dilapidation of the office at the end of our current lease (7 March 2024). We have provided for £165,000 of dilapidation costs in relation to our lease of 120 Holborn, London. Our lease agreement clause 4(m) states that at the end of the term the Money Advice Service shall return the demised premises to the landlord in the repair and condition required by the lease. We have detailed the expected timing of cash flows in the note above. In 2014/15 we provided for a net present value of £138,065. We arrived at this value by discounting the present value of £165,000 by 2% for 10 years. At 31 March 2016, we have unwound 1 year's discount (2%) and now have a provision of £140,826.

A bad debt provision has been recognised in 2015/16 of £11,456 on FCA levy income receivable. This provision has been made based on the historic average FCA bad debt collection fee rate which has been assessed to be 0.3% (based on the last three years).

15. Reconciliation of operating surplus to net cash inflow from operating activities

Cash flows from operating activities	Notes	Year ended 31-Mar-16 £'000	Year ended 31-Mar-15 £'000
Surplus for the year from continuing operations		2,971	(786)
Interest received on bank deposits		(178)	(195)
Corporation tax expense	**8**	35	39
Adjustments for non-cash items			
Depreciation of property, plant & equipment	**10**	208	323
Write-down of intangibles	**9**	186	2
Write-down of tangibles	**10**	64	-
Amortisation of intangibles	**9**	353	938
Increase/(decrease) in provisions	**14**	14	3
Operating cash flows before movements in working capital		3,653	324
Adjustments for movements on working capital			
(Increase) / decrease in trade and other receivables falling due within one year	**11**	(696)	(2,433)
Increase / (decrease) in trade and other payables falling due within one year	**13**	8,650	(1,196)
Net cash inflows/(outflows) from operating activities		**11,606**	**(3,305)**

16. Financial Commitments

The Money Advice Service has no other significant financial commitments other than the ones in notes 17 & 18.

17. Operating lease commitments

At 31 March 2016 the Money Advice Service had outstanding commitments for the future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Year ended 31–Mar–16 £'000	Year ended 31–Mar–15 £'000
Not later than 1 year	743	-
later than 1 year but not later than 5 years	3,034	2,996
later than 5 years	2,465	3,247
	6,243	**6,243**

The above operating lease relates to the Money Advice Service office at 120 Holborn. We entered into the lease on 8 March 2014 for a 10 year period, ending 7 March 2024. We have been granted a 24 month rent free period at the start of the operating lease (March 14 - February 16). In accordance with IAS 17 leases we are amortising the rent free period over the duration of the lease. We received £225,000 from the landlord as contribution towards renovations of the office, this is also amortised over the duration of the lease. Following the announcement of the findings from the Public Financial Guidance in March 2016 we have reviewed the lease and no adjustment is required in this reporting period. This will be reviewed in future reporting periods in line with any changes to the Money Advice Service operating as a going concern.

18. Contingent Liabilities

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

The FCA funding for the year ended 31 March 2013 provides cover for inherited redundancy liabilities (£1.75M), up to 31 March 2012. For the year ended 31 March 2014 the lead organisations estimated the total redundancy liability up to 30 September 2014 at a maximum of £2.5m. In 2013/14 we transferred £0.8m from our UK Debt Advice general reserve to our UK Debt Advice special reserve (which are ring fenced funds) to cover the expected increased redundancy liability. The £2.5m was due to be transferred to lead organisations effective October 2014, after which any changes in the value of the liability will be met by those organisations, not by the Service.

Since 2013/14 we have worked with the lead organisations to finalise the potential redundancy liability as at 30 September 2014, we have now agreed £2.0m. As this is less than the amount we had provided for at 31 March 2014 we have reduced the UK Debt Advice special reserve by £0.5m and transferred the amount to the UK Debt Advice general reserve. We will continue to work closely with the lead organisations to understand the noted redundancy liability and ensure an appropriate provision is available for potential redundancies.

Senior Management have considered the need to provide for contingent liabilities as a result of the organisational change because of the Budget announcement in March 2016. However at the time of publishing these accounts, it was impossible to make a reliable estimate of costs associated with the winding up of the Money Advice Service and the transfer of assets to the new money guidance and pension organisations because there was too much uncertainty around the future of the organisation.

19. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the Money Advice Service is set in our remuneration report (page 76). The individuals identified in the remuneration report are the key management personal as defined by IAS. This includes our Chair and Board of executive and non-executive directors.

Significant transactions with the Financial Conduct Authority (FCA)

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

Included in trade and other receivables (note 11) is £0.5m which is outstanding as at 31 March 2016 and relates to the FCA. The receivable is levy income invoiced but not paid to the Money Advice Service. During 2015/16 the FCA issued levy invoices of £82.3m, including £4.4m for 2016/17. We have recognised income as described in our revenue recognition policy disclosed in the notes above.

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

The FCA charged the Money Advice Service an amount of £95,000 excluding VAT for the provision of this service for the year ended 31 March 2016 (2014/15: £95,000 excluding VAT).

A bad debt provision balance of £11,456 in relation to 2015/16 FCA levy income has been recorded for the year as per note 14 (2014/15: Nil)

Consolidation into HM Treasury

The Office for National Statistics (ONS) classified the Money Advice Service (formerly CFEB) on 26 August 2010 as an unclassified public body. As part of 'Clear line of sight' government bodies are consolidated into department accounts and budgets. Therefore the Money Advice Service will be consolidated into Treasury's accounts. We will provide our year end 31 March 2016 figure for consolidation.

We received £0.34m from HM Treasury in the year ended 31 March 2016 (2014/15: £0.8m). This was a reimbursement of costs associated with Money Advice staff on secondment to the Pension Wise programme.

20. Losses and special payments

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

21. Special severance payments

There was one special severance payment made during the current year and there was one special severance payment made in the prior year.

22. Sickness absences

For the year ended 31 March 2016 the average absence rate was 1.4% of total staff (2014/15: 1.3%)

23. Events after the reporting period

The Money Advice Service directors' report and financial statements for the year ended 31 March 2016 were approved by the board of Directors on 4 July 2016.

There were no significant events after the reporting period.

24. Accounts direction from HM Treasury

Our accounts direction from HM Treasury for the year ended 31 March 2016 is on page 117. As directed we have followed the principles identified in the Government Financial Reporting Manual issued by HM Treasury to produce our financial statements for the year ended 31 March 2016. On 16 April 2015 the GGC Baseline Panel confirmed the exemption of the Money Advice Service from Sustainability reporting. The exemption was granted because we did not met the minimum requirement for the disclosure due to our size.

Accounts direction from HM Treasury

HM Treasury
1 Horseguards Road
London SW1A 2HQ
www.gov.uk/hm-treasury

Money Advice Service
Holborn Centre
120 Holborn
London
EC1N 2TD

18 December 2014

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

1. This direction applies to Money Advice Service (MAS).

2. MAS shall prepare accounts for the financial year ended 31 March 2015 and future years in compliance with the accounting principles and disclosure requirements of and in accordance with the Companies Act 2006 and International Financial Reporting Standards as adopted by the EU.

3. In addition to compliance with the Companies Act, MAS shall also have regard for the requirements and principles identified in the Government Financial Reporting Manual issued by HM Treasury ("the FReM") for the financial year for which the accounts are being prepared to the extent that they clarify or build on the requirements of the Companies Act. This includes in the following areas:

a) Governance Statement
b) Remuneration Report
c) Fair Pay Disclosure
d) Exit Packages
e) Balances with other government bodies
f) Losses and Special Payments
g) Special Severance Payments
h) Sickness absences (for 2014-15 only)

4. The accounts shall be prepared so as to:

(a) give a true and fair view of the state of affairs at 31 March 2015, and subsequent financial year-ends, and the result, changes in tax payer's equity and cash flows for the financial year then ended; and

(b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

Kate Ivers
Deputy Finance Director
Her Majesty's Treasury

the **Money Advice Service**

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*Calls are free. To help us maintain and improve our service, we may record or monitor calls.
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