

Fair Money Advice

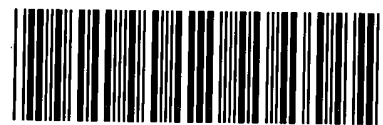
Financial Statements

31 March 2017

Charity Registration Number
1138351

Company Number
07205478

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Reference and administrative information Year to 31 March 2017

Charity name	Fair Money Advice (FMA)
Charity registration number	1138351
Company registration number	7205478
Registered office and operational addresses	18 Ashwin Street London E8 3DL 530 Commercial Road London E1 0HY
Management Committee	Ms Sherry Giessen (Chair) (resigned October 2016) Mr Faisel Rahman (Chair) (appointed October 2016) Mr Patrick Lim (resigned January 2016) Ms Alexandra Stableforth Mr Erik Porter Ms Shalini Rao Ms Rachel Bentley (appointed August 2016)
Secretary	Ms Muna Yassin
Senior Management Team	
Managing Director	Ms Muna Yassin
Services Manager	Ms Jahanara Khanom
Supervisor/Senior Adviser	Ms Nicola Seacole
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Unity Trust Bank 9 Brindley Place Birmingham B1 2HB
Solicitors	Linklaters LLP 1 Silk Street London EC2Y 8HQ

Report of the Management Committee Year to 31 March 2017

The Management Committee presents its director's report and audited financial statements for the year ended 31 March 2017.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Our aims and objectives

The Charity's objects (the "Objects") are specifically restricted to the following:

- ◆ the prevention and relief of poverty through the provision of impartial debt advice to members of the public in the UK;
- ◆ the advancement of the education of the public in the subject of debt and personal financial management through the provision of advice about self-help and the role of appropriate financial services in self-help; and
- ◆ the assistance and support of the development and use of financial products created to provide relief to those in need by reason of financial hardship, social exclusion and other disadvantages.

The aims of our charity are to help prevent people from falling into unmanageable debt and helping to minimise the consequences of over indebtedness, once over indebted. Our aims continue to fully reflect the purposes which our charity was set up to further.

Ensuring our work delivers our aims

We annually review our aims, objectives and activities. The purpose of the annual review is to evaluate the work we have carried out and the impact that this has had on the groups we set out to serve. This review also ensures that we continue to further our aims, objectives and activities in line with our stated purposes. We refer to the guidance contained in the Charity Commission's general guidance on public benefit when undertaking our annual review and are planning our future activities. Specifically, the Management Committee consider how planned activities will contribute to the aims and objectives they have set.

The focus of our activities

In line with our charitable objectives, the focus of our work in the last 12 months has continued to be based on providing information, guidance and counselling to help prevent or minimise the consequences of over indebtedness. To achieve these we used the following strategies:

Report of the Management Committee Year to 31 March 2017

The focus of our activities (continued)

- ◆ delivered quality assured specialist debt advice services to residents face to face using other channels as appropriate;
- ◆ delivered effective preventative services through different delivery channels;
- ◆ identifying and disseminating key financial messages and consumer campaigns;
- ◆ Continuing to work in partnership with key organisations and partners to effectively reach those most in need of our services.
- ◆ partnered with FinTech company Pariti to develop a budgeting app for our clients

How our activities deliver public benefit

In the last year, increases in the cost of living, coupled with stagnation of wages, and an increase in clients facing irregular incomes due to insecure employment mean the communities FMA works with continue to be particularly affected by financial instability and difficulties.

Personal debt in the UK stood at £1.52 trillion at the end of January 2017, up from £1.460 trillion in January 2016. This upward trend is also replicated amongst the clients FMA has helped in 2016/17 FMA helped 1,312 clients in managing their debt problems (2016: 1,192) and handled over £10.8 million of debt on their behalf (2016: £7.7 million). This represents an average debt of £8,248 per client – an increase of £1,717 per individual.

We continue to be restricted by funding with regards to who we can help and in which locality we can deliver our services. However, as each year, demand for our services continues to outstrip the capacity we have. Therefore, some of our core services are restricted to referrals from our funding partners; whilst others are based on need and an initial assessment on their ability to self-help or gain assistance from another agency. To assist us determine need, and reduce the disappointment of clients attending the office unnecessarily, we try and conduct as many assessments as possible by phone.

FMA also continues to deliver emergency face to face advice as part of the Money Advice Service Capitalise programme. FMA continues to work with partners in the community like Mare St CAB and Age UK in Hackney, Job Centre Plus and the CVS in Barking and Dagenham; and Peabody Housing in Bexley to widen access to vulnerable groups and reach as many clients in its allocated boroughs under the contract.

Our main charitable activities are details below.

Report of the Management Committee Year to 31 March 2017

How our activities deliver public benefit (continued)

Counselling, advice and guidance services

Fair Money Advice provides debt counselling services via face to face, telephone and web to residents of East London. We continued to provide a 'drop-in' and outreach service for residents in Hackney, Newham and Tower Hamlets in our Dalston, East Ham and Limehouse branches. We run drop-in sessions in conjunction with Hackney CAB (Mare St) and Job Centre Plus (Library) in Barking and Dagenham. Over 800 clients used the service in the year under review and received help with budgeting, income maximisation and direct negotiation with their creditors. This service is funded by the Money Advice Service (MAS).

We also provide in-depth debt advice to residents of Housing Associations, through service level agreements (SLAs). Our specialist advisers receive direct referrals from the Housing or Income Recovery teams, or other teams within the partner organisation, and assist residents to deal with their debts to prevent eviction and further court action on their rent accounts.

For this year we provided service to Peabody Housing residents again. Under this service we helped 58 clients with in-depth debt counselling, 171 clients with financial assessments and guidance services; provided 4 financial capability sessions to 80 participants and managed over £1.3 million worth of consumer and priority debts. All our advice and counselling services are free to service users.

Educational and capability services

FMA delivered four financial capability sessions in partnership with Thamesmead Trust to residents in the Bexley and Greenwich boroughs (2016 – four sessions); 80 participants directly benefited from the sessions. In addition, FMA began delivery of 'guidance' sessions over the telephone to assist clients who wanted a little advice with their self-help money management plans.

This year FMA partnered with FinTech Company Parity to co-develop and pilot a budgeting APP to its clients. This APP complements FMA's advice and capability services and forms part of FMA's strategy to explore digital tools that enhance and enable behavioural changes and increase financial control for FMA clients.

Financial review

For the year ended 31 March 2017, FMA made a surplus of £53K (2016:£63K) thereby increasing total unrestricted funds to £120K (2016:£67K). Details of the state of the charity's reserves are given in in the Reserves Policy section below.

Incoming resources

FMA's total income increased by 34% from £354K (2015/16) to £473K (2016/17) mainly in form of grant funding from Toynbee Hall: £185K (2016: £187K), JP Morgan: £300K (2016:£100K) out of which £251K was recognised in 2016/17 and £49K was deferred to 2017/18, Generation Foundation: £20K.

Report of the Management Committee Year to 31 March 2017

Resources expended

The charity's total expenditure increased by 44% to £420K (2016:£291K) in line with the increased level of charitable activities. The cost of generating voluntary income (publicity and marketing) increased by 134% from £1,849 (2016) to £4,320 (2017). The cost of providing governance was £6K (2016: £7K) accounting for 2% of total costs (2016: 2%).

Investment policy

The Management Committee consider the most appropriate investment policy is for surplus funds to be held on bank deposit.

Financial Risk

Currently, a high level of FMA's funding come from a few funders and it is clear that a total loss or significant reduction of such funding is the biggest threat to FMA.

Principal funding sources

The main funders during the year were: Money Advice Service, JP Morgan Foundation, Generation Foundation and Peabody Housing.

Reserves policy

The opening reserves balance at 1 April 2016 was £67K (2015: £4K). We are pleased to report that for the year ended 31 March 2017, FMA had net income of £53k bring the total reserves balance at year end to £120K. The Management Committee have established a Reserves Policy and are committed to the long term plan of building up sufficient reserves for the charity to cover at least three months of operating expenditure. The income targets for 2017/18 and 2018/19 are set to help achieve this.

Report of the Management Committee Year to 31 March 2017

Organisational structure

Fair Money Advice has a Management Committee (who are the trustees of the charity) of up to six members who meet up to four times a year and are responsible for the strategic direction and policy of the charity. At present the Management Committee has five members from a variety of professional backgrounds relevant to the work of the charity. The Secretary also sits on the Management Committee but has no voting rights.

Day to day responsibilities for the provision of FMA services rest with the Managing Director, along with the Services Manager and Supervisor. The Managing Director is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The Services Manager has responsibility for the day to day operational management of the services, individual supervision of the staff team and also ensuring that the team continue to develop their skills and working practices in line with best practice.

Responsibilities of the Management Committee

The Management Committee (who are the Trustees of the company and also the Directors of Fair Money Advice for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities SORP;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is not appropriate to assume that the company will continue on that basis.

Report of the Management Committee Year to 31 March 2017

Responsibilities of the Management Committee (continued)

The Management Committee is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Management Committee is also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the Management Committee

Members of the Management Committee, who are trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 1.

In accordance with company law, as the company's directors, we certify that:

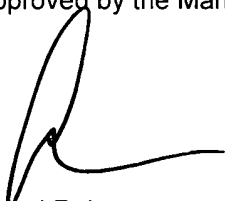
- ◆ so far as we are aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- ◆ as the directors of the charitable company we have taken all steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Auditors

In accordance with the company's articles, a resolution proposing that Buzzacott be reappointed as auditors of the company will be put at the Annual General Meeting.

This report has been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Management Committee on 6 July 2017 and signed on its behalf by:



Fazel Rahman

Chair, FMA Board

Independent auditor's report Year to 31 March 2017

Independent auditor's report to the members of Fair Money Advice

We have audited the financial statements of Fair Money Advice for the year ended 31 March 2017, which comprise the Statement of Financial Activities, the Balance Sheet, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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

Respective responsibilities of Executive Committee and Auditor

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

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

Scope of the audit of the accounts

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

Independent auditor's report Year to 31 March 2017

Opinion on the accounts

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 2017 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Annual report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Peter Chapman, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL
Date: 6 July 2017

Statement of financial activities Year to 31 March 2017

	Notes	Total funds 2017 £	Total funds 2016 £
Income from:	1		
Donations and legacies		1,000	522
Charitable activities			
Grants		471,782	352,997
Investments			
Bank interest		13	147
Total income		472,795	353,666
Expenditure on:			
Charitable activities	2	419,817	290,807
Total expenditure		419,817	290,807
Net income (expenditure) and net movement in funds		52,978	62,859
Total funds at 1 April 2016		66,539	3,680
Total funds at 31 March 2017	9	119,517	66,539

The notes on pages 14 to 16 form part of these accounts.

All of the charitable company's activities derived from continuing operations during the above financial periods.

The company has no recognised gains and losses other than those shown above.

Balance sheet 31 March 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Current assets					
Debtors	6	83,413		67,575	
Cash at bank and in hand	8	91,600		20,667	
		<u>175,013</u>		<u>88,242</u>	
Creditors					
Amounts falling due within one year	7	<u>(55,496)</u>		<u>(21,703)</u>	
Total net assets			<u>119,517</u>		<u>66,539</u>
The funds of the charity:					
Unrestricted funds					
General funds	9		<u>119,517</u>		<u>66,539</u>
			<u>119,517</u>		<u>66,539</u>

The accounts are prepared in accordance with the special provision of part 15 of Companies Act 2006 relating to small entities and with the provisions of FRS 102 section 1A – small entities.

Approved by the Board of Directors:



Fazel Rahman
Trustee

Date: 6 July 2017

Company No. 07205478

The notes on pages 14 to 16 form part of these accounts.

Principal accounting policies Year to 31 March 2017

General information

The company is a company limited by guarantee and incorporated in the United Kingdom. Its registered office is 18 Ashwin Street, London, E8 3DL.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2017.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling and are rounded to the nearest pound.

Assessment of going concern

The Management Committee have assessed whether the use of going concern is appropriate in preparing Fair Money Advice's (FMA) financial statements in respect to a period of one year from the date of the approval of these accounts; and they have concluded that there are no material uncertainties that cast significant doubt about the ability of FMA to continue as a going concern have been identified.

Income recognition

Donations are recognised in the year they are received.

Grants, where entitlement is not conditional on the delivery of a specific performance by the charitable company, are recognised when the charitable company becomes unconditionally entitled to the grant.

Grants, where the entitlement is based upon performance conditions, are recognised as unrestricted income to the extent that the performance conditions have been met. Grant income received in advance of meeting performance conditions is deferred until conditions are met.

Consultancy income is recognised on an accruals basis.

Principal accounting policies Year to 31 March 2017

Expenditure and its basis of allocation

All expenditure is dealt with on the accruals basis and includes value added tax where appropriate. Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services. It includes direct costs of activities and those costs of an indirect nature necessary to support those activities, allocated between expenditure categories on an appropriate basis as set out in note 2.

Governance costs are those costs associated with meeting the constitutional and statutory requirements of the charitable company and include the audit fees and costs linked to the strategic management of the charitable company.

Fund accounting

Funds held by the charity are either:

- ◆ Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Management Committee; or
- ◆ Restricted funds - these are funds which can only be used for specific purposes. Restricted funds provide reassurance to donors that their contributions will be used in a manner they have chosen.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Notes to the accounts Year to 31 March 2017

1 Income

	Total 2017 £	Total 2016 £
Donations and legacies		
General donations	1,000	522
Charitable activities		
Consultancy	6,500	4,060
Grants receivable		
· Toynbee Hall	184,778	188,748
· JP Morgan Chase Foundation	260,504	100,000
· MetLife Foundation	—	40,189
· Trust Thamesmead	—	20,000
· The Generation Foundation	20,000	—
	472,782	352,997
Investments		
Bank interest received	13	147
Total income	472,795	353,666

2 Expenditure

	Programme delivery costs £	Support costs		Total 2017 £	Total 2016 £
		Other support costs £	Governance costs £		
Staff costs	172,382			172,382	197,849
Other staff related costs		19		19	4,197
Sub contractors	143,600			143,600	—
Rent, rates, maintenance and other property costs		23,601		23,601	22,535
Telephone expenses		1,505		1,505	5,483
General office expenses		64,574		64,574	29,937
Publicity and marketing		4,803		4,803	1,849
Travel and subsistence		64		64	1,591
Subscriptions		1,620		1,620	518
Bank charges		—		—	55
Legal and professional		2,089		2,089	20,105
Audit fees			5,560	5,560	6,669
Bookkeeping services		—		—	—
Provision for doubtful debts		—		—	19
2017 Total funds	315,982	98,275	5,560	419,817	290,807

Notes to the accounts Year to 31 March 2017

3 Staff costs

	2017 £	2016 £
Gross wages	154,960	179,401
Employers NI (Social Security)	14,349	16,082
Employer's pension	3,073	2,366
	<u>172,382</u>	<u>197,849</u>

b) There were no employees during the current year whose emoluments amounted to over £60,000 (2016: none).

c) No emoluments or expenses were paid to the trustee directors during the year (2016: £nil).

d) The average weekly number of employees employed by the company, during the year was:

	2017 No.	2016 No.
Service delivery	6	6
	<u>6</u>	<u>6</u>

4 Governance costs

	2017 £	2016 £
Audit and accountancy fees	5,560	6,669
	<u>5,560</u>	<u>6,669</u>

5 Taxation

The company is a registered charity and consequently no corporation tax has been provided for.

Notes to the accounts Year to 31 March 2017

6 Debtors

	2017 £	2016 £
Debtors control account	—	63,325
Rent deposit	4,250	4,250
Intercompany loan with East End Fair Finance Limited	79,163	—
	83,413	67,575

7 Creditors

	2017 £	2016 £
Deferred income*	55,496	20,000
Intercompany loan with East End Fair Finance Limited	—	1,703
	55,496	21,703

*From JP Morgan Chase Foundation and East End Community Foundation

8 Bank

	2017 £	2016 £
Cash at bank	91,600	20,667
	91,600	20,667

9 Reserves

	At 1 April 2016 £	Income £	Expenditure £	At 31 March 2017 £
Unrestricted funds				
General reserve	66,539	472,795	(419,817)	119,517
	66,539	472,795	(419,817)	119,517