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**Citizens Advice
annual report and accounts
2004/05**



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Directors' report for the year ended 31 March 2005

The directors of Citizens Advice present their report and the audited financial statements for the year ended 31 March 2005. The financial statements comply with the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities as revised in 2005, the Charities Act (1993) and the Companies Act (1985), the accounts section of the Department of Trade and Industry Financial Memorandum and the Annual Reports and Accounts guidance from the Central Treasury Accountancy Team and HM Treasury. Citizens Advice is a national charity, and all Citizens Advice Bureaux in England, Wales and Northern Ireland are members. All Citizens Advice Bureaux are independent charities.

The Citizens Advice service helps people to resolve their legal, money and other problems through information and advice and by influencing policymakers. Citizens Advice provides the support necessary to help sustain the Citizens Advice service and ensure that it continues to make a positive difference to communities. It is made up of 457 member bureaux in England and Wales (2004: 474) and 22 in Northern Ireland (2004:22). The reduction in member bureaux is due to mergers between local bureaux in the same local authority area. The Citizens Advice service was contacted about 5,066,000 new problems during 2004/05 (2004: 5,605,000).

Through the grant in aid from the Department of Trade and Industry (DTI), and donations from charitable trusts, companies and direct contracts with statutory bodies, the grant income for 2004/05 was £33,165,000 (2004: £40,198,000), the fall of just over £7 million less than 2003/04 mainly due to the scheduled end of the Citizens Connect Programme IT funding.

These funds have enabled the service to continue to deliver the charitable objects as set out in section 1 of this report.

Through the hard work of the 444 members of staff at Citizens Advice, key changes have been introduced and new projects started that will help meet the challenges faced by both individual Citizens Advice Bureaux and the whole service. Citizens Advice has 2 volunteer staff, and is grateful for the commitment of the 16,200 trained volunteer advisers, trustees and other volunteers that contribute to the Citizens Advice service nationally.

The directors' report is in a new format this year, reflecting the adoption of the new Statement of Recommended Practice – Accounting and Reporting by Charities (2005). In 2005/06 Citizens Advice will continue to consider how to best present its activities and performance against strategic objectives and will refine the outcome and impact measures used. Section 3 of this report outlines the key aims for 2005/06 and next year's directors' report will show the performance achieved in these areas.

1. OBJECTIVES AND ACTIVITIES

The objects of Citizens Advice are to promote any charitable purpose for the advancement of education, the protection and preservation of health, and the relief of poverty, sickness and distress. In carrying out these objects, and in all aspects of its work, Citizens Advice is committed to promoting equality and diversity,

1. OBJECTIVES AND ACTIVITIES (continued)

preventing prejudice and discrimination, ensuring equal access to advice and promoting good relations between all sections of the community. Citizens Advice is a membership organisation. Its role is to:

- develop, support, represent and lead the service
- set, maintain and monitor the standards for the service
- ensure that the voice of Citizens Advice Bureau clients and the service is heard
- provide quality services and products.

The governance of Citizens Advice is vested in the Trustee Board, largely elected by member bureaux (see section 4 of this report for more details).

In May 2004, the Citizens Advice service strategic plan for 2004/08 was launched, which sets out the vision for the Citizens Advice service and the objectives which both Citizens Advice and bureaux will need to deliver to achieve this vision. These objectives are to:

- meet the needs of as many people as possible
- have a greater influence on policy development
- be innovative and develop new services
- improve funding for both bureaux and Citizens Advice
- develop all of the staff and volunteers that make up the Citizens Advice service.

How these objectives will be achieved is set out in section 3 of this report.

2. PLANS FOR FUTURE PERIODS

The main objective for the whole Citizens Advice service is to create an integrated range of services that will strengthen access to advice by telephone, email and internet and focus the provision of face-to-face and dedicated services on those in greatest need. Citizens Advice will establish more effective referral systems with other advice agencies and focus on managing demand and improving efficiency within bureaux.

Campaigning for change in policies and services that are not working, is a cost effective way of improving the lives of individuals. Citizens Advice helps many more people through policy change than is possible through individual problem-solving. Citizens Advice will increase the scale and scope of social policy work through increasing resources regionally and nationally and by articulating and demonstrating its value and impact through partnerships with key stakeholders. Citizens Advice will also invest further in CASE, the national case recording database that connects each member bureau to a central database. CASE will provide improved management information on problem trends, and support and enhance the evidence for policy influence. CASE will also help bureaux to manage their case

2. PLANS FOR FUTURE PERIODS (continued)

workloads, analyse their problem statistics and provide valuable data to local authorities to help plan for the future.

Citizens Advice will help the service to be receptive to innovation, responsive to new opportunities and be known for its capacity to deliver. This will enable Citizens Advice to extend the reach of the service to those in need or who are poorly served, prevent the occurrence of problems and be seen as an effective partner by a range of organisations.

Citizens Advice will continue to promote the unique value of the Citizens Advice service to local authorities, emphasising in particular, its independent, generalist advice and policy work and demonstrating the outcomes for individuals and communities. Citizens Advice will continue to assist bureaux to maximise financial support from local authorities by encouraging a proactive and partnership-oriented approach to their key funding relationships.

Citizens Advice will develop all Citizens Advice and bureau paid staff and volunteers in ways that support the aims of the strategic plan both in terms of specific skills and competences to meet new challenges. Citizens Advice aims to create career structures for bureau staff and to increase the number and diversity of volunteers within the service.

3. ACHIEVEMENTS AND PERFORMANCE

The key targets for the year ended 31 March 2005 are set out in this section, along with an assessment of performance against these targets and an outline of the priorities for 2005/06. The total incoming resources for the year were £36,353,000 and total resources expended were £39,685,000.

3.1 Bureau audit, support and grants

Citizens Advice was the first organisation within the advice sector to audit the quality of the advice given by its member bureaux, ensuring consistent and quality of advice across the bureau network. In addition to auditing the quality of advice, Citizens Advice provides bureau trustee boards and managers with support on all aspects of running, funding and maintaining a community based service. A breakdown of the grants awarded to bureaux and their uses can be found in note 5 to the financial statements.

Aim 2004/05	Target	Achievements
Promote equality and diversity within the Citizens Advice service and in its partnerships	Develop an equality and diversity strategy	FAIR equality and diversity strategy for the service was developed in consultation with bureaux. It is being implemented through an equality scheme and race, faith and disability business plan.

Directors' report for the year ended 31 March 2005

3.1 Bureau audit, support and grants (continued)

Implement a local authority funding strategy for bureaux	Deliver workshops to bureaux on "partnerships and persuasion" and "strategic influencing" as part of the local authority strategy	The first year of a programme of work focused on developing materials, running training workshops and providing guidance to bureaux has been delivered.
Strengthen bureaux through audit and support	<p>Review and improve the membership scheme</p> <p>Maintain the annual bureau audit cycle</p> <p>Provide support to bureaux that need it most</p>	<p>The new improved membership scheme was approved and became effective on 1 April 2005.</p> <p>242 member bureaux underwent organisational audits and 220 underwent quality of advice audits meeting the annual audit cycle targets.</p> <p>Critical services to bureaux have been maintained.</p>
Work on new initiatives to improve access	Explore and assess effectiveness of a range of potential methods to increase access to advice including email services for the public, and information kiosk services	<p>Citizens Advice has worked to support bureaux with new access possibilities such as information kiosks.</p> <p>A pilot e-mail service has been run and its evaluation will inform future service plans.</p>
Enhance the Bureau Management Information System (BMIS) website	Revise and improve the content of BMIS and increase usage	Following demands for a better search facility, BMIS was redesigned and restructured resulting in a new look, improved access and better search facilities. 99% of bureaux are satisfied.
Improve access to specialist support consultancy in employment, money advice, welfare benefits and consumer rights	Increase the availability of telephone consultancy to bureaux	<p>Money advice and welfare benefits increased from 3 to 5 days a week.</p> <p>Employment and consumer rights advice increased from 3 to 4 days a week.</p>

3.1 Bureau audit, support and grants (continued)

Citizens Advice has awarded £4,737,000 (2004: £5,465,000) in grants to bureaux during 2004/05. Many grants to bureaux from the DTI fund resulted in increased funding for bureaux from other sources such as local authorities. Agreed criteria are used to regulate bureau grants awarded from the DTI funds and other funder projects. The main criteria are as follows:

- partnerships, particularly with local authorities, for manager or deputy manager salaries, clerical, administrative, training or specialist posts
- grants to assist the development of premises improvements, particularly for disabled people
- partnerships in relation to strategic IT development in line with the IT strategy
- grants for regional and national social policy and advice projects where bureaux have been selected to participate in the projects.

Key aims for 2005/06

Citizens Advice will:

- establish new regional innovation groups to share knowledge and promote innovation
- provide guidance to bureaux on improving efficiency and increasing value for money to both clients and funders.

3.2 IT services and Citizens Connect

Since 2002, Citizens Advice has invested £20 million in the Citizens Connect Programme, providing links from bureaux to e-government portals, access to a national case recording database (CASE) and online electronic information to support advice giving. The programme of work has included designing; building and testing bespoke software, and establishing a local and national network infrastructure. The CASE system improves the client experience by providing efficient access to client case information and is a more effective way to gather evidence of clients' problems for influencing policy makers.

Citizens Advice provides ongoing IT support resources to Citizens Advice Bureaux and maintains the live operating environment.

3.2 IT services and Citizens Connect (continued)

Aim 2004/05	Target	Achievements
Complete the delivery of CASE and the Citizens Connect Programme	The latest version of CASE installed and working in all bureaux that requested it	98% of member bureaux have adopted CASE and the latest upgrade is in place.
	Local Area Network is in place in all bureaux	All bureaux have access to the Local Area Network.
	A national pilot project to improve client access to the welfare benefits system through e-government completed	An absence of e-government services has precluded the delivery of the range of service envisaged. Citizens Advice remains the only voluntary sector organisation able to participate to this level in the development of these services.

Key aims for 2005/06

Citizens Advice will:

- use the client data provided through CASE to make social policy work more effective.
- undertake a programme of activities to increase the number of bureaux that make full use of CASE to record all enquiries and client information.

3.3 Training

Citizens Advice works in partnership with bureaux to provide training programmes to all bureau workers. Most of our training is provided as part of the free service offered by Citizens Advice to bureaux, but charges are made for printing some materials and for places on courses aimed at caseworkers. 3,480 new advisers were trained during the year.

Citizens Advice develops and maintains courses and other training materials, administers the scheduling and booking of courses, and provides support at a local level to bureaux on all training related issues.

During 2004/05, Citizens Advice began developing in-house capacity to write e-learning materials which adds a new delivery method to the more traditional courses and written materials. The first prototype of our e-learning was available for piloting at the end of March 2005 and will be delivered to bureaux during 2005/06. Key training delivery targets for 2004/05 were:

Directors' report for the year ended 31 March 2005

3.3 Training (continued)

Aim 2004/05	Target	Achieved
Provide training for all bureau roles: covering general adviser, specialist adviser and management options	Schedule 1,791 training events	2,234 training events scheduled
Develop on-line training course booking facility for bureaux	Deliver invest to save efficiencies by developing a service to allow bureaux to book training directly via the intranet	36% of bookings now made on-line

Key aims for 2005/06

Citizens Advice will:

- offer training that supports the strategic objectives and the development of equalities within the service
- define development routes for advisers and develop suitable training materials
- develop appropriate IT training and continue to integrate CASE, and AdviserNet into adviser training
- review Management and Trustee Board competences and integrate these into learning programmes that will emphasise the competences and knowledge required to support the service's strategic objectives
- offer consultancy to bureaux to support both local delivery of training and development of funding for training
- develop an income stream from the sales of training courses and materials to other advice organisations
- explore new methods of training delivery and improve the efficiency of the systems.

3.4 Policy

The experience of Citizens Advice Bureaux gives a unique insight into the problems facing citizens on a regional and national level. The Citizens Advice service has always provided free, impartial and confidential advice and used clients' experiences to influence local regional and national services and policies. Citizens Advice collects evidence of bureau clients' problems and uses this to campaign for changes in policies and services. Citizens Advice has a key role in speaking up for clients, raising issues brought into bureaux, contributing to public debate and informing legislation.

3.4 Policy (continued)

<i>Aim 2004/05</i>	<i>Target</i>	<i>Achievements</i>
Evidence gathering policy formation and presentation	Use Citizens Advice Bureau evidence to influence policy	Five major evidence reports covering financial skills, access to justice, mental health, call centres and tax credits published.
Provide capacity-building support to bureaux involved in adult financial literacy work	Deliver face-to-face programmes by continuing to fund nine bureaux to pilot models of delivery to a range of adults.	Training guidance, publications and events were delivered to support bureaux. A banking choices programme was delivered through a partnership with the Department for Work and Pensions.

In addition to the above key activities, Citizens Advice has published major evidence reports on the experiences of Citizens Advice Bureau clients' with mental health problems, highlighted legal service 'advice deserts' particularly in the areas of housing and family law and outlined the challenge for consumers in accessing injury compensation. Citizens Advice has organised a number of seminars for key policy makers to raise the profile of the service's concerns and recommendations.

Citizens Advice has also commissioned Opinion Leader Research to help understand the perceptions key partners have about the reputation, impact and influence of the Citizens Advice service.

Key aims for 2005/06

Citizens Advice will develop:

- a way to evaluate the impact of national social policy work, showing the number of people who have benefited
- a method of evaluating the impact in terms of perceptions of external stakeholders, and benchmarks with other agencies.

3.5 Information

Citizens Advice is a major provider of information to the public, through services including the Adviceguide website and information kiosks. Citizens Advice does this in addition to continuing to provide the information services used by bureaux to support advice work.

The current public information products and services managed by Citizens Advice include the Adviceguide website - www.adviceguide.org.uk - which has seen a 44% increase in visits this year, and has been extended with the addition of a range of downloadable factsheets. Other products are an information pack used in many public libraries, and a recorded information line, which is delivered by telephone answering systems in a number of bureaux.

Directors' report for the year ended 31 March 2005

3.5 Information (continued)

Partnership projects have resulted in several new products and services. These include:

- a reference book published by Penguin - *The Citizens Advice Handbook* - due for publication in August 2005
- new public information services for digital TV
- access to the Adviceguide website from web-enabled (public information) kiosks.

During the year, content in all the information systems, was maintained and extended. Meanwhile steady progress was made on the major programme to replace these with a new electronic system, AdviserNet. AdviserNet will be launched in Autumn 2005 and will be available in web-enabled and CD versions.

Aim 2004/05	Target	Achievements
Provide advisers with information more efficiently	Move to online delivery of electronic information for advisers (AdviserNet)	AdviserNet development continued during 2004/05 for roll out later in 2005/06.
Increase public use of online information	2 million visits to Adviceguide during 2004/05	2.36 million visits. Adviceguide was awarded the Community Legal Service Quality Mark.

Key aims for 2005/06

Citizens Advice will:

- complete AdviserNet development
- test and evaluate the effectiveness of integrating ways for the public to access the Citizens Advice service at a local level
- ensure that the Citizens Advice service overall is able to work effectively with other information and advice providers at regional and national levels

3.6 Cost of generating funds

Citizens Advice receives grants from national and European governments, other public bodies, companies and voluntary bodies. Most of Citizens Advice income comes from the DTI in the form of grant in aid, which is not fund raised. Some targets were not met due to changes in priorities of our funders. The targets in 2005/06 reflect this.

Aim 2004/05	Target	Achievements
Raise funds for strategic projects	Raise £1,742,000	A total of £1,598,695 was received during the year and a further £273,711 was pledged. The total exceeds the target.

3.6 Cost of generating funds (continued)

Key aim for 2005/06

Citizens Advice will:

- raise £1,800,000 funds across strategic projects

3.7 Factors relevant to the achievement of objectives

Following notification from the DTI that the future grant in aid levels would be significantly reduced, Citizens Advice has strategies to deliver £1million of efficiencies against the 2004/05 planned budget.

The main objective of Trustees and Officers during 2004/05 was to reduce core running costs to within future expected grant levels, without making cuts in service delivery. Citizens Advice will be proactively seeking further income to supplement the grant in aid awarded by the DTI.

3.8 Awards and accolades received

Citizens Advice is proud to have received the following awards:

- PR Week Public Affairs Award with Shelter - for the tenancy deposit campaign (2004)
- Government Computing BT Syntegra Award for Innovation - for the Citizens Connect Programme (2004)
- Prima Magazine Make Life Simple Award – the Citizens Advice service was voted most helpful organisation (2005)

4. STRUCTURE, GOVERNANCE AND MANAGEMENT

4.1 Status, incorporation and subsequent merger

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

The registered name of the charity is The National Association of Citizens Advice Bureaux, and from 6 January 2003 the charity has also been known and referred to as Citizens Advice (previously it was referred to as NACAB). Citizens Advice was incorporated as a company limited by guarantee on 13 July 1979. Citizens Advice commenced operations on 1 October 1979 at which date the assets and liabilities of the unincorporated National Association of Citizens Advice Bureaux were acquired as represented by the CAB General Fund (see note 17).

On 1 April 1991, the undertaking of the Greater London Citizens Advice Bureau Service ("GLCABS"), together with its assets and liabilities, was transferred to Citizens Advice and is represented in the London Region Reserves (see note 17).

Directors' report for the year ended 31 March 2005

4.1 Status, incorporation and subsequent merger (continued)

The charity's trading subsidiary, Citizens Advice Limited (formerly Advice Services Information Limited), is currently dormant. Consolidated accounts have not been prepared as the balances of the company are not material to Citizens Advice.

4.2 Directors

The membership of the Trustee Board at the 5 August 2005 is set out below. The Trustees are also non-executive directors of Citizens Advice for the purposes of Company Law.

AS AT 5 AUGUST 2005	ROLE	ELECTED BY	DATE ELECTED
The Rev. Hilary Watkins	Chair	AGM	29.09.04
David Rodgers	Deputy Chair	Midlands Region bureaux	02.10.02
Maurice Sharples OBE*	Honorary Treasurer	AGM	23.09.99
Andrew Brown		AGM – paid bureau staff member	29.09.04
Jacqueline Carr		Equal Opportunities Committee	02.02.05
Joyce Catterick*		North Region bureaux	15.05.02
Jan David		South East Region bureaux	01.04.04
John Devine		NIACAB	16.11.04
Anne Femi		Equal Opportunities Committee	02.02.05
Chris Lendrum CBE		Co-opted	06.04.05
David Livesey		East Region bureaux	08.06.05
Bonny Malhotra*		AGM – paid bureau staff member	25.09.01
Gordon Pankhurst		Wales bureaux	16.02.05
Steve Potts		South West Region bureaux	17.03.05
Di Scammell		North West Region bureaux	24.09.03
Jonathan Tross CB*		Co-opted	06.04.05

* Member of Performance Review and Audit Committee

Directors' report for the year ended 31 March 2005

4.2 Directors (continued)

The following directors served during the year.

DURING 2004/05	ROLE	ELECTED BY	DATE ELECTED	DATE RESIGNED
Sir Graham Hart KCB	Chair	AGM	23.09.99	29.09.04
Ian Alexander		Co-opted	24.05.00	17.01.05
Chris Bottomley		East Region bureaux	29.09.04	12.01.05
Carl Cover		Equal Opportunities Committee	25.11.98	29.09.04
Gabriel Donleavy*		South West Region bureaux	25.11.04	15.01.05
Marcus Duignan		NIACAB	22.01.03	29.09.04
Ted George		Wales bureaux	01.01.00	29.09.04
Pippa Hare		AGM - paid bureau staff member	25.09.01	29.09.04
Azad Khaleel		London Region bureaux	29.09.04	27.07.05
Wendy Pritchard		Co-opted	24.03.00	16.02.05
Melodie Simons*		London Region bureaux	25.09.01	29.09.04
Jane Valentine*		South East Region bureaux	13.09.00	29.09.04

*Member of Performance Review and Audit Committee

A register of interests is maintained detailing any significant interests of directors. This is open to the public and is held at the registered office. A copy is available by writing to the Company Secretary at the registered office address shown in section 4.6 of this report. No director received any remuneration for his or her services as director during the year.

4.3 Directors recruitment appointment and induction

Trustees are recruited in line with the terms laid out in the Articles of Association. Four trustees are elected by member bureaux at the Annual General Meeting, these are: the Chair, Treasurer and two trustees who receive payment for their work in or for a Citizens Advice Bureau (for example bureau managers). One trustee is elected by member bureaux in each of the seven English regions and member bureaux in Wales elect a further trustee. In addition, the Board of the Northern Ireland Association of Citizens Advice Bureaux (NIACAB) appoints one trustee, and two trustees are appointed by the Citizens Advice Equal Opportunities Committee. Two further trustees can be co-opted by the Trustee Board. The rules of elections are agreed by the trustees and terms of office last for three years, trustees may stand for two terms. All trustees are independent from management.

A Trustee Handbook is issued to all new trustees. It contains information about the roles and responsibilities of trustees, the Memorandum and Articles of Association, Standing Orders for General and Trustee Board meetings, the Code of Practice for board members, organisational information and contact details.

4.3 Directors recruitment appointment and induction (continued)

All new trustees attend an induction day, hosted by the Chair and Chief Executive. Trustees learn about their role and responsibilities and are briefed on strategic issues affecting Citizens Advice.

Trustees can use the Citizens Advice service intranet site, CABlink, which hosts designated trustee pages with a broad range of internal and external reference material and information to support trustees in their roles.

An annual residential meeting of the Trustee Board aims to develop the skills and knowledge of trustees. In addition, two trustee development days, dealing with specific issues and skills, are planned for 2005/06.

4.4 Directors' and Chief Executive's responsibilities

Company Law, Charity Law and the Financial Memorandum with the DTI, (as agreed with the consent of the Treasury on 13 April 2005) require the directors and Chief Executive (as Accounting Officer) to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of Citizens Advice and of the surplus or deficit for that period. In preparing those financial statements, the directors and Chief Executive are required to:

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

The directors and Chief Executive are also responsible for keeping proper accounting records which disclose with reasonable accuracy at anytime the financial position of Citizens Advice and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors and Chief Executive have a general responsibility for taking such steps as are reasonably available to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

In addition the Chief Executive of Citizens Advice has a responsibility for ensuring the regularity and propriety of the public finances, a requirement that is set out in the Financial Memorandum.

4.5 Organisational structure and decision making

Citizens Advice is governed by its Trustee Board, which sets the policy of the charity. These policies are implemented by the executive board, which consists of Citizens Advice executive directors as set out below.

Executive directors

David Harker OBE	Chief Executive
Simon Bottery	Director of Communications
Shani Fancett	Director of IT Services
Teresa Perchard	Director of Policy
Margaret Sandford	Network Director
Judy Walker	Director of Advice
Hilary Wallis	Director of Human Resources
Stephen Williams	Director of Finance and Company Secretary

Member bureaux also take part in the policy-making activity of the charity by passing resolutions at the Annual General Meeting. However, these resolutions need ratifying by the Trustee Board before implementation. The Trustee Board meets at least six times a year.

Responsibility for management matters is delegated to the Chief Executive, within a clearly understood framework of strategic control. The Trustee Board is involved in determining corporate strategy, including setting key strategic objectives and targets; making major decisions involving use of financial and other resources; and setting a framework for human resources policy. The Trustee Board's powers of delegation are outlined in the code of practice for board members.

The Trustee Board can delegate responsibility for specified matters to individual members or committees of the Trustee Board. Current committees are the Membership and Standards Committee, the Equal Opportunities Committee and the Performance Review and Audit Committee. Decisions taken by individual members or committees of the Trustee Board under delegated powers are recorded in written minutes available to the Trustee Board as a whole.

The Trustee Board will delegate operational and staffing matters to the Chief Executive, who is accountable to the Trustee Board for the overall organisation, management and staffing of Citizens Advice and for all financial and other procedures.

Directors' report for the year ended 31 March 2005

4.6 Administrative details

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

Company Number	1436945
Registered Charity Number	279057
Company Secretary	Stephen Williams
Registered Office	115-123 Pentonville Road London N1 9LZ
Auditor	PricewaterhouseCoopers LLP Southwark Towers 32 London Bridge Street London SE1 9SY
Bankers	Barclays Bank PLC 99-100 Hatton Gardens London EC1N 8NX Singer and Friedlander 21 New Street London EC2M 4HR
Solicitors	Bates, Wells and Braithwaite 2-6 Cannon Street London EC4M 6YH Vizards Tweedie 42 Bedford Row London WC1R 4JL Davies Arnold Cooper 6-8 Bouverie Street London EC4Y 8DD Dickinson Dees 112 Quayside Newcastle upon Tyne NE991SB
Actuary	Jardine Lloyd Thompson Benefit Solutions 251 High Street Orpington Kent BR6 0NT

4.7 Connected charities

The following charities are connected to Citizens Advice by way of common objectives and unity of administration:

The Citizens Advice Bureaux Trust has the same charity registration as Citizens Advice and shares the same trustees. The charity has been absorbed into Citizens Advice accounts. The registered office is the same as Citizens Advice.

The Adviser is a separate registered charity with two directors in common with Citizens Advice. The charity is dormant and not consolidated in Citizens Advice accounts on the grounds that it is not material. The registered office is the same as Citizens Advice.

The Friends of Citizens Advice Bureaux Trust (Friends of CABx) is a separate registered charity. There were no trustees in common at the year-end; although during the year there were two trustees in common. The charity is not consolidated in the Citizens Advice accounts on the grounds that it is not material. During the year the trustees of Friends of CABx reviewed the role and future prospects of the Trust in the light of declining income and changes in Citizen Advice priorities for fund raising. It was decided that it would not be feasible to continue to operate the Trust, and the trustees agreed to cease the operations of the charity with effect from 5 July 2005. This was accepted by the Citizens Advice Trustee Board on 16 February 2005, which will integrate the objectives of the Trust within their existing fundraising and grant making objectives. The registered office is the same as Citizens Advice.

Citizens Advice International is a company registered in Belgium. It was formed on March 2004, and from this time has operated from the registered office of Citizens Advice. Citizens Advice International provides support to all Citizens Advice organisations worldwide. The registered office is 57 rue de la Concorde, B-1050 Brussels, Belgium. Citizens Advice International is not consolidated in the financial statements, as Citizens Advice does not have any significant control over the company.

All material transactions between Citizens Advice and its connected charities are detailed in Note 23 of the accounts.

4.8 Internal controls and risk management

A risk management system exists within Citizens Advice which sets out the major risks to which the charity is exposed, as identified by the directors. Trustees and executive directors periodically review the risks and systems. Procedures have been established to identify, monitor and manage the risks.

The most significant risks for Citizens Advice relate to the pension fund: specifically bureaux continuing to be able to make their contributions; uncertainty relating to the level of future DTI grant in aid; risks associated with the achievement of key strategic objectives; and the potential future risks associated with the strategic partnership contract with Hewlett Packard ending in 2008.

4.8 Internal controls and risk management (continued)

The statement on the system of internal control included within this document sets out the risk and control framework.

5. FINANCIAL REVIEW

5.1 Reserves policy

At 31 March 2005, reserves were £7,773,000 (2004: £11,105,000). The reduction in reserves was primarily due to the use of restricted reserves, where the funding had been received for specific projects in advance of need, such as the Citizens Connect Programme; other IT Services projects and a project on Employment Dispute Resolution. The current unrestricted DTI reserves balance is required to provide a continuity of service and to aid the delivery of the strategic plan over the following three years. The reserves position as at 31 March 2005 has been agreed with the DTI.

The policy on reserves is shown in notes 1 and 17 to the financial statements.

5.2 Pension scheme

Citizens Advice participated in one defined benefit multi-employer pension scheme during the year - The National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991). Citizens Advice adopted FRS 17 for the first time in the year ended 31 March 2005. The last full actuarial review was dated 1 April 2004. The policy on the pension scheme is shown in note 1 to the financial statements. The disclosure required under FRS 17 is shown in note 22 to the financial statements.

During the year, Citizens Advice has reviewed its provision of pensions to staff. From 1 April 2005, staff will have the choice of a stakeholder pension and the existing defined benefit scheme. The accrual rate for new and existing staff on the defined benefit pension will fall from 1 April 2005 from 1/65th to 1/80th. This will not affect benefits already accrued. Existing staff had the opportunity to buy back the extra 1/15th accrual.

The contributions paid by Citizens Advice during the year include a one off payment of £2,467,000 towards the deficit. As a result of the change in benefits, the employer contribution rate fell on 1 April 2005 from 8.5% to 5.9%. The employee contribution rate remains unchanged at 8.2% of gross pay. The one-off payment made in the year has reduced the future impact of the pension deficit on the activities of Citizens Advice for the next three years.

5.3 Investment policy

As required in its Memorandum paragraph 4 (o), in furtherance of its objects, and for no other purposes, the charitable company has the power to invest the monies of the charitable company not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject nevertheless to such conditions and such consents as may for the time being be imposed or required by law. The policy on reserves is shown in note 1 to the financial statements.

5.4 Fixed assets

Movements in fixed assets are shown in note 11 to the financial statements.

5.5 Payment of creditors

All invoices not in dispute were paid within 30 days of receipt of the invoice or the agreed contractual terms if otherwise specified. Citizens Advice terms of trade apply to all suppliers who supply goods and services worth over £5,000 a year. A copy is available by writing to the Company Secretary at the registered office address as set out in section 4.6 of this report.

5.6 Auditors

The financial statements of Citizens Advice have been audited by PricewaterhouseCoopers LLP. The audit fee was £31,000. Citizens Advice puts out a competitive tender for its audit every five years. The next tender is due for the period commencing 1 April 2007. During 2004/05 the three-year review of the work of PricewaterhouseCoopers LLP was undertaken. It was agreed to continue with them until the end of the five-year period, subject to the majority agreement of members at the Annual General Meeting.

6. EQUAL OPPORTUNITIES

Citizens Advice recognises the positive value of diversity, promotes equality and challenges discrimination. The service-wide Fair Accessible Inclusive Relevant (FAIR) strategy 2004-2008 sets out how Citizens Advice intends to become a first local point of contact for discrimination advice in partnership with others and to make equality and diversity part of all the services does. Citizens Advice welcomes the responsibilities conferred upon it during the year by the Disability Discrimination Act 1995 and the Civil Partnership Act 2004. As an employer, Citizens Advice welcomes applications from all parts of the community, particularly under-represented groups such as black and minority ethnic, disabled and lesbian, gay and bisexual people.


7. EMPLOYEE INVOLVEMENT

Papers, including agendas and minutes of the Citizens Advice Trustee Board, are available to employees. Regular meetings are held between management and the union, and the union and its members to discuss Citizens Advice activities. Costs for staff to travel to union meetings are paid for by Citizens Advice. During March and April 2005, an employee satisfaction survey was carried out by an external consultancy group. The results will be used to influence management decisions in the future. The Citizens Advice service's intranet site - CABlink - contains a wealth of current information for staff about the Citizens Advice service

8. ENVIRONMENTAL IMPACT

Citizens Advice has minimal impact on the environment. The use of electronic over paper filing and information dispersal is encouraged at all levels for the service. Paper recycling is encouraged where facilities exist.

Signed by order of the board



STEPHEN WILLIAMS
Company Secretary
5 August 2005

Statement on the system of internal control

1. SCOPE OF RESPONSIBILITY

Respectively as Accounting Officer, and Chair of the Trustee Board, we have joint responsibility for maintaining a sound system of internal control that supports the achievement of Citizens Advice policies, aims and objectives, whilst safeguarding the funds and assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned in Government Accounting and the Management Statement agreed with the DTI. The Accounting Officer is accountable to the Performance Review and Audit Committee, the Trustee Board and the Department of Trade and Industry for managing the risks facing Citizens Advice.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Citizens Advice policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Citizens Advice for the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. CAPACITY TO HANDLE RISK

Citizens Advice has a structured risk management process and responsibility lies with the Executive Board. The head of each department takes ownership for the identification, assessment and management of the risks in their respective areas of business.

Managers receive guidance, support and training from the Planning and Performance Team who ensure that the process is properly communicated, applied, controlled, reviewed and reported.

4. THE RISK AND CONTROL FRAMEWORK

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

The Trustee Board has approved the Risk Management Strategy and reviews the Risk Register. Citizens Advice has identified high level and operational level risks. High-level risks are reviewed by the Executive Board, Performance Review and Audit Committee and Trustee Board. PRAC who are independent of management, call for external assessments of the organisation's risks from the external and internal

4. THE RISK AND CONTROL FRAMEWORK (continued)

audit companies. These companies provide benchmarks and comparisons with other voluntary sector organisations and advise on best practice. Operational level risks are managed by senior managers and monitored by the Planning and Performance Team who have the ability to escalate issues to the high level risk register.

Risks are identified and evaluated in the following ways:

- Executive Board risk management workshops are held
- risks are added to the register from a variety of sources including projects, referrals from committees, structured discussions, workshops, training, and internal audit
- periodic reviews are performed by each risk owner in terms of likelihood and impact, relevance of risks, current strategies applied and the strength of the strategies. The residual risk is identified and action plans are created to further mitigate risk
- clearly documented financial and management procedures and guidelines
- a Performance Review and Audit Committee
- an Internal Audit function
- comprehensive budgeting systems and financial reporting which indicate financial performance against the budget and forecast, which are reviewed and agreed by the Performance Review and Audit Committee and the Trustee Board.

The most significant risks for Citizens Advice relate to the Citizens Advice pension fund deficit, uncertainty with Citizens Advice future DTI grant in aid funding levels, risks associated with the achievement of key strategic objectives, and the potential future risks associated with the strategic partnership contract with Hewlett Packard ending in 2008.

The five main categories of risk that are monitored are:

- Citizens Advice people
- Bureaux network,
- Operating effectiveness (including financial)
- Impact on society
- Strategy

Citizens Advice has a balanced approach to 'risk taking' and adopts an active approach to the mitigation of risk. In the annual review of the high-level risk register it was noted that 22% of net risks were high, 53% medium, and 25% low.

Risk management now forms an integral part in the project management and fundraising processes within Citizens Advice. Risk management is also embedded into the governance process. As part of the internal audit process, auditors conduct departmental risk mapping exercises where they discuss with managers the risks identified in their area of business and how these have been mitigated.

Statement on the system of internal control

5. REVIEW OF EFFECTIVENESS

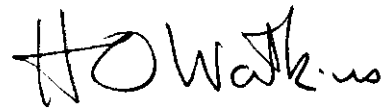
Citizens Advice has engaged BDO Stoy Hayward to undertake the current programme of internal audits. The auditors operate to standards defined in the Government Internal Audit Manual.

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

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within Citizens Advice who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. A plan to address weaknesses and ensure continuous improvement of the system is in place.



DAVID HARKER OBE
Chief Executive and Accounting Officer
5 August 2005



THE REV. HILARY WATKINS
Chair

Independent auditors' report to the members of The National Association of Citizens Advice Bureaux ("Citizens Advice")

We have audited the financial statements which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The trustees are also directors of Citizens Advice for the purpose of Company Law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. As described in the directors' report section 4.4, the Chief Executive of Citizens Advice, as Accounting Officer, is also responsible for the preparation of financial statements and for ensuring the regularity of financial transactions funded by Parliamentary grant (Grant in Aid).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether in all material respects the expenditure, income and resources funded by Grant in Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

We review whether the statement on the system of internal control reflects Citizens Advice compliance with Treasury's guidance on the statement on the system of internal control. We report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Chief Executive's statement on the system of internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of Citizens Advice corporate governance procedures or its risk and control procedures.

Independent auditors' report to the members of The National Association of Citizens Advice Bureaux ("Citizens Advice")

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error or by fraud or other irregularity and that in all material respects, the expenditure, income and resources funded by Grant in Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2005 and of its net outgoing resources, including its income and expenditure, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- in all material respects the expenditure, income and resources funded by Grant in Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

11 August 2005

National Association of Citizens Advice Bureaux
Statement of financial activities Year ended 31 March 2005

Incorporating an Income and Expenditure Account

							Restated Total	
	Note	Unrestricted			Restricted		Total (note 24)	
		DTI	Other	Designated	DTI	Other	2005	2004
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Incoming resources								
Incoming resources from generated funds:								
Legacies		-	3	-	-	-	3	1
Donations	2	-	6	-	-	-	6	3
Bank interest		226	161	-	-	215	602	526
Incoming resources from charitable activities:								
Grants	3	23,713	11	142	282	9,017	33,165	40,198
Trading activities		615	1,584	-	-	32	2,231	1,568
Training and support		131	31	-	-	69	231	634
Other incoming resources		74	6	-	-	35	115	93
Total incoming resources	16	24,759	1,802	142	282	9,368	36,353	43,023
Resources expended								
Charitable activities								
Bureau audit and support		10,234	314	58	362	2,822	13,790	11,757
IT Services and Citizens Connect		5,416	-	13	-	3,897	9,326	11,956
Bureau and other grants	5	740	2	-	23	4,694	5,459	6,053
Training		3,396	35	13	55	355	3,854	3,279
Policy		3,151	-	17	49	552	3,769	1,426
Information		1,696	-	10	121	64	1,891	1,632
Trading activities		207	1,039	1	-	7	1,254	1,415
Governance costs	8	253	-	1	-	-	254	355
Costs of generating funds		87	-	1	-	-	88	146
Total outgoing resources	6,7,16	25,180	1,390	114	610	12,391	39,685	38,019
Net (outgoing)/ incoming resources	10	(421)	412	28	(328)	(3,023)	(3,332)	5,004
Reconciliation of funds								
Fund balance brought forward	16	4,727	609	163	722	6,816	13,037	7,453
Prior year adjustment	24	(745)	-	-	-	(1,187)	(1,932)	(1,352)
Adjusted balance brought forward		3,982	609	163	722	5,629	11,105	6,101
Fund balance carried forward	16	3,561	1,021	191	394	2,606	7,773	11,105

All activities derive from continuing operations.

There are no recognised gains or losses for the current and preceding year other than as noted above.

National Association of Citizens Advice Bureaux
Balance sheet At 31 March 2005

	Note	2005 £'000	Restated (note 24) 2004 £'000
FIXED ASSETS	11	174	174
CURRENT ASSETS			
Debtors	12	1,870	2,882
Cash at bank and in hand		10,254	12,715
		12,124	15,597
CREDITORS: amounts falling due within one year	13	4,429	4,104
Net current assets		7,695	11,493
Total assets less current liabilities		7,869	11,667
CREDITORS: amounts falling due after more than one year	14	40	512
PROVISIONS for liabilities and charges	15	56	50
TOTAL ASSETS LESS ALL LIABILITIES		7,773	11,105
CAPITAL AND RESERVES			
Restricted funds	16	3,000	6,351
Unrestricted funds			
General fund - other non-DTI	16	1,021	609
General fund - DTI	16	3,561	3,982
Designated reserves			
London region reserves	17	52	52
Capital fund	17	130	102
CAB general fund	17	9	9
Total unrestricted funds		4,773	4,754
TOTAL FUNDS	16	7,773	11,105

The financial statements were approved by the Trustee Board on 5 August 2005.
Signed on behalf of the Board of Directors

Directors:

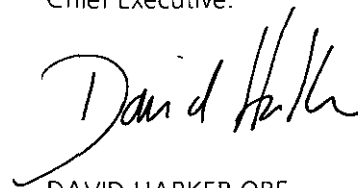
Chief Executive:



THE REV. HILARY WATKINS
Chair



MAURICE SHARPLES OBE
Treasurer



DAVID HARKER OBE

Cash flow statement Year Ended 31 March 2005

	Note	2005 £'000	2004 £'000
Net cash (outflow) / inflow from operating activities	A	(2,895)	3,406
Returns on investments			
Interest received		602	526
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(169)	(184)
Receipts from sales of fixed assets		1	-
(DECREASE) / INCREASE IN CASH	B	(2,461)	3,748

Notes to the cash flow statement

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

	2005 £'000	Restated 2004 £'000
Net (outgoing) / incoming resources	(3,332)	5,004
Depreciation charges	169	154
(Surplus) on disposal of fixed assets	(1)	-
Decrease/ (increase) in debtors	1,012	(1,257)
(Decrease) / increase in creditors	(147)	7
Increase in provisions	6	24
Bank interest receivable	(602)	(526)
Net cash (outflow)/ inflow from Operating Activities	(2,895)	3,406

B. Analysis of changes in cash during the year

	As at 31 March 2005 £'000	Movement £'000	As at 1 April 2004 £'000
Cash at bank and in hand	10,254	(2,461)	12,715

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards, the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities as revised in 2005, the Charities Act (1993), the Companies Act (1985) the accounts section of the Department of Trade and Industry Financial Memorandum, and the Annual Reports and Accounts Guidance from the Central Accountancy Team and HM Treasury. The principal accounting policies, which have been applied consistently, except where noted, are set out below:

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Fixed assets

Fixed assets are financed by grants, which are recognised in the statement of financial activities when they are receivable, in accordance with the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities. The capital element of the DTI grant in aid received is recognised in the designated capital fund. This amount offsets the depreciation over the life of the asset.

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

Depreciation is charged on a straight-line basis on the cost of assets over their estimated useful life. Only assets over £500 are capitalised.

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

(c) Investments

No investments are held by Citizens Advice. All money is held in bank accounts at high rates of interest. These are shown as cash at bank and in hand on the balance sheet.

(d) Stock

Goods for resale and other consumable stock are considered to be of immaterial value, and have been charged in the statement of financial activities as the costs were incurred.

(e) Leases

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

(f) Pension costs

A multi-employer defined benefit scheme was the *only scheme in operation during the year*. Having taken advice from the scheme's actuary, Citizens Advice cannot identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The disclosures under FRS 17 in this circumstance are shown in note 22. The expected cost of providing pensions is calculated periodically *by professionally qualified actuary*. The operating costs of providing retirement benefits to employees are recognised immediately in the statement of financial activities in the year in which the benefits are earned as required by FRS 17.

This is a change in accounting policy where previously SSAP24 applied and FRS17 transition rules only were applied. This has changed the disclosures required only (note 22).

(g) Grants payable and receivable

Grants payable are made to local Citizens Advice Bureaux and other bodies, and the liability is recognised when the obligation arises although the grant may not be due. *This is a change in accounting policy during the year, previously grants were recognised when paid*. A prior year adjustment has been made and this is disclosed in note 24.

Grants receivable are recognised when due and when any conditions for receipt are met. Any unexpended grant is carried forward in reserves. If any grant has been provided for a stated purpose, it is carried forward as restricted funds. Any unused grants not able to be used for the purpose determined by the funder are returned in accordance with the funder agreement.

1. ACCOUNTING POLICIES (continued)

(h) Deferred income

Deferred income relating to subscriptions is shown within the balance sheet.

Grants received in advance of the period in which the funder requires the expenditure to be applied are also reflected in deferred income.

(i) Legacies

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

(j) Trading activities

The trading activities of Citizens Advice, mainly the sale of information, are exercised in the course of carrying out the primary purpose of the charity. The gross income is shown in the statement of financial activities as trading activities.

(k) Other income

Other income is recognised on receipt, which is due to the small volume and unpredictable nature of other income.

(l) Resources expended

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

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

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

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

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

Premises, fund-raising, central administration, IT support, human resources costs and pertinent corporate finance costs (staff and other costs), which

are not directly attributable to a particular principal activity, have been fully allocated to departments and activities based on staff numbers of the principal activity as shown in note 7.

(m) Foreign exchange gains and losses

Citizens Advice uses sterling for the large majority of its transactions. Occasionally payments are required in foreign currencies, these are translated into sterling on the date of the transaction. All amounts held at the balance sheet date are in sterling, and no gain or loss arose.

(n) Reserves

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

Citizens Advice is unable to build up substantial reserves of unutilised DTI funds as the requirements in the Management Statement and Financial Memorandum limit the level of funds that can be carried forward to future years. Any additional balances in excess of the working balance carried forward require DTI approval.

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

Designated funds are made up of London region reserves, the capital fund and CAB general fund. The reasons for holding these are outlined in note 17.

Restricted funds are awarded for a specified project, which will be declared by the donor, or restricted with their authority or with a restriction created by a legal process, although the scope of the project is still within the wider objectives of the charity. Income may be awarded in one year for expenditure in that or a subsequent year on a specified project. Transfers from restricted funds are only possible at the request of the original donor with the approval of the Performance Review and Audit Committee.

2. DONATIONS

	2005 £'000	2004 £'000
Donations from private individuals	6	3. Individual giving project

3. GRANTS

a) Government grants

Funder	2005 £'000	2004 Purpose £'000
Government Department grants		
Department of Trade and Industry	23,855	22,920 Grant in Aid*
Department of Trade and Industry	150	129 European consumer rights project
Department of Trade and Industry	132	48 Sexual orientation and religious beliefs
Department of Trade and Industry	-	315 Employment dispute resolution
Department of Health	4,076	2,632 Independent Complaints Advocacy Service
Office of the Deputy Prime Minister	432	419 The National Homelessness Advice Service
Department for Work and Pensions	300	- Financial literacy project
HM Revenue and Customs	89	47 Tax credit training
Department for Education and Skills	41	76 Millennium Volunteers project
Ministry of Defence	20	7 Veterans project
Capital Modernisation Fund (on behalf of all Government Departments)	-	10,000 Citizens Connect
Department for Constitutional Affairs	-	5 IT Services public information project
European grants		
European Commission	142	33 European consumer rights project
European Commission	26	125 UK European consumer centre
European Commission	11	16 Sexual orientation and religious beliefs
Total Government grants	29,274	36,772

*£142,000 of the grant in this financial year has been used for the purchase of fixed assets. This is shown in designated income in the statement of financial activities.

3. GRANTS (continued)

b) Grants from other public bodies

Funder	2005 £'000	2004 Purpose £'000
Welsh Assembly	700	878 Better Advice Better Health
Devon County Council	407	324 Regional projects
Legal Services Commission	209	218 Consultancy and casework (Wales)
Legal Services Commission	182	128 SSU training consultancy and delivery+
Somerset County Council	153	147 Regional projects
Kent Probation Service	123	125 Kent probation project
Oxfordshire County Council	108	107 Regional projects
Legal Services Commission	85	- SSU money advice+
West Yorkshire County Council	70	70 North MASU*
Nottinghamshire County Council	60	- Regional projects
Learning and Skills Council	57	- Regional projects
Hampshire County Council	51	50 SSU casework & consultancy+
Legal Services Commission	37	- Offenders project
Financial Services Authority	28	- Financial literacy project
The Basic Skills Agency	24	- Financial literacy project
London Borough of Newham	17	- Information production
Legal Services Commission	11	47 North MASU*
Community Legal Services Development Fund	9	- Regional projects
Legal Services Commission	-	101 Translation project
Slough Borough Council	-	38 Slough CAB feasibility study
	2,331	2,233

* MASU - Money Advice support unit

+SSU - Specialist support unit

3. GRANTS (continued)**c) Other grants**

Funder	2005 £'000	2004 £'000	Purpose
Prudential plc	300	250	Financial literacy
Money Advice Trust (Barclays plc)	259	194	MA development North and Wales^
Money Advice Trust (Royal Bank of Scotland)	87	-	MA training - yellow route^
Money Advice Trust (Lloyds TSB)	60	83	MA development officer – Midlands^
Money Advice Trust	47	-	MA training - consultancy^
Money Advice Trust	20	90	SSU casework training and consultancy+
Money Advice Trust	14	-	MA training delivery^
Money Advice Trust (Yorkshire Building Society)	10	10	North MASU*
Money Advice Trust (Skipton Building Society)	3	5	North MASU*
Money Advice Trust	2	-	MA training design^
Money Advice Trust	-	27	North MASU*
Money Advice Trust (Hitachi Credit)	-	7	North MASU*
Money Advice Trust (Provident Financial)	-	5	North MASU*
Money Advice Trust (Nationwide)	-	2	MA development officer - London^
Barclays plc	138	130	Rural regeneration project
Compaq, a subsidiary of Hewlett Packard Inc.	100	75	IT training grant scheme
Barclays plc	99	-	North MASU*
GMAC RFC foundation	52	-	Money Advice (Wales)
United Utilities	51	76	MA development officer - North West^
Nationwide Building Society	50	-	MA - strategy North^
The Abbey National Charitable Trust	47	-	Financial literacy
HBOS Foundation	44	-	Volunteers project
Society of Financial Advisers	43	-	Financial literacy
Tudor Trust	20	-	Financial literacy
Severn Trent Trust Foundation	19	-	Financial literacy
Debenhams	15	-	Kent probation project
Provident Financial plc	15	-	North MASU*
Zurich Financial Services	10	10	Information project
MBNA Bank	10	5	Sundry projects
Yorkshire Building Society	10	-	North MASU*
The Royal Bank of Scotland	7	7	Citizens Advice annual conference
Wales Council For Voluntary Action (WCVA)	4	8	Voluntary sector partnership council
Skipton Building Society	4	-	North MASU*
Kirby Laing Foundation	3	3	Sundry projects
O2	3	-	Conference sponsorship
National House-Building Council	3	-	Advice Week
Prudential plc	2	-	Sundry projects
John Lewis Partnership	2	-	Sundry projects
Norwich and Peterborough Building Society	2	-	Bureaux grants
sub-total to carry forward to next page	1,555	987	

3. GRANTS (continued)

c) Other grants (continued)

Funder	2005 £'000	2004 Purpose £'000
brought forward from previous page	1,555	987
Eurofax	1	2 Telephone advice
Clifford Chance	1	- London region governance project
Frances Winham Foundation	1	- Bureaux grants
Zurich Financial Services	1	- Sundry projects
Orr Mackintosh Foundation	1	- Sundry projects
Lloyds TSB Foundation for England and Wales	-	42 Aspiring managers training
Barclays plc	-	40 Placements
Experian	-	30 Conference sponsorship
Barclays plc	-	21 Independent financial advice project
The Esmée Fairbairn Foundation	-	17 Rural emergency CAB
Barclays plc	-	12 Rural bureaux grants
Calouste Gulbenkian Foundation	-	9 Social policy project
City Parochial Fund	-	8 CABnet bureaux grants
Glaxo Smithkline	-	8 Better Advice Better Health
National Australian Bank	-	5 North MASU*
Rural Stress Information Network	-	5 Rural regeneration
The Rayne Foundation	-	4 Financial literacy
Mayer, Brown, Rowe and Maw LLP	-	3 IT Services case management
	1,560	1,193

*MASU - Money Advice support unit

+SSU - Specialist support unit

^MA - Money Advice

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Trustees of Citizens Advice are the non-executive directors of the charitable company. No emoluments were received by any directors, (2004: Nil). Payments of £18,000 (2004: £16,000) were made to 20 (2004: 16) directors during the year in respect of expenses incurred. No trustee indemnity insurance was purchased.

Expense reimbursed	2005 Number of directors	2005 Amount reimbursed £'000
Travel	20	15
Subsistence	10	2
Carers' costs	1	1

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Employee costs during the year:

	2005 £'000	2004 £'000
Wages and salaries	11,169	10,659
Social security costs	1,068	1,015
Pension costs (see note 22)	3,283	741
Temporary staff	617	494
	16,137	12,909

Pension costs shown above relate to amounts accrued in the year. Amounts are paid to the NACAB Pension and Assurance Plan (1991) a month in arrears. The amount paid in 2004/05 was £3,550,000 (see note 22).

Staff were paid in the following bands (the number is based on full-time equivalent):

	Number 2005
Up to £10,000	59
£10,001 to £20,000	120
£20,001 to £30,000	126
£30,001 to £40,000	114
£40,001 to £50,000	17
£50,001 to £60,000	4
£60,001 to £70,000	2
£70,001 to £80,000	1
£90,001 to £100,000	1
	444

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

	Number 2005	Number 2004
Bureau audit and support	274	305
IT Services and Citizens Connect	43	37
Bureau and other grants	3	3
Training	37	36
Policy	41	15
Information	30	31
Trading activities	5	5
Governance	4	4
Cost of generating funds	7	6
Average number of persons employed	444	442

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

In accordance with the requirements of the Financial Memorandum, the following information should be disclosed for named senior managers. Citizens Advice has identified all the executive directors as senior managers; this is consistent with its treatment of key managers for Related Party Disclosure (FRS 8 – note 23).

Aggregate emoluments paid to executive directors in the financial year

The figures comprise gross salaries including all allowances payable including employee pension supplement and exclude employer's pension contributions. No other amounts were payable. All staff paid over £60,000 were executive directors. All of the Executive Directors withheld their consent to be individually named in the disclosure of the information below.

	Number 2005	Number 2004
£5,000 to £9,999	-	1
£25,000 to £29,999	-	1
£45,000 to £49,999	1	1
£50,000 to £54,999	-	2
£55,000 to £59,999	3	1
£60,000 to £64,999	1	1
£65,000 to £69,999	1	1
£70,000 to £74,999	1	-
£80,000 to £84,999	-	1
£95,000 to £99,999	1	-
£100,000 to £104,999	-	1*

*amount includes compensation for loss of office

Pension contributions paid by Citizens Advice into the NACAB Pension and Assurance Plan (1991) on behalf of senior managers in the financial year:

	Number 2005	Number 2004
up to £2,499	-	2
£2,500 to £4,999	5	6
£5,000 to £7,499	3	2

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

5. GRANTS PAYABLE

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

a) Partnership grants

Region	No.	Salaries £'000	No.	Other £'000	No.	Capital £'000	2005 Total No.	2005 £'000	Restated 2004
									£'000
North	10	46	2	4	6	44	18	94	113
North West	13	51	6	4	7	18	26	73	109
Midlands	20	66	2	1	8	28	30	95	189
East	12	19	4	3	8	15	24	37	77
South East	15	49	4	4	3	33	22	86	95
South West	29	67	3	3	4	20	36	90	164
London	8	68	-	-	3	21	11	89	82
Wales	3	8	-	-	10	22	13	30	95
Total	110	374	21	19	49	201	180	594	924

b) Regional grants to Citizens Advice Bureaux

Regional grants to bureaux from County Councils are increasingly being paid direct to bureaux rather than through Citizens Advice.

Region	Funder	2005 Total No.	2005 £'000	2004 £'000
South West	Devon County Council	10	184	164
South West	Somerset County Council	6	46	41
South West	Cornwall County Council	7	5	-
Total		23	235	205

5. GRANTS PAYABLE (continued)**c) Other grants to member bureaux**

Purpose	Funder	2005 Total No.	2005 £'000	Restated 2004 £'000
Independent Complaints Advocacy Service	Department of Health	34	2,776	2,241
Better Advice Better Health	Welsh Assembly	29	610	1,280
Financial literacy	Department for Work and Pensions	22	197	-
Computer equipment for CASE	Capital Modernisation Fund	52	145	-
East region bureaux	Learning and Skills Council	13	51	-
Rural bureaux	Department of Trade and Industry	16	30	70
Midlands bureaux	Sundry funders	4	25	-
Bureaux consultancy	Capital Modernisation Fund	1	16	30
Sexual orientation and religious beliefs	Department of Trade and Industry	32	16	-
Millennium Volunteers	Department for Education and Skills	28	13	20
Financial literacy	Financial Services Authority	3	13	-
IT services projects	Sundry funders	3	6	-
Bromley CAB	Department for Education and Skills	1	3	25
Volunteer of the year	The Royal Bank of Scotland	1	3	-
Individual giving project	Individual donations	33	2	-
Veterans project	Ministry of Defence	3	2	-
Financial literacy	Prudential plc	-	-	368
Rural bureaux	Barclays plc	-	-	245
Guildford CAB	Legacy	-	-	26
IT Services project	The City Parochial Foundation	-	-	23
Tax credits training and information	HM Revenue and Customs	-	-	8
		275	3,908	4,336
TOTAL BUREAUX GRANTS		478	4,737	5,465

5. GRANTS PAYABLE (continued)**d) Largest grants paid to member bureaux**

	Bureau name	Description of grant	2005 £'000	2004 £'000
1	Westminster	Independent Complaints Advocacy Service	179	155
2	Chapelton	Independent Complaints Advocacy Service	135	38
3	York	Independent Complaints Advocacy Service	123	76
4	Hackney	Independent Complaints Advocacy Service	121	57
5	Camden	Independent Complaints Advocacy Service	121	101
6	Bromley	Independent Complaints Advocacy Service	119	72
7	Birmingham District	Independent Complaints Advocacy Service	114	90
8	South Lakeland	Independent Complaints Advocacy Service	107	66
9	Liskeard	Independent Complaints Advocacy Service	104	69
10	Durham	Independent Complaints Advocacy Service	103	57
11	Merton	Independent Complaints Advocacy Service	79	75
12	Salford Mental Health	Independent Complaints Advocacy Service	78	66
13	Combined Hospitals	Independent Complaints Advocacy Service	78	66
14	Exeter	Independent Complaints Advocacy Service	78	52
15	Heswell	Independent Complaints Advocacy Service	77	70
16	Bootle	Independent Complaints Advocacy Service	77	69
17	North East Somerset	Independent Complaints Advocacy Service	74	62
18	Barnsley	Independent Complaints Advocacy Service	71	71
19	Gloucester and District	Independent Complaints Advocacy Service	71	70
20	Coventry	Independent Complaints Advocacy Service	69	58
21	Worcester	Independent Complaints Advocacy Service	69	59
22	Vale Royal and District	Independent Complaints Advocacy Service	69	34
23	Stoke	Independent Complaints Advocacy Service	68	61
24	Dudley	Independent Complaints Advocacy Service	68	61
25	Caerphilly	Better Advice Better Health	67	73
26	North Tyneside	Independent Complaints Advocacy Service	65	66
27	West Wiltshire	Independent Complaints Advocacy Service	53	33
28	North Kirklees	Independent Complaints Advocacy Service	52	34
29	Stockton and District	Independent Complaints Advocacy Service	41	28
30	West Lancashire	Independent Complaints Advocacy Service	39	33
31	Rotherham	Independent Complaints Advocacy Service	39	33
32	Harrogate	Independent Complaints Advocacy Service	39	33
33	Poole	Independent Complaints Advocacy Service	39	33
34	Powys	Financial Literacy	36	15
35	Swansea	Better Advice Better Health	34	37
36	Ynys Mon	Better Advice Better Health	33	38
37	Powys	Better Advice Better Health	33	36
38	Ammanford	Better Advice Better Health	33	36
39	Torfaen	Better Advice Better Health	33	38
40	Newport	Better Advice Better Health	32	35
41	Conwy District	Better Advice Better Health	32	37
42	D.A.W.N.	Financial Literacy	31	13
43	Flintshire	Better Advice Better Health	31	34
44	Cardiff	Better Advice Better Health	30	35
45	Vale of Glamorgan	Better Advice Better Health	30	35
46	North Devon	Rural bureaux	30	15

5. GRANTS PAYABLE (continued)**d) Largest grants paid to member bureaux (continued)**

Bureau name	Description of grant	2005 £'000	2004 £'000
47 Powys	Rural bureaux	30	30
48 Bridgend	Better Advice Better Health	30	26
49 Gwynedd	Better Advice Better Health	29	25
50 Royal Courts of Justice	Partnership - salary	29	28

e) Grants to other bodies

A grant of £26,000 was paid to advice^{uk} (2004: £17,000) in relation to their element of the National Homelessness Advice project. A grant of £100,000 was paid to Friends of CABx Trust (2004: £95,000); this was a grant to Citizens advice from Compaq, a subsidiary of Hewlett Packard Inc, for the provision of IT training for bureaux. A further grant of £2,000 (2004: £3,000) was paid to Friends of CABx Trust towards the production costs of its annual report.

f) Reconciliation of financial activities

	2005 £'000	Restated 2004 £'000
Total grants payable to bureaux (note 4 a) to c))	4,737	5,465
Total grants payable to other bodies (note 4e))	128	115
Direct staff costs	526	365
Other direct costs	53	82
Allocated staff costs	8	15
Allocated other costs	7	11
	5,459	6,053

6. TOTAL RESOURCES EXPENDED

	Staff costs £'000	Other direct costs £'000	Allocated staff costs £'000	Other allocated costs £'000	Total 2005 £'000	Restated Total 2004 £'000
Bureau audit and support	5,980	3,914	2,106	1,790	13,790	11,757
IT Services and Citizens Connect	1,491	7,031	434	370	9,326	11,956
Bureau and other grants	526	4,918	8	7	5,459	6,053
Training	1,141	1,630	557	526	3,854	3,279
Policy	1,443	1,041	694	591	3,769	1,426
Information	820	329	401	341	1,891	1,632
Trading activities	352	833	38	31	1,254	1,415
Governance Costs	60	166	15	13	254	355
Cost of generating funds	52	1	19	16	88	146
	11,865	19,863	4,272	3,685	39,685	38,019

7. SUPPORT COST BREAKDOWN BY ACTIVITY

							Total 2005 £'000	Restated Total 2004 £'000
	Premises £'000	Fund- Raising £'000	Admin- istration £'000	IT Services £'000	Human Resources £'000	Finance £'000		
Bureau audit and support	913	44	169	506	284	1,980	3,896	2,749
IT Services and Citizens Connect	159	10	37	109	61	428	804	33
Bureau and other grants	4	-	1	2	1	7	15	73
Training	271	12	46	138	77	539	1,083	609
Policy	276	15	57	171	96	670	1,285	397
Information	160	9	33	99	55	386	742	548
Trading activities	15	1	3	9	5	36	69	52
Governance costs	6	-	1	4	2	15	28	31
Cost of generating funds	11	-	1	4	2	17	35	26
	1,815	91	348	1,042	583	4,078	7,957	4,518

Premises costs are allocated across activities on staff numbers (based on full time equivalent) based at each premises. All other amounts are allocated on the basis of staff numbers (based on full time equivalent).

The above amounts represent the allocated staff and other allocated costs in note 6.

8. GOVERNANCE COSTS

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

	2005 £'000	Restated 2004 £'000
Audit fees (internal and external)	86	68
Trustee meeting costs	54	65
Governance and leadership	24	52
Legal advice for trustees	40	72
Preparing statutory accounts and annual report	9	26
Strategic planning	13	41
Allocated staff costs	15	20
Allocated non staff costs	13	11
	254	355

9. CORPORATION TAX

Citizens Advice is a registered charity and is not liable to taxation.

10. NET OUTGOING RESOURCES

Net outgoing resources for the year are stated after charging:

	2005 £'000	2004 £'000
Operating lease costs		
Property	1,505	1,452
Motor vehicles	32	40
Office equipment	15	32
Depreciation	169	154
External Auditors' remuneration		
External audit fee	31	29
Non audit work	4	-
Non-statutory audit	2	2

11. FIXED ASSETS

	£'000
Office and computer equipment	
Cost	
At 1 April 2004	462
Additions	169
Disposals	(124)
At 31 March 2005	507
Depreciation	
At 1 April 2004	288
Charge for the year	169
Disposals	(124)
At 31 March 2005	333
Net book value	
At 31 March 2005	174
At 31 March 2004	174

12. DEBTORS

	2005	2004
	£'000	£'000
Trade debtors	950	673
Other debtors	106	340
Prepayments and accrued income	492	1,821
HM Revenue and Customs	322	48
	1,870	2,882

Included in other debtors is £102,000 (2004: £77,000), which relates to 71 (2004: 74) staff season ticket or car loans. These are interest free and are recoverable through monthly payroll deductions. Two senior officers had loans outstanding, at the balance sheet date, of less than £5,000.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	Restated 2004
	£'000	£'000
Trade creditors	1,658	1,542
Citizens Advice bureaux grants	1,056	1,420
Citizens Advice International	4	-
Other creditors including taxation and social security	499	573
Accruals and deferred income	1,212	569
	4,429	4,104

	2005	2004
	£'000	£'000
Other creditors consists of:		
Inland Revenue: PAYE	153	182
National Insurance	156	174
Other creditors	190	217
	499	573

	2005	2004
	£'000	£'000
Deferred income:		
Deferred income at 1 April 2004	414	445
Amount released from previous year	(414)	(445)
Incoming resources deferred in the year	605	414
Deferred income at 31 March 2005	605	414

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2005	Restated
	£'000	2004 £'000
Citizens Advice bureaux grants	40	512
	40	512

15. PROVISIONS

	2005	2004
	£'000	£'000
Property provisions		
Provision on 1 April	50	26
Additional provision during the year	6	24
Provision on 31 March	56	50

The provisions relate to rent reviews performed in the period which have not yet been finalised. It is expected that they will be finalised in 2005/06.

16. STATEMENT OF FUNDS

	At 1 April 2004 £'000	Prior year adjust - ment (note 24) £'000	Restated at 1 April 2004 £'000	Income £'000	Expenditure £'000	At 31 March 2005 £'000
Unrestricted funds - DTI	4,727	(745)	3,982	24,759	25,180	3,561
Unrestricted funds - other	609	-	609	1,802	1,390	1,021
Unrestricted funds - designated	163	-	163	142	114	191
Total unrestricted funds	5,499	(745)	4,754	26,703	26,684	4,773
Restricted funds - DTI	722	-	722	282	610	394
Citizens Connect project	5,105	-	5,105	145	4,124	1,126
Independent projects	773	(1,187)	(414)	2,948	2,277	257
Money Advice Trust funded projects	137	-	137	555	297	395
Regional managed funds	288	-	288	683	621	350
	-	-	-	448	285	163
National Homelessness Advice Service						
Social policy projects	18	-	18	224	127	115
Training projects	88	-	88	92	109	71
Independent Complaints Advocacy Service	136	-	136	4,093	4,160	69
IT Services programme	224	-	224	-	184	40
European Commission projects	47	-	47	180	207	20
Total restricted funds	7,538	(1,187)	6,351	9,650	13,001	3,000
Total funds	13,037	(1,932)	11,105	36,353	39,685	7,773

The unrestricted funds (DTI and other) represent the free funds of Citizens Advice, which are not designated for particular purposes.

DTI restricted funds incoming resources represent two grants from the DTI for the EEJNet Project, and the Sexual orientation and religious beliefs project.

The Citizens Connect project continued to link individual Citizens Advice Bureaux to a virtual private network and develop and install CASE software in bureaux. The project will finish in 2005/06.

Independent projects represent the twenty-six projects around the country for both England and Wales service development initiatives, which are not funded by the DTI.

Money Advice support strategy funds are funds received via the Money Advice Trust for the Money Advice Development Officer posts in the regions and for specialist casework and training consultancy to MAT agencies in England and Wales.

16. STATEMENT OF FUNDS (Continued)

Regional Managed Funds are funds raised in the regions for local initiatives, and the income comprised: £668,000 (Note 3, mainly from County Councils) and bank interest and other income of £15,000.

The Office of the Deputy Prime Minister funds the National Homelessness Advice Service which is a joint project between Citizens Advice and Shelter to improve the quality of homelessness and housing advice to the public through second tier support to Citizens Advice.

Policy and training funds comprise all funds received specifically to undertake training or social policy project activities.

The Independent Complaints Advocacy Service (ICAS) began in September 2003 in six of the nine local government regions. It provides grants and support to 32 bureaux to enable them to deliver independent advice and support to people with complaints against the National Health Service. The project will continue in 2005/06.

IT services programme funds comprise all non-DTI funds received for the development of IT Services projects: CASE recording and Electronic Information System.

European Commission funded projects consist of three projects: the UK European Consumer Centre, Sexual orientation and religious beliefs conference and the European Consumer Rights project.

17. DESIGNATED RESERVES

London region reserves

The London region reserves were acquired on 1 April 1991 when the undertaking of GLCABS together with its assets and liabilities were transferred to Citizens Advice. It has been agreed that the reserves acquired on this date would be used solely within the London region, to deal with property and other issues related to the London bureaux employment function. This is at the discretion of the Trustee Board. The balance as at 31 March 2005 was £52,000 (2004: £52,000).

Capital fund

The fund represents the balance of the capital element of DTI grants. The balance as at 31 March 2005 was £130,000 (2004: £102,000).

CAB general fund

The CAB general fund represents the excess of income over expenditure for the period prior to incorporation. It has been agreed that as general reserves these should be made available to be allocated as the Trustee Board decides for the IT Services project. The balance as at 31 March 2005 was £9,000 (2004: £9,000).

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted			Restricted		Total
	DTI	Other	Designated	DTI	Other	
	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2005 are represented by:						
Fixed assets	-	3	130	-	41	174
Current assets	5,765	1,282	61	612	4,404	12,124
Creditors: amounts falling due within one year	(2,108)	(264)	-	(218)	(1,839)	(4,429)
Creditors: amounts falling due after one year	(40)	-	-	-	-	(40)
Provisions	(56)	-	-	-	-	(56)
Fund balance	3,561	1,021	191	394	2,606	7,773

19. CITIZENS ADVICE BUREAUX

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

20. CONTINGENT LIABILITIES

Citizens Advice holds some leases in its name on behalf of some of the London bureaux. The lease costs are borne by the respective bureaux. However, in the event that these bureaux cease to operate, liabilities may arise in respect of responsibilities as leaseholder to the extent that they cannot be recovered from the management committees and Local Authorities. This liability is diminishing over time following the transfer of leases to the London Bureaux Trustee Boards.

21. OPERATING LEASE COMMITMENTS

At 31 March 2005 Citizens Advice was committed to making the following annual payments in respect of operating leases:

	2005		2004	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases which expire:				
Within one year	34	6	43	9
Within between two and five years	1,114	1	358	18
After five years	68	-	754	-

22. PENSION SCHEME

Citizens Advice participates in the National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991) which is a defined benefit arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 April 2004. This has been updated on an approximate basis to 31 March 2005.

The triennial valuation of the whole scheme identified a deficit of £12,500,000. In order to address this deficit, changes to future benefits have been made to the scheme. From 1 April 2005 active members will see a fall in their accrual rate from 1/65 to 1/80 of their salary per year of service. Existing staff were given the option to buy back the extra 1/15 of their pension accrual rate, half of the cost of this would be met by Citizens Advice for those members exercising this option. The scheme continues to be open to new members of Citizens Advice staff. As a result of these changes to benefits, the employer contribution rate has changed to 5.9% (2004 and 2005: 8.5%) and the employee contribution rate remains at 8.2% of gross pay. In addition to the future service contributions, each participating employer is required to pay a share of the actuarial deficit over the next ten years, based on active members as at 31 March 2004. Citizens Advice has addressed its share of the deficit in the fund by making a lump sum payment during 2004/05 of £2,467,000.

Since more than one employer participates in the scheme, Citizens Advice accounts for the scheme on a defined contribution basis in accordance with FRS 17, because the contribution requirement is affected by a surplus or deficit in the scheme but it is not possible to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The contributions made by Citizens Advice over the financial year have been £3,550,000 (2004: £730,000); this includes the one off payment of £2,467,000.

In order to comply with the requirement, under FRS17, to disclose any available information about the existence of the surplus or deficit in the scheme and the implications of that surplus or deficit for the employer, disclosure of assets and liabilities of the entire scheme as at 31 March 2005 calculated in accordance with the requirements of FRS17 is made. For the purpose of these financial statements, however, these figures do not impact on the actual 31 March 2005 balance sheet or on the actual performance statements for the year ended 31 March 2005.

The amount due to the scheme at 31 March 2005 was £nil (2004: £nil).

Assumptions

The assets of the whole scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2005	2004	2003
Inflation	2.60% p.a.	2.50% p.a.	2.50% p.a.
Salary increases	3.60% p.a.	3.50% p.a.	3.50% p.a.
Rate of discount	5.44% p.a.	5.60% p.a.	5.25% p.a.
Pensions in payment increases	2.60% p.a.	2.50% p.a.	2.50% p.a.
Revaluation rate for deferred pensioners	2.60% p.a.	2.50% p.a.	2.50% p.a.

22. PENSION SCHEME (continued)

Balance sheet figures for the whole scheme

The following amounts at 31 March 2005 were measured in accordance with FRS17 and show the liability for all employers in the scheme:

	2005 £'000	2004 £'000	2003 £'000
Assets	46,233	37,369	30,784
Liabilities	(63,255)	(51,781)	(51,065)
(Deficit) in scheme – Net pension liability	(17,022)	(14,412)	(20,281)

Assets

The assets of the whole scheme on an FRS 17 basis, as at 31 March 2005 were:

	2005 £'000	2004 £'000	2003 £'000
Equities	33,722	28,269	19,562
Bonds	9,654	8,087	10,245
Cash	2,857	1,013	977
	46,233	37,369	30,784

The expected long term rate of return as at 31 March 2005 were:

	2005 £'000	2004 £'000	2003 £'000
Equities	6.69%	6.85%	6.50%
Bonds	5.44%	5.60%	5.25%
Cash	4.75%	4.00%	3.75%

22. PENSION SCHEME (continued)**Movement in balance sheet surplus figures for the whole scheme during the year ended 31 March 2005**

	2005 £'000	2004 £'000
(Deficit) at beginning of year	(14,412)	(20,281)
Movement in year:		
Current service cost	(1,117)	(1,474)
Net finance charge	(466)	(826)
Contributions	3,550	1,032
Actuarial (loss)	(4,577)	7,137
(Deficit) in scheme at 31 March	(17,022)	(14,412)

23. RELATED PARTY TRANSACTIONS

There have been related party transactions identified in accordance with FRS 8 and with Treasury Guidance during the year. Citizens Advice is sponsored by the Department of Trade and Industry (DTI). The DTI is regarded as a related party. During the year, Citizens Advice has had no material transactions with the DTI other than the receipt of its Grant in Aid, and £281,000 for two specific projects as shown in note 3a) (2004: £492,000, three specific projects). Citizens Advice had a number of transactions during the year with Citizens Advice Scotland, which is also sponsored by the Department of Trade and Industry.

The Friends of Citizens Advice Bureaux Trust is a charity established to raise funds for the benefit of Citizens Advice Bureaux during the year. The Friends of Citizens Advice Bureaux Trust had two trustees who are also directors of Citizens Advice. There were transactions between Citizens Advice and The Friends of Citizens Advice Bureaux Trust of £17,000 (2004: £15,000) in relation to management contracts and expenditure recharges to The Friends of Citizens Advice Bureaux Trust. A grant of £100,000 (2004: £75,000) was paid to The Friends of Citizens Advice Bureaux Trust from Citizens Advice. This money came from Compaq, a subsidiary of Hewlett Packard Inc, for the provision of IT Training to bureaux. Citizens Advice also paid £2,000 towards the production costs of The Friends of Citizens Advice Bureaux Trust Annual Report. During the year payments from Friends of CABx to Citizens Advice were received totalling £17,000 (2004: £15,000) for management contracts and £nil (2004: £1,000) in relation to expenditure recharges. At 31 March 2005 The Friends of Citizens Advice Bureaux Trust owed Citizens Advice £nil (2004: £nil).

Citizens Advice International is a company registered in Belgium on 6 December 2004. It was established during the year to provide support to Citizens Advice organisations throughout the world. Citizens Advice International has been administered from Citizens Advice offices during the year, no charge has been made for any expenditure incurred by Citizens Advice on behalf of Citizens Advice International during the year. At 31 March 2005, Citizens Advice owed Citizens Advice International £4,000, which was a donation, received by Citizens Advice on behalf of Citizens Advice International in the year. One member of the council of Citizens Advice International is a member of Citizens Advice staff; there are currently nine member countries of Citizens Advice International. Citizens Advice International is not consolidated into the accounts, as it is a separate entity, as Citizens Advice does not have any significant control over it.

24. PRIOR YEAR ADJUSTMENT

The resources expended and balance sheet in 2003/04 have been restated under the new Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) as revised in 2005. The restated figures show comparative figures had the SORP applied in 2003/04.

The adjustment in respect of the balance sheet meets the new definitions for recognising bureau and other grants. The adjustment results in an increase in creditors: amounts falling due within one year of £1,420,000 and an increase in creditors: amounts falling due in more than one year of £512,000. An adjustment of the amount brought forward on 1 April 2004 of £1,352,000 was also required.

The comparative figures in the statement of financial activities have been restated to reflect the revised presentation requirements, and in respect of resources expended is due to redefined definitions of governance costs and the costs of generating funds. In addition: there is an increase in the amount of bureau and other grants of £580,000 to meet the new requirements for recognising bureau and other grants.