

CHARNWOOD CITIZENS ADVICE BUREAU  
(A Company Limited by Guarantee)

TRUSTEES REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013



COMPANY NUMBER 4984410

CHARITY NUMBER 1102353

**Charnwood Citizens Advice Bureau  
Company Information  
For The Year Ended 31 March 2013**

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<b>Directors and Trustees</b>	Mr Graham Martin (Resigned – 13 November 2012) Mrs Lynn Clarke (Resigned – 13 November 2012) Mrs Patricia Wood Mrs Claire Bellamy (Resigned – 15 January 2013) Mr David Rodgers Mrs Ann Brass Mr Gerry Jacobs Mr Richard Tabberer Mr Barry Read Mr Ian Bradford (Appointed – 12 March 2013) Mrs Hilary Fryer (Appointed – 15 January 2013, Resigned – 29 October 2013) Miss Mayuri Patel (Appointed – 13 November 2012 Resigned – 10 September 2013)
<b>Charity Number</b>	1102353
<b>Company Number</b>	4984410
<b>Registered Office</b>	Woodgate Chambers 70 Woodgate Loughborough Leicestershire LE11 2TZ
<b>Accountants</b>	CBS (Accounting) Ltd Oak Business Centre 79-93 Ratcliffe Road Sileby Loughborough LE12 7PU
<b>Secretary and Bureau Manager</b>	Moya Hoults

## **CHARNWOOD CITIZENS ADVICE BUREAU**

### **TRUSTEES REPORT FOR THE YEAR ENDED 31 MARCH 2013**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing Document**

Charnwood Citizens Advice Bureau is a company (limited by guarantee) governed by its Memorandum and Articles of Association dated 24 November 2003. It is a charity registered with the Charity Commission.

##### **Appointment of Trustees**

Trustees are selected either from volunteers who approach the bureau to express interest in our work or via external recruitment, subject to the board approving their suitability. The recruitment process seeks to achieve a representative cross-section from our community and to ensure that the Board has the appropriate skills and experience.

New Trustees are provided with induction training and on-going training in specialist areas is available for all Trustees.

##### **Organisation**

The charity is governed by the Trustee Board and managed on a day to day basis by the Bureau Manager.

##### **Risk Management**

The charity carries out an annual risk assessment and this forms the basis for the preparation of its development plan. The most recent assessment (performed in August 2013) identified the largest risk as being loss of income.

Charnwood CAB continues to receive much of its income in the form of grants from local government Charnwood Borough Council (CBC) and Leicestershire County Council (LCC). There is severe and continuing pressure on local government to reduce costs and this in turn has resulted in actual and threatened reductions in grants receivable from both CBC and LCC, it is expected that these grants will continue to decline and that grants will increasingly be for targeted and specific areas of advice. As a consequence, the Bureau has to work increasingly hard to find and secure other funding opportunities.

In 2013/14, about 65% of the Bureau's funding will come from CBC and LCC. Another major funder of the Bureau has been the Legal Services Commission through contracts for legal aid. However, the most recent of these contracts ended in March 2013. The overall level of funding has been maintained in the short term by the Big Lottery's Advice Services Transition Fund (ASTF). Other sources of funding have been secured for 2013/14, but competition for appropriate funding is increasing.

The financial pressures resulting from any loss of income would be likely to have a significant effect on the level and complexity of services that we can offer to our clients.

The Trustees are actively reviewing the financial circumstances of the Bureau in order to reduce these risks and ensure its long term viability.

#### **OBJECTIVES AND ACTIVITIES**

The charity's objects are to promote any charitable purpose for the benefit of the community in Charnwood and the surrounding areas by the advancement of education, the protection and preservation of health and the relief of poverty, sickness and distress.

## **Public benefit**

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees considered how planned activities will contribute to the aims and objectives that they have set.

## **How our activities deliver public benefit**

Charnwood Citizens Advice Bureau helps people resolve their legal, money and other problems by providing information, advice and assistance and by influencing policy makers.

## **Activities**

Charnwood Citizens Advice Bureau provides information, advice and assistance free of charge to those with a wide range of legal, money and other difficulties. This 'Core Service' is provided to any person who asks for it. Depending on an individual's circumstances, we may be able to offer additional specialist advice in cases where we have additional tailored funding.

The Core Service is funded primarily by CBC. The service is provided mainly from our offices in Loughborough. However, Shepshed Town Council provides funding for an extension in Shepshed. Volunteer advisers are at the forefront of this part of our activities and they provide advice on a wide range of subjects. They are supported by volunteers in other capacities.

As the Core Service depends on having a sufficient number of trained volunteers available, attracting, training and retaining volunteer advisers is a vital feature of the Bureau's activity. Whereas in 2011/12 we were able to use our own funds (set aside in previous years) for this purpose, in 2012/13 we had funding from The Big Lottery of £59,280 to support the training of volunteers to deliver specialist advice (we named this the Volunteers in Specialist Advice or VISA Project). This has enabled us to continue with a high level of support for our volunteer advisers.

The resources coming into general funds include £57,440 from CBC to support the generalist advice service provided by the Bureau and £36,288 from LCC to fund the Bureau's premises costs.

In addition to the Core Service, Charnwood CAB provides help and support to individuals with specific personal and family problems.

- A strong partnership between Surestart and the Bureau has continued during the last year enabling the Bureau to provide advice and information to families with young children living in the most deprived areas of Charnwood. The CAB advisers work within the Surestart team alongside other professionals such as health visitors and family support workers. The service is delivered from four centres throughout the Borough.
- Charnwood, LeicesterShire and Rutland Bureaux provide advice to cancer sufferers and their families. This is funded by the Macmillan Cancer Support Trust.
- The Bureau undertook Legal Aid work in the fields of debt and welfare benefits. This was funded under contract with the Legal Services Commission. This contract and hence the work ended in March 2013.
- Clients that are not eligible for legal aid nevertheless can receive debt advice by virtue of funding from LCC (Debtline) and CBC (Homelessness Prevention).
- The Bureau continues to manage the Consumer Information Gathering Project, funded by the Trading Standards Departments of LCC and Leicester City Council. This enables information about illegal or inappropriate trading activities from all over the County to be passed on to the Department.
- The Bureau continues to offer financial capability training to clients and front line staff of other organisations.
- A new project in the year has been to deliver money advice and financial capability training to Ex-Offenders.
- A major new project in the year was VISA (Volunteers in Specialist Advice), funded by The Big Lottery, which enabled us to train and support volunteers to deliver specialist debt and welfare benefits advice.

## **ACHIEVEMENT AND PERFORMANCE.**

During the 2012/13 financial year, the CAB continued to deliver advice for the benefit of the local community despite facing financial challenges

CASE (the Citizens Advice electronic case recording package) allows us to monitor the quality of casework quickly and effectively. We are also able to extract statistical data to compile comprehensive reports. During 2012/13, the Bureau handled 12,484 client contacts (2011/12 14,114). These generated 21,627 issues (2011/12 23,170). In addition to client contacts, the Bureau also made 3338 contacts with third parties on behalf of clients (2011/12 4616).

The Trustees wish to acknowledge the significant contribution made by volunteers to the organisation, as advisers, administrators, receptionists and trustees. It is estimated that 20,900 volunteer hours were donated during the year. Using Citizens Advice's recommended valuation table, the contribution made by volunteers amounted to an impressive £326,740. Without this contribution, we could not have provided our services to nearly as many clients as we in fact achieved.

The increase in volunteer hours, coupled with the reduction in client contacts reflects the increased emphasis on training and the delivery of specialist advice by volunteers during the year.

## **FINANCIAL REVIEW**

Annual income has increased from £405,619 in 2011/12 to £438,191 in 2012/13. Total funds have increased from £39,087 in March 2012 to £90,751 by March 2013. Of this, £59,914 (2012 £24,588) relates to unrestricted funds. The number of paid staff in post at the end of the year has decreased from 20 to 17 (a decrease from 12 to 10.5 full time equivalents).

### **Reserves policy**

The charity carried out a review of its reserves policy in May 2012. As a result, the policy is now that

"The Bureau retains sufficient unrestricted reserves to cover statutory redundancy pay for all staff assuming it is payable as of the last day of the current financial year plus 150% of the next quarter's CBC Core grant."

The rationale for this is to ensure that the charity could meet all its liabilities in the event of the worst credible case of the Bureau reducing in size, offering generalist advice only and being staffed mostly by volunteers.

As of 31 March 2013, the reserve necessary to meet the policy was £67,000 and this has now risen (because of the ongoing increase in the amount needed to cover redundancy pay as the length of service of current staff increases) to £74,000 as of March 2014.

On the basis of projections of income and expenditure for the current year, the Trustees believe that the Bureau will be compliant as of March 2014.

### **Plans for the future**

The Trustees' principal objective remains the preservation of the primary function of the Bureau which is to provide an advice service, free to those who use it and provided mostly by volunteer advisers.

The Trustees' immediate priority is therefore to ensure the long term sustainability of the Bureau in the light of reduced funding. We are actively looking for other sources of funding to cover the range of advice services that we provide.

Our Core grant from CBC has continued in 2013/14 albeit with a 5% reduction. Other funding that has continued has been Surestart, Macmillan, Debtline and the Homelessness Project. The Consumer Information Gathering Project has again been funded by LCC with additional funds from Leicester City Council. This has been expanded to include a series of roadshows called "Rat on a Rogue" to alert

consumers to the risks of rogue traders Also, Shepshed Town Council has continued its funding for the Shepshed extension

A new project, starting in January 2013, is to work with two Loughborough GP practices to offer advice to patients in their surgeries

From April 2013, we have been offering debt advice and financial capability training to vulnerable clients both under the Supporting Leicestershire Families agenda with funds provided by LCC out of the proceeds of crime and by Santander

A continuing project is the countywide Ex Offenders project to provide debt advice and financial capability training to ex offenders and is funded by LCC out of the proceeds of crime


A combined Leicestershire and Rutland project which commenced in April 2013 is to support families with fuel poverty The funds originate from the Cabinet Office

An exciting new project, starting in October 2013, is "Connect Charnwood" Funded by the Advice Services Transition Fund, this is an ambitious project bringing together a number of voluntary agencies, with The Bridge as our principal partner Some support to clients will be achieved by the funding but the primary objective is to create a "knowledge hub" accessible to all advice agencies in the Borough

In order to attract new funding we are looking to develop existing and new partnerships and we will continue to work with LeicesterShire CAB to maximise countywide funding from LCC

Generally, during the year both staff and Trustees will be seeking new sources of funding to replace those sources which do not continue beyond the end of the year to ensure that we continue to provide as wide a service as possible to the maximum number of clients

On behalf of the board of trustees



J D Rodgers  
Chair

12 November 2013

## **INDEPENDENT EXAMINER'S REPORT TO THE MEMBERS OF CHARNWOOD CITIZENS ADVICE BUREAU**

I report on the accounts of the Charity for the year ended 31 March 2013 which are set out on the following pages

### **Respective Responsibilities of Trustees and Examiner.**

The charity's trustees (who are also the Directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

Having satisfied myself that the charity is not subject to an audit under company law and is eligible for independent examination, it is my responsibility to

examine the accounts under section 145 of the 2011 Act

follow the procedures laid down in the General Directions given by the Charity Commissioners under section 145(5)(b) of the 2011 Act and

state whether particular matters have come to my attention

### **Basis of Independent Examiner's Statement**

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

### **Independent Examiner's Statement**

In connection with my examination, no matter has come to my attention

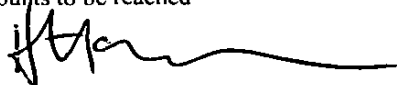
1) which gives me reasonable cause to believe that in any material respect the requirements

to keep accounting records in accordance with section 386 of the Companies Act 2006, and

to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 386 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice Accounting and Reporting by Charities

have not been met, or

2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached



Helen Harrison MAAT  
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LE12 7PU

12 November 2013

**CHARNWOOD CITIZENS ADVICE BUREAU**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 MARCH 2013**

**INCOMING RESOURCES**

	Notes	Restricted Funds 2013	Unrestricted Designated Funds 2013	Unrestricted Undesignated Funds 2013	Total Funds 2013	Total Funds 2012
<b>INCOMING RESOURCES FROM GENERATED FUNDS</b>						
Voluntary income	2			2828	2828	5509
Investment income	3		336	336	672	314
<b>INCOMING RESOURCES FROM CHARITABLE ACTIVITIES</b>						
Charitable activities	4	224602	115520	94569	434691	399796
<b>TOTAL INCOMING RESOURCES</b>		<u>224602</u>	<u>115856</u>	<u>97733</u>	<u>438191</u>	<u>405619</u>

**RESOURCES EXPENDED**

Charitable Activities	5	200899	93231	67752	361881	411436
Governance costs	6	7364	949	16332	24646	28631
<b>TOTAL RESOURCES EXPENDED</b>		<u>208263</u>	<u>94180</u>	<u>84084</u>	<u>386527</u>	<u>440067</u>

**NET MOVEMENT IN FUNDS**

16339      21676      13649      51664      -34448

**RECONCILIATION OF FUNDS**

Total Funds Brought Forward	13	14499	1301	23287	39087	73535
<b>TOTAL FUNDS CARRIED FORWARD</b>		30838	22977	36936	90751	39087

# **CHARNWOOD CITIZENS ADVICE BUREAU**

## **BALANCE SHEET AS AT 31 MARCH 2013**

	Notes	2013	2012
<b>CURRENT ASSETS</b>			
Debtors	9	47693	42607
Cash at Bank and in Hand		128277	104773
		175970	147380
<b>CURRENT LIABILITIES</b>			
(Amounts falling due within one year)	10	76468	94543
<b>NET CURRENT ASSETS</b>		99502	52837
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	8750	13750
<b>NET ASSETS</b>		90752	39087
<b>REPRESENTED BY THE FOLLOWING FUNDS</b>			
<b>RESTRICTED FUNDS</b>			
Shepshed	12	1448	648
Ex-Offenders	12	2186	
Surestart	12	7152	4317
MacMillan	12	7193	1491
CIG	12	5762	2803
Homelessness Project	12	4329	2926
Moneywise	12	2768	2314
		30838	14499
<b>UNRESTRICTED FUNDS</b>			
Designated Funds			
Legal Services Commission	12	21928	-215
Debtline	12	1049	1516
Undesignated Funds			
General Funds	12	36937	59914
		23287	24588
		<u>90752</u>	<u>39087</u>



**CHARNWOOD CITIZENS ADVICE BUREAU**

**BALANCE SHEET AS AT 31 MARCH 2013**

For the year ending 31 March 2013 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

**Directors' responsibilities**

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476,

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

These financial statements were approved by the directors on 12th November 2013 and signed on their behalf by



R Tabberer

## **CHARNWOOD CITIZENS ADVICE BUREAU**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

#### **1 ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year and also have been consistently applied within the same accounts

##### **a) Basis of Preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in 2005. There are contingent liabilities of £287,066 and £6257 in respect of multi-employer pension schemes (as set out in note 8). If these liabilities were to crystallise then the going concern basis would not be appropriate.

##### **b) Company Status**

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

##### **c) Fund Accounting**

Undesignated general funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. The funds which have been designated for specific purposes have been so designated either -

To meet the risk of the charity failing to meet performance targets and as a consequence being required to repay part of its funding or,

To ensure that the charity has sufficient funds to meet anticipated future financial needs which cannot be achieved out of normal recurring income.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim of each restricted fund is set out in the notes to the financial statements.

##### **d) Incoming Resources**

All incoming resources are included in the Statement of Financial Resources (SOFA) when the charity is legally entitled to the income and the income can be quantified with reasonable accuracy.

##### **e) Resources Expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of those resources.

##### **f) Pensions**

Scottish Council for Voluntary Organisations (SCVO) Final Salary- Pension Scheme

The charity participates in a multi-employer defined benefit pension scheme. The assets of the scheme are held separately from those of the charity. The charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Financial Reporting Standard 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

This scheme was closed to future contributions as at 31 March 2010 (see note 8).

#### Pensions Trust Growth Plan Pension Scheme (Series 3 and 4)

The charity participates in a multi-employer pension scheme with The Pensions Trust. Series 4 of the scheme is a defined contributions scheme. However, following a recent change in Government legislation, Series 3 of the scheme has now been re-classified as a defined benefit scheme. The assets of the scheme are held separately from those of the charity. The charity is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Financial Reporting Standard 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Series 3 was closed to future contributions as at October 2010 (see note 8).

#### Defined contribution schemes

All employees who are part of a company pension scheme are in a defined contribution scheme. The costs of contributions are charged to the SOFA in the year they are payable.

## 2 VOLUNTARY INCOME

	Restricted Funds 2013	Unrestricted Designated Funds 2013	Unrestricted Undesignated Funds 2013	Total Funds 2013	Total Funds 2012
Donations	0	0	1852	1852	3021
Gift Aid Recoverable	0	0	976	976	2488
Other Income	0	0	0	0	
	<u>0</u>	<u>0</u>	<u>2828</u>	<u>2828</u>	<u>5509</u>

## 3 INVESTMENT INCOME

	Restricted Funds 2013	Unrestricted Designated Funds 2013	Unrestricted Undesignated Funds 2013	Total Funds 2013	Total Funds 2012
Interest Receivable	0	336	336	672	314
	<u>0</u>	<u>336</u>	<u>336</u>	<u>672</u>	<u>314</u>

#### 4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Grants received for charitable activities	Restricted Funds 2013	Unrestricted Designated Funds 2013	Unrestricted Undesignated Funds 2013	Total Funds 2013	Total Funds 2012
Charnwood Borough Council			57440	57440	61030
Citizens Advice			467	467	
Leicestershire County Council - Rent			36288	36288	36288
Leicestershire County Council - Debtline		10571		10571	10571
Leicestershire County Council - Ex Offenders	12617			12617	
Shepshed Town Council	8293			8293	8293
Charnwood Borough Council - Surestart	51888			51888	48667
Birmingham City Council - Surestart contribution	70			70	
LSC Contract Income - Old Contract				0	634
LSC Contract Income - New Contract		99288		99288	135510
Rent Receivable - Grant Thornton			375	375	300
Severn Trent				0	11107
MacMillan Cancer Research	39942			39942	35302
Leicestershire CAB - MacMillan Project	1341			1341	
Dep't of Work & Pensions - Access to Work		5997		5997	11334
Leicestershire County Council - CIG Funding	18671			18671	16171
Citizens Advice - CIG Funding	10000			10000	
Charnwood Borough Council - Homelessness Project	22000			22000	16000
Citizens Advice - Moneywise	500			500	2000
Charnwood Borough Council - Moneywise				0	4025
Eon - Charitable Grant				0	2000
Loughborough Building Society Community Matters Grant				0	564
VISA	59280			59280	
	<u>224602</u>	<u>115856</u>	<u>94570</u>	<u>435028</u>	<u>399796</u>

## 5 CHARITABLE ACTIVITIES

	Restricted Funds 2013	Unrestricted Designated Funds 2013	Unrestricted Undesignated Funds 2013	Total Funds 2013	Total Funds 2012
Staff Costs	181512	82243	29342	293097	321184
Travelling Expenses	2749	52	4245	7046	8542
Premises Costs	70	0	31062	31132	48636
Equipment	4784	959	2161	7905	9411
Postage and Stationery	3049	1544	165	4758	5884
Telephone	2634	1248	745	4627	4880
Information Packs & Resources	905	1052	232	2190	1777
Insurance	1500	707	385	2592	3122
Subscriptions	72	66	308	446	486
Sundry Expenses	2013	831	-1202	1641	2743
Recruitment and Training LSC	745	205	131	1081	1102
disbursements	0	3996	0	3996	3669
Publicity	213	0	0	213	0
	<u>200247</u>	<u>92904</u>	<u>67574</u>	<u>360725</u>	<u>411436</u>

## 6 GOVERNANCE COSTS

	Restricted Funds 2013	Unrestricted Designated Funds 2013	Unrestricted Undesignated Funds 2013	Total Funds 2013	Total Funds 2012
Staff costs	10046	1116	11162	22324	24800
Accountancy/Legal	2435	160	883	3478	3831
	<u>12480</u>	<u>1276</u>	<u>12045</u>	<u>25802</u>	<u>28631</u>

## 7 STAFF COSTS

	2013	2012
Wages and salaries	279895	305728
National Insurance	20916	23194
Pension Costs	14610	17062
	<u>315421</u>	<u>345984</u>

The average number of employees during the year was 18 (2012 – 21)

There were no employees whose annual emoluments were £60,000 or more (2012 – none)

No trustee received any remuneration during the year (2012 – none)

No trustee received any expenses during the year (2012 – none)

## 8 PENSION COSTS

### a) SCVO Final Salary Pension Scheme

- 1 Charnwood Citizens Advice Bureau participates in the Scottish Voluntary Sector Pension Scheme ('the Scheme') The Scheme is a multi-employer defined benefit scheme The Scheme is funded and was contracted-out of the State scheme until 31 March 2010, when the Scheme was closed to future accrual
- 2 The Scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate until 30 September 2007 From October 2007 there were two benefit structures available, final salary with a 1/60<sup>th</sup> accrual rate and final salary with an 1/80<sup>th</sup> accrual rate, until the date of Scheme closure on 31 March 2010
- 3 The Scheme closed to future accrual on 31 March 2010 There is currently no intention to wind-up the Scottish Voluntary Sector Pension Scheme and it continues in paid-up form
- 4 The Trustee commissions an actuarial valuation of the Scheme every three years The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due
- 5 The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date Asset values are calculated by reference to market levels Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns
- 6 It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers This is because the Scheme is a multi-employer scheme where the Scheme assets are commingled for investment purposes and benefits are paid from total Scheme assets Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable

- 7 The last formal valuation of the Scheme was performed as at 30 September 2011, by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at 30 September 2011 was £66.2 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £28.8 million (equivalent to a past service funding level of 69.7%).

- 8 The financial assumptions underlying the valuation as at 30 September 2011 were as follows

	% p.a.
Rate of return pre retirement	5.8
Rate of return post retirement	4.0
Rate of salary increases	4.4
Rate of pension increases pre 5 April 2005	2.4
Rate of pension increases post 5 April 2005	1.9
Rate of price inflation (CPI)	2.4

- 9 If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.
- 10 From 1 April 2013 a new recovery plan came into effect, following the finalisation of the 2011 valuation. Confirmation of the contributions payable from 1 April 2013 to 31 March 2014 were advised to employers by letter in December 2012.
- 11 If the valuation assumptions are borne out in practice, this pattern of contributions should be sufficient to eliminate the entire funding shortfall, by 31 March 2028.
- 12 A copy of the recovery plan must be sent to The Pensions Regulator after each valuation is finalised. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the recovery plan).
- 13 The recovery plan from the 2011 valuation has been submitted to The Pensions Regulator and a response is awaited.
- 14 Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer becoming insolvent or ceasing to participate in the Scheme, or the Scheme winding up.
- 15 The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.
- 16 The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.
- 17 Charnwood Citizens Advice Bureau has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for Charnwood Citizens Advice Bureau was £287,066.

**b) Pensions Trust Growth Plan (Series 3)**

- 1 Charnwood Citizens Advice Bureau participates in The Pensions Trust's Growth Plan (the Plan) The Plan is funded and is not contracted-out of the State scheme The Plan is a multi-employer pension plan
- 2 Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity
- 3 The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee
- 4 The Trustee commissions an actuarial valuation of the Plan every three years The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date Asset values are calculated by reference to market levels Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns
- 5 The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions
- 6 If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these
- 7 The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them
- 8 Charnwood Citizens Advice Bureau paid contributions at the rate of 3% during the accounting period
- 9 As at the balance sheet date there were nine active members of the Plan employed by Charnwood Citizens Advice Bureau Charnwood Citizens Advice Bureau continues to offer membership of the Plan to its employees
- 10 It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable
- 11 The valuation results at 30 September 2011 were completed in 2012 and have been formalised The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%

- 12 The financial assumptions underlying the valuation as at 30 September 2011 were as follows

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation Retail Prices Index (RPI)	2.9
Inflation Consumer Prices Index (CPI)	2.4

- 13 In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions, such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.
- 14 The Scheme Actuary has prepared a funding position update as at 30 September 2012. The market value of the Plan's assets at that date was £790 million and the Plan's Technical Provisions (i.e. past service liabilities) was £984 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £194 million, equivalent to a funding level of 80%.
- 15 If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.
- 16 The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.
- 17 Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.
- 18 The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.
- 19 The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.
- 20 When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The calculation basis that applies to the Growth Plan was amended due to a change in the definition of money purchase contained in the Pensions Act 2011 but the regulations that will determine exactly how the change will apply in practice are still awaited. As the law stands, it is not yet clear whether the statutory calculation should include or

exclude Series 3 liabilities. However, based upon current advice, the most likely interpretation is that Series 3 liabilities will have to be included in the calculation of an employer's debt on withdrawal.

- 21 If an employer withdraws from the Growth Plan prior to the implementation of the regulations, the debt will be calculated on both bases and we would request payment of the higher amount with any adjustment being made when the regulations are implemented.
- 22 The estimated amount of employer debt on withdrawal liability which includes Series 3 liabilities for Charnwood CAB as at 30 September 2012 has been calculated as £6,256.69.
- 23 The estimated amount of employer debt on withdrawal liability excluding Series 3 liabilities for Charnwood CAB as at 30 September 2012 has been calculated as £191.40.

#### c) Defined Contribution Scheme

Charnwood Citizens Advice Bureau participates in the Pensions Trust Ethical Plan, which is a multi-employer defined contribution scheme and also in an Aviva defined contribution scheme.

The costs of these schemes are charged to the profit and loss account as they are incurred.

#### 9 DEBTORS – All receivable within one year

	2013	2012
Prepayments	8129	2485
Gift Aid Recoverable		1305
Income Receivable		
MacMillan Cancer Support Trust	6262	819
Legal Services Commission	18872	22823
Leicester City Council CIG Funding	3841	3000
DWP Access to Work Support		528
Citizens Advice Moneywise Project		500
Legal Services Commission Work in Progress	10590	11147
	<u>47693</u>	<u>42607</u>

10 CREDITORS – Amounts falling due within one year

	2013	2012
Trade creditors and accruals	23412	10397
Income in advance		
MacMillan Cancer Support Trust	5104	5104
Big Lottery Fund - Visa Project	0	59280
Charnwood Borough Council Community Grant	5000	5000
Leicester City Council - CIG Funding	3200	2500
Charnwood Borough Council Office Refurbishment Creditor	5000	5000
Ex-Offenders	1147	
Santander	9950	
GPs	20000	
 PAYE/NIC Payable		
Payroll	1469	
VAT Payable		7262
Pension control liability	2186	
	<u>76468</u>	<u>94543</u>

11 CREDITORS – Amounts falling due after more than one year

	2013	2012
Charnwood Borough Council Office Refurbishment Creditor	<u>8750</u>	<u>13750</u>

## 12 STATEMENT OF FUNDS

Fund	At 31 March 2012	Incoming Resources	Resources Expended	Transfers	At 31 March 2013
<b>RESTRICTED FUNDS</b>					
Shepshed	648	8293	7493		1448
Surestart	4317	51958	49123		7152
MacMillan Cancer Support Trust	1491	41283	35581		7193
CIG	2803	28671	25711		5762
Homelessness	2926	22000	20597		4329
Moneywise	2314	500	46		2768
Ex-Offenders	-	12617	10431		2186
VISA	-	59280	59280		0
<b>UNRESTRICTED FUNDS</b>					
Designated Funds					
Legal Services Commission	-215	105285	83142		21928
Debtline	1516	10571	11038		1049
Undesignated Funds					
General Funds	23287	97733	84084		36937
	<u>39087</u>	<u>438192</u>	<u>386527</u>		<u>90752</u>

Shepshed Town Council has continued its funding for the Shepshed extension

Surestart began in 2005 and is now funded by CBC Bureau staff workers are part of the Surestart team which aims to help families with young children in the most deprived areas of Charnwood

The Macmillan Cancer Support Trust funding supports a Leicestershire and Rutland service to cancer sufferers and their carers

The Consumer Information Gathering Project (CIGS) is funded by the Trading Standards Departments of LCC and Leicester City Council

The Homelessness Prevention Project is funded by CBC

The Moneywise Project is to provide financial capability training to clients and front line staff of other organisations and is funded by Surestart and Citizens Advice

The countywide Ex Offenders project to provide debt advice and financial capability training to ex offenders and is funded by LCC out of the proceeds of crime

The VISA funding was from the Big Lottery Fund to support the training of volunteers to deliver specialist advice (the Volunteers in Specialist Advice or VISA Project)

The LSC funds our debt and welfare benefits advice work for clients who are eligible for legal aid

Debtline is a countywide project funded by LCC

The resources coming into General Funds includes £57,440 from CBC to support generalist advice services and £36,288 from LCC to fund the Bureau's premises costs

### 13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2013	Unrestricted Designated Funds 2013	Unrestricted Undesignated Funds 2013	Total Funds 2013
Fund Balances at 31 March 2013 are represented by				
Current Assets	82229	23599	70142	175970
Current Liabilities	-51391	-622	-24455	-76468
Long Term Liabilities	0	0	-8750	-8750
	30838	22977	36937	90752

	Restricted Funds 2012	Unrestricted Designated Funds 2012	Unrestricted Undesignated Funds 2012	Total Funds 2012
Fund Balances at 31 March 2012 are represented by				
Current Assets	89300	7598	50482	147380
Current Liabilities	-74801	-6297	-13445	-94543
Long Term Liabilities	0	0	-13750	-13750
	14499	1301	23287	39087

### 14 CONTROL

The charity is controlled by the Trustees