

Financial review

Citizens Advice is funded by a grant-in-aid from BERR, a variety of project-based income, some trading activity and other income. The total income for the year was £45,683,000 (2007: £46,692,000) being a decrease of 2.2 per cent. This income is allocated across respective funds on the Statement of Financial Activities in accordance with the Statement of Recommended Practice (SORP) 2005.

The Statement of Financial Activities for the year ended 31 March 2007, show a deficit across all funds of £4,540,000 (2007: £3,815,000 surplus). The main reason for this was a timing difference on the receipt of the first quarter of Financial Inclusion Fund (FIF) money that was recorded in the previous financial year, generating a comparable surplus on the fund in 2006/07.

Looking at individual funds, there was a surplus on the BERR unrestricted fund of £447,000 (2007: £2,553,000 deficit). The surplus was due to a selection of vacant positions in the year which arose as a result the staff restructuring.

There was also a surplus on the Other Unrestricted fund before transfers of £395,000 (2007: £393,000). This resulted from bank interest, donations and a surplus generated

from the sale of training. The designated fund is used to meet the cost of funding the depreciation on our fixed assets.

The deficit of the BERR restricted fund of £5,903,000 (2007: £5,209,000 surplus). This resulted from a timing difference on the receipt of FIF money with the first quarter's payment for the year just ended being accounted for in the previous year. In 2006/07, this resulted in us reporting an in-year surplus which is matched by an in-year deficit in 2007/08. There is no net difference taking the two years as a whole. The balance on restricted funds as at the 31 March 2008 was £126,000. The 2007/08 variance also impacts upon the movement of cash held on the balance sheet to £8,547,000 (2007: £15,285,000).

The Other Restricted fund incorporates all non-BERR restricted income and expenditure on a variety of projects. The surplus before transfers of £519,000 (2007: £538,000) arises from timing differences between the income and expenditure on projects. Project surpluses are expected to be utilised in full during the course of the project.

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

	2008 (£)	2008 (%)	2007 (£)	2007 (%)
Strengthening the bureaux network	11,390,000	22.7	14,657,000	34.2
Delivering IT Services	3,452,000	6.9	5,736,000	13.4
Bureaux and other grants	22,403,000	44.6	11,953,000	27.9
Developing our people	4,782,000	9.5	4,007,000	9.3
Influencing policy	3,339,000	6.6	2,986,000	7.0
Making information available	2,873,000	5.7	1,887,000	4.4
Trading activities	1,209,000	2.4	1,287,000	3.0
Governance costs	309,000	0.6	278,000	0.6
Costs of generating funds	466,000	0.9	86,000	0.2
	50,223,000	100	42,877,000	100

On 27 March 2008, the Charity closed its defined benefit pension scheme to new entrants and future service accrual because the cost to the organisation of meeting future open ended commitments became untenable. A defined contribution scheme, which

previously existed, is now available to all staff. A material deficit remains on the defined benefit pension scheme, full details of which can be found in note 22. Under FRS17, because the scheme is a multi-employer scheme, the assets and liabilities of

the scheme cannot be separately identified and therefore, as in previous years, the pension scheme assets and liabilities cannot be shown on the balance sheet. Consideration was given as to whether it was appropriate to make a provision for the contributions towards the deficit under FRS12 but it was felt that the more specific standard, FRS17, took precedence, and this was consistent with previous years reporting. There were also material uncertainties around placing a reliable estimate on any provision as the amount due will be liable to vary according to future actuarial valuations of the scheme. We recognise that this is a matter of judgement and note that our external auditors took a different view and hence have qualified their opinion on the basis of a disagreement with this accounting treatment. Trustees consider, that by including in Note 20 details of the contingent liability relating to the pension scheme the accounts accurately reflect the uncertain nature of the liabilities the charity has under the scheme and the contributions required to fund the deficit under arrangements agreed with the pension scheme trustees.

The following accounts are for Citizens Advice only. They do not include the financial results of the branches, all of which are separately constituted charitable organisations.

Reserves policy

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

While we aim to manage our BERR unrestricted reserves to meet the above, our maximum unrestricted BERR balance is equal to one month's DTI grant in aid. The year end balance was £1,154,000 (2007: £707,000) being within this limit (see note 17 to the financial statements for further information). It is expected that this balance will be

used to support any shortfall in funding over the next five years. In particular, we expect material one-off expenditure to renew the IT contract that underpins our IT systems as well as expenditure required in moving or refurbishing some offices within our property portfolio.

Other unrestricted reserves were £2,587,000 as at 31 March 08 (2007: £2,017,000), representing an increase of 28.3 per cent. At 31 March 2008, total reserves held were £7,170,000 (2007: £11,588,000). Restricted reserves, which showed a deficit of £3,275,000 at 31 March 08 (2007: £8,834,000 surplus), represent the balance of ongoing projects.

Investment policy

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

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



Joanne Hampton ACIS
Company Secretary



David Harker OBE
Chief Executive

30 July 2008

Statement of internal control

Scope of responsibility

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Citizens Advice's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Citizens Advice for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

The risk and control framework

The Risk Management Strategy:

- explains the organisation's approach to risk management
- provides risk definitions

- raises awareness of the principles and benefits involved in the risk management process
- identifies the main reporting procedures and promotes good risk management practice within Citizens Advice.

The Trustee Board has approved the Risk Management Strategy and reviews the Risk Register. Citizens Advice has identified high level and operational level risks. The high-level risks are reviewed by the Executive Board, Performance Review and Audit Committee and Trustee Board. Operational level risks are managed by senior managers and monitored by the Finance Team which has the authority 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.
- Periodic reviews are performed by each risk owner in order to assess the likelihood and impact, relevance of risks, current strategies applied and the strength of the strategies. The residual risk is identified and action plans are created to further mitigate risk.
- Clearly documented financial and management procedures and guidelines.
- A Performance Review and Audit Committee (PRAC).
- An Internal Audit function.
- Comprehensive budgeting systems and financial reporting which indicate financial performance against the budget and forecast, and which are reviewed and agreed by the Performance Review and Audit Committee and the Trustee Board.

Citizens Advice has a balanced approach to 'risk taking' and adopts an active approach to the mitigation of risk. In the annual review of the high-level risk register it was noted that 38 per cent (2007: 40 per cent) of net risks were high, 38 per cent medium (2007: 40 per cent), and 24 per cent low (2007: 20 per cent).

The most significant risks faced by Citizens Advice going forward have been identified as being:

- Not succeeding in the implementation of the Access strategy and thereby failing to get the benefit of improved access.
- The bureaux network not responding successfully to the increased competitive environment.
- Business continuity risks around premises and/or staff being made ineffective (e.g. pandemic flu or a terrorist attack).
- The reputation of the service being adversely affected by scenarios either totally or partially outside of the organisation's control.
- Downtime and/or supplier failure in terms of the delivery of IT services.
- Longer-term stability around levels of core funding for Citizens Advice.
- Not effectively realising the changes required in terms of an accommodation strategy and plans around how and where we work.

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



David Harker OBE
Chief Executive

Review of effectiveness

Citizens Advice has engaged BDO Stoy Hayward to provide the current programme of internal audits. The auditors operate to

standards defined in the Government Internal Audit Manual.

The internal auditors report regularly on internal audit activity within Citizens Advice. The work of the internal auditors is informed by an analysis of the risks to which the organisation is exposed and annual audit plans are based on this analysis. These are endorsed by the Executive 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, who meet 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 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.

To conclude, we can confirm that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to manage those risks.



The Revd. Hilary Watkins MBE
Chair

30 July 2008

Independent auditor's report

We have audited the financial statements which comprise the Statement of Financial Activities, Summary Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and related notes.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of Citizens Advice for the purposes of company law) for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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. We also report to you

Independent auditor's report

Qualified opinion arising from disagreement over accounting treatment

As set out in Note 20, during the year the charity closed its defined benefit pension

whether in our opinion the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments made by the trustees 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 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 fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

scheme to new entrants and to future service accrual. Following advice from the pension scheme actuary the charity has a formal agreement in place to make annual payments of £700k over the next 20 years to fund the deficit

in the scheme as at 31 March 2008. This liability has been disclosed as a contingent liability and no provision for the liability payable under the arrangement has been included in the balance sheet at 31 March 2008.

In our opinion the existence of an agreed contribution statement provides a sufficiently reliable estimate of the liability such that the net present value of the future payments should be included as a provision on the face of the balance sheet under Financial Reporting Standard 12. Based on a discount rate used in the actuarial valuation a provision should be made as at 31 March 2008 of £8,272k. As a result of this provision total assets less all liabilities and accumulated unrestricted funds at 31 March 2008 should decrease by £8,272k and total outgoing resources/net outgoing resources for the year then ended should increase by £8,272k.

charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

- The information given in the Trustees' Report is consistent with the financial statements.
- In all material respects the expenditure, income and resources funded by Grant in Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities that govern them.

Except for the financial effect of not making the provision referred to in the preceding paragraphs, in our opinion:

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the

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Registered Auditor
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13 August 2008

Statement of financial activities Year ended 31 March 2008

Incorporating an Income and Expenditure Account

	Note	BERR £'000	Other £'000	Designated £'000	BERR £'000	Other £'000	2008 £'000	2007 £'000
Incoming resources								
Incoming resources from generated funds:								
Voluntary Income	2	-	63	-	-	-	63	30
Bank interest		166	204	-	51	34	455	446
Incoming resources from charitable activities:								
Grants	3	21,314	24	162	13,015	7,171	41,686	42,863
Trading activities		1,632	855	-	-	52	2,539	2,391
Training and support		145	656	-	-	19	820	766
Other incoming resources		18	1	-	-	101	120	196
Total incoming resources	16	23,275	1,803	162	13,066	7,377	45,683	46,692
Resources expended								
Charitable activities								
Strengthening network		9,951	442	85	484	428	11,390	14,657
Delivering IT services		3,335	-	-	70	47	3,452	5,736
Bureaux and other grants	5	381	-	-	18,408	3,614	22,403	11,953
Developing our people		3,289	77	26	3	1,387	4,782	4,007
Influencing policy		2,991	-	23	2	323	3,339	2,986
Making information available		1,807	-	19	2	1,045	2,873	1,887
Trading activities		304	889	2	-	14	1,209	1,287
Governance costs	8	309	-	-	-	-	309	278
Costs of generating funds		461	-	5	-	-	466	86
Total outgoing resources	6,7,16	22,828	1,408	160	18,969	6,858	50,223	42,877
Net (expenditure) / income	10	447	395	2	(5,903)	519	(4,540)	3,815
<i>incorporating net (outgoing)/incoming resources</i>								
Transfers			175			(175)	-	
Reconciliation of funds								
Fund balance brought forward	16	707	2,017	152	6,029	2,805	11,710	7,895
Fund balance carried forward	16	1,154	2,587	154	126	3,149	7,170	11,710

All activities derive from continuing operations.

Balance sheet at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed Assets	11	154	167
Current assets			
Investments	24	2	2
Debtors	12	1,916	1,375
Cash at bank and in hand		8,547	15,285
		10,465	16,662
Creditors: amounts falling due within one year	13	2,851	4,374
Net current assets		7,614	12,288
Total assets less current liabilities		7,768	12,455
Creditors: amounts falling due after more than one year	14	17	253
Provisions for liabilities and charges	15	581	492
Total assets less all liabilities		7,170	11,710
Capital and reserves			
Restricted funds	16	3,275	8,834
Unrestricted funds			
General fund - non-BERR	16	2,587	2,017
General fund - BERR	16	1,154	707
Designated reserves			
London region reserves	17	-	0
Capital fund	17	154	143
CAB general fund	17	-	9
Total unrestricted funds		3,895	2,876
Total funds	16	7,170	11,710

The financial statements were approved by the Trustee Board and authorised for issue on 30 July 2008 and signed on their behalf by:

Hilary Watkins

The Revd Hilary Watkins MBE
Chair

Jonathan Tross

Jonathan Tross CB
Treasurer

David Harker

David Harker OBE
Chief Executive

Cash flow statement: Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Net cash inflow/(outflow) from operating activities	A	(7,047)	5,211
Returns on investments			
Interest received		455	446
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(146)	(168)
Receipts from sales of fixed assets		-	-
Increase/(decrease) in cash	B	(6,738)	5,489

Notes to the cash flow statement

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

	2008 £'000	2007 £'000
Net income	(4,540)	3,815
Depreciation charges	159	167
Disposal of fixed assets	-	-
Decrease in debtors	(541)	301
Increase/(decrease) in creditors	(1,759)	917
Increase/(decrease) in provisions	89	457
Bank interest receivable	(455)	(446)
Net cash inflow/(outflow) from Operating Activities	(7,047)	5,211

B. Analysis of changes in cash during the year

	As at 31 March 2008 £'000	Movement £'000	As at 1 April 2007 £'000
Cash at bank and in hand	8,547	(6,738)	15,285

Notes to financial statements: Year ended 31 March 2008

1. Accounting policies

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

(a) Accounting convention

The financial statements are prepared under the historical cost convention as modified to include the revaluation of current year investments.

(b) Fixed assets

Fixed assets are recognised in the statement of financial activities when they are receivable, in accordance with the SORP. The capital element of the BERR 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.

Only assets over £1,000 are capitalised. Depreciation is charged on a straight-line basis on the cost of assets over their estimated useful life. The estimated lives of the assets are as follows:

- Office and computer equipment – three years.

(c) Investments

Investment in subsidiary undertaking is valued at net asset value.

(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 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 a professionally qualified actuary. The operating costs of providing retirement benefits to employees are charged to the statement of financial activities in the year in which they are incurred as required by FRS 17.

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

Notes to financial statements: Year ended 31 March 2008

1. Accounting policies (continued)

(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.

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.

(h) Deferred income

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

(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 products, are exercised in the course of carrying out the primary purpose of the charity. The gross income and expenditure is shown in the Statement of Financial Activities as trading activities.

(k) Other income

All other income is accounted for on an accruals basis.

(l) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the charitable expenditure activity headings with reference to activities performed in the year. Costs of generating funds are those costs relating to fundraising for new donors or new projects.

Governance costs are those incurred in connection with the administration of the charity's 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 and these are translated into Sterling on the date of the transaction. All amounts held at the balance sheet date are in Sterling with no gains or losses arising.

(n) Reserves

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the charity's objectives. Unrestricted

Notes to financial statements: Year ended 31 March 2008

1. Accounting policies (continued)

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

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

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

Designated funds are made up of the capital fund. The reason for holding this is 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.

(o) Consolidation

Citizens Advice Ltd is a subsidiary undertaking controlled by Citizens Advice. Each year, consideration is given as to whether users of the Statement of Financial Affairs can see a complete picture of the activities of the organisation without consolidating the accounts of Citizens Advice Ltd. As at 31 March 2008, the accounts have not been consolidated on grounds of materiality.

Notes to financial statements: Year ended 31 March 2008

2. Voluntary Income

	2008	2007
	£'000	£'000
Donation from connected charity	55	22 Citizens Advice Ltd
Donations from private individuals	8	8 Individual Giving Project
Total donations	63	30

3. Grants

a) Government grants

Funder	2008	2007 Purpose
	£'000	£'000
Government department grants		
BERR*	21,470	21,470 Grant in Aid* *
BERR	13,071	15,443 Financial Inclusion Fund
BERR	-	190 European consumer rights project
BERR	-	69 Sexual Orientation and Religious Beliefs
BERR	-	87 Age Discrimination project
Department of Communities and Local Government	478	580 The National Homelessness Advice Service
Department for Communities and Local Government	-	153 Homelessness Prevention Liaison Unit
Department for Education and Skills	67	70 Millennium Volunteers project
Department for the Environment, Food and Rural Affairs	46	49 Rural development project
HM Prison Service	20	- Reducing Offending Through Advice
HM Revenue & Customs	165	600 General awareness and training
Welsh Assembly Government		
Welsh Assembly	700	700 Welfare rights and better health
European grants		
European Commission	128	98 European Consumer Centre
Total Government grants	36,145	39,509

** £146,000 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.

* During the year, the Department for Trade and Industry changed its name to the Department for Business, Enterprise and Regulatory Reform, known as BERR.

Notes to financial statements: Year ended 31 March 2008

3. Grants (continued)

b) Grants from other public bodies

Funder	2008 £'000	2007 Purpose	£'000
Devon County Council	469	398 Regional welfare benefit rights	
Disability Rights Commission	28	62 Discrimination project work	
Equality and Human Rights Commission	67	- Discrimination project work	
Financial Services Authority	6	- Financial capability	
Greater London Authority	5	- Social policy projects	
Kent Probation Service	153	155 Offender support services	
Legal Services Commission	189	163 Offender support services	
Legal Services Commission	209	214 SS employment consultancy+	
Legal Services Commission	89	89 SS training and delivery+	
London Borough of Newham	9	17 Information production	
Office of Fair Trading	150	- Financial capability	
Ofgem	27	- Financial capability	
Remploy	370	176 Welfare rights and better health	
SEEDA*	-	5 Offender support services	
West Yorkshire County Council	67	67 Regional welfare benefits	
	1,838		1,346

+ SS - Specialist Support

* SEEDA - South East England Development Agency

Notes to financial statements: Year ended 31 March 2008

3. Grants (continued)

c) Other grants

Funder	2008 £'000	2007 Purpose £'000
Abbey Charitable Trust	20	160 Financial capability
Abbey Charitable Trust	10	- Conference sponsorship
AEGON	-	50 Independent financial advice
Alliance and Leicester plc	15	15 National money advice projects
Barclays Bank plc	10	- Conference sponsorship
Barclaycard	70	- Independent financial advice
Barclaycard	12	- Conference sponsorship
Barclaycard	319	313 Financial capability for lone parents
Big Lottery Fund	105	- Against discrimination & better access
Carnegie UK Trust	35	Rural racial discrimination work
Charities Evaluation Services	-	2 Information production
Eufax	2	2 Telephone advice
Fidelity UK Foundation	100	- Remote access IT solutions
Finance Leasing Association	-	13 Conference sponsorship
GMAC RFC Foundation	48	52 National money advice projects
Grant Thornton	-	2 North West regional conference
Grant Thornton	65	- Money advice toolkit
HBOS Foundation	49	- Adviceguide young people's information
HSBC	20	20 Social policy conference
HSS Trading	-	3 Bureaux grants
John Lewis Partnership	-	2 Sundry projects
Linklaters	-	3 Bureaux grants
MacMillan Cancer Support	-	107 Social policy project
Mayer Brown Rowe	-	1 Information production
MBNA	39	27 Bureaux grant aided projects
Money Advice Trust	436	354 Money Advice national strategy
Money Advice Trust*	97	92 Money advice training
Money Advice Trust	81	176 Money Advice Financial Inclusion Fund
Nationwide Building Society	-	50 National money advice projects
NICAB	-	28 Audit services
Northern Rock Foundation	84	87 Offender support services
sub-total to carry forward to next page	1,617	1,559

*Royal Bank of Scotland

Notes to financial statements: Year ended 31 March 2008

3. Grants (continued)

c) Other grants (continued)

Funder	2008 £'000	2007 Purpose £'000
brought forward from previous page	1,617	1,559
Provident Financial plc	15	- National money advice project
Prudential plc	232	233 Financial literacy
Raise	-	1 Sundry projects
Resolution Foundation	-	3 Conference sponsorship
Resolution Foundation	30	- Independent financial advice
The Royal Bank of Scotland plc	-	7 Citizens Advice annual conference
The Royal Bank of Scotland plc	98	- Social policy creditor liaison
Royal British Legion	1,089	- Veteran's welfare benefits advice
Scottish & Southern Energy plc	450	- Fuel poverty innovation fund
Sundry donations	31	- Sundry projects
v, the youth volunteering charity	112	166 Youth volunteer project
Wales Council for Voluntary Action	4	4 Voluntary sector partnership council
Yorkshire Building Society	-	10 National money advice project
Yorkshire Water	25	25 National money advice project
	3,703	2,008
Total grants	41,686	42,863

Notes to financial statements: Year ended 31 March 2008

4. Information regarding directors and employees

The trustees of Citizens Advice are the non-executive directors of the charitable company. No emoluments were paid to any non-executive

directors (2007: Nil). Payments of £21,000 (2007: £17,000) were made to 19 (2007: 26) non-executive directors during the year in respect of travel expenses incurred. No trustee indemnity insurance was purchased.

Employee costs during the year:

	2008	2007
	£'000	£'000
Wages and salaries	12,895	12,502
Social security costs	1,212	1,220
Pension costs (see note 22)	576	601
Temporary staff	827	671
	15,510	14,994

Pension costs shown above relate to amounts accrued in the year. Amounts were paid to the NACAB Pension and Assurance Plan (1991) a month in arrears. The amount paid in 2007/08 was £576,000 (see note 22).

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

	Number	Number
	2008	2007
Strengthening the bureaux network	235	229
Delivering IT services	58	57
Bureaux and other grants	2	2
Developing our people	38	37
Influencing policy	39	38
Making information available	32	31
Trading activities	5	5
Governance	3	3
Costs of generating funds	8	9
Average number of persons employed	420	411

Notes to financial statements: Year ended 31 March 2008

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 and all allowances payable, including employee pension supplement, and exclude employer's pension contributions. No other amounts were payable. All staff paid over £65,000 were executive directors. All of the executive directors withheld their consent to be individually named in the disclosure of the information below.

	2008	2007
£60,000 to £69,999	2*	3
£70,000 to £79,999	2	3
£80,000 to £89,999	1	1
£90,000 to £99,999	1*	-
£110,000 to £119,999	2*	1

* 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 2008	Number 2007
up to £2,499	4	-
£2,500 to £4,999	5	6
£5,000 to £7,499	1	2

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

Notes to financial statements: Year ended 31 March 2008

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	2008 Total No.	2008 £'000	2007 £'000
North	2	7	13	67	15	12	30	86	99
North West	20	6	4	1	4	4	28	11	89
Midlands	11	23	9	5	1	11	21	39	107
East	-	-	1	1	-	-	1	1	52
South East	2	6	3	1	1	30	6	37	105
South West	11	60	9	23	3	4	23	87	79
London*	8	47	-	(3)	-	-	8	44	413
Wales	8	67	4	9	1	-	13	76	89
Total	62	216	43	104	25	61	130	381	1,033

* Included in the amount classified as Other payments to London bureaux, is an amount of (£3,000) for East End Citizens Advice Bureau. This relates to a slight underspend against the provision made in the 2007 accounts.

Notes to financial statements: Year ended 31 March 2008

5. Grants payable (continued)

b) Other grants to member bureaux

		Total No.	£'000	£'000
Employment	A4E	5	1	-
Financial capability	Abbey National Charitable Trust	14	53	-
Independent financial advice	AEGON	23	46	-
Financial capability for lone parents	Barclaycard	40	242	238
Other financial capability	Barclaycard	28	38	-
Access strategy	BERR	-	-	300
Financial Inclusion Fund	BERR	752	16,523	7,946
Rural bureaux	BERR	-	-	31
Sexual orientation & religious beliefs	BERR	-	-	85
Volunteer of the Year awards	BERR	6	3	-
Social policy	Calouste Gulbenkian	-	-	2
Rural racial discrimination work	Carnegie UK Trust	1	9	-
Deaf awareness project	Credit Suisse First Boston	-	-	3
National Homelessness Advice Service	Department for Community & Local Government	79	39	-
Millennium Volunteers	Department for Education &	88	9	11
Rural bureaux	Department of the Environment, Food & Rural Affairs	1	6	10
Independent Complaints Advocacy	Department of Health	-	-	-19
Service refunds on closure				
Leicester CAB	East Midlands Electricity	-	-	8
Financial capability	Friends Provident Fund	57	131	127
Reducing Offending Through Advice	HM Prison Service	-	-	2
Tax credits training	HM Revenue & Customs	56	223	155
Individual giving project	Individual donations	-	-	1
Financial inclusion training	Money Advice Trust	75	125	56
Offender support services	Northern Rock	9	139	-
Financial capability	OFGEM	10	8	-
Financial capability	Office of Fair Trading	107	128	-
Various projects	Other regional funders	39	39	-
Rural bureaux	Prudential Assurance Company	-	-	20
Welfare rights & better health	Remploy	197	392	120
Volunteer of the Year awards	The Royal Bank of Scotland plc	-	-	3
Veterans' welfare benefits advice	Royal British Legion	56	510	-
Youth volunteer development	v	78	146	11
Welfare rights & better health	Welsh Assembly	120	610	-
Total		1,841	19,420	9,110

Notes to financial statements: Year ended 31 March 2008

5. Grants payable (continued)

c) 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	2008 Total No.	2008 £'000	2007 £'000
South West	Devon County Council	16	171	179
Midlands	Nottinghamshire County Council	2	28	-
Total		18	199	179
Total bureaux grants		1,989	20,000	10,322

d) Largest grants paid to member bureaux

Bureau name	Description of grant	2008 £'000	2007 £'000
1 Barnsley	Financial Inclusion Fund	205	110
2 Birmingham	Financial Inclusion Fund	379	129
3 Blackpool	Financial Inclusion Fund	220	95
4 Bolton	Financial Inclusion Fund	252	94
5 Bradford	Financial Inclusion Fund	470	226
6 Caerphilly	Financial Inclusion Fund	171	86
7 Camden	Financial Inclusion Fund	377	183
8 Cardiff	Financial Inclusion Fund	130	79
9 Castle Morpeth	Financial Inclusion Fund	102	79
10 Combined Hospitals	Financial Inclusion Fund	133	76
11 Coventry	Financial Inclusion Fund	178	86
12 Crewe and Nantwich	Financial Inclusion Fund	208	117
13 Cumbria	Financial Inclusion Fund	420	221
14 Derwentside	Financial Inclusion Fund	129	70
15 Doncaster	Financial Inclusion Fund	114	71
16 Dudley	Financial Inclusion Fund	160	71
17 Gateshead	Financial Inclusion Fund	312	176
18 Hull	Financial Inclusion Fund	350	176
19 Leeds	Financial Inclusion Fund	241	122
20 Manchester	Financial Inclusion Fund	285	132
21 Middlesbrough	Financial Inclusion Fund	195	66
22 Newcastle	Financial Inclusion Fund	316	123
23 North Tyneside	Financial Inclusion Fund	237	133
24 Pendle District	Financial Inclusion Fund	241	109
25 Peterborough	Financial Inclusion Fund	127	109
26 Plymouth	Financial Inclusion Fund	159	73
27 Powys	Financial Inclusion Fund	100	41

Notes to financial statements: Year ended 31 March 2008

d) Largest grants paid to member bureaux (continued)

Bureau name	Description of grant	2008 £'000	2007 £'000
28 Redcar and Cleveland	Financial Inclusion Fund	211	83
29 Rochdale	Financial Inclusion Fund	102	50
30 Rotherham	Financial Inclusion Fund	208	130
31 Salford	Financial Inclusion Fund	186	106
32 Sandwell	Financial Inclusion Fund	198	95
33 Sedgefield and District	Financial Inclusion Fund	129	70
34 Sheffield Debt Support	Financial Inclusion Fund	496	236
35 South Tyneside	Financial Inclusion Fund	239	114
36 Stockton	Financial Inclusion Fund	171	100
37 Stoke on Trent	Financial Inclusion Fund	286	157
38 Swansea	Financial Inclusion Fund	118	48
39 Telford & Wrekin	Financial Inclusion Fund	108	47
40 Torfaen	Financial Inclusion Fund	124	48
41 Trafford	Financial Inclusion Fund	104	62
42 Tynedale	Financial Inclusion Fund	99	53
43 Vale of Glamorgan	Financial Inclusion Fund	110	67
44 Wakefield	Financial Inclusion Fund	224	112
45 Walsall	Financial Inclusion Fund	207	87
46 Washington	Financial Inclusion Fund	330	148
47 Wear Valley	Financial Inclusion Fund	106	44
48 West Lancashire	Financial Inclusion Fund	191	106
49 Wolverhampton	Financial Inclusion Fund	336	165
50 Worcester	Financial Inclusion Fund	109	35

e) Grants to other bodies

A grant of £40,000 was paid to Advice NI in relation to their equality and diversity work. Further grants were paid in relation to the Financial Inclusion Fund project to the following:

Birmingham Settlement; £169,000; Burley Lodge £166,000; Contact a Family £32,000; Ebor Gardens Advice Centre £51,000, Money Advice & Community £20,000; Money Advice Plymouth £146,000; RNIB £34,000; RNID £30,000; Shelter Cymru £167,000; Single Parent Action Network £55,000; St Vincent Support Centre £96,000.

Notes to financial statements: Year ended 31 March 2008

5. Grants payable (continued)

f) Reconciliation of financial activities

	2008	2007
	£'000	£'000
Total grants payable to bureaux (note 5a - note 5c)	20,000	10,322
Total grants payable to other bodies (note 5e)	1,006	721
Direct staff costs	690	359
Other direct costs	243	168
Allocated staff costs	107	54
Allocated other costs	357	329
	22,403	11,953

6. Total resources expended

Total resources expended for the year ended 31 March 2008:

	Staff costs £'000	Other direct costs £'000	Allocated staff costs £'000	Other allocated costs £'000	Total 2008 £'000
Strengthening the bureaux network	6,508	1,709	2,651	522	11,390
Delivering IT services	1,976	1,476	0	0	3,452
Bureaux and other grants	690	21,249	107	357	22,403
Developing our people	2,014	1,668	452	648	4,782
Influencing policy	1,936	340	790	273	3,339
Making information available	1,698	333	745	97	2,873
Trading activities	297	858	36	18	1,209
Governance costs	114	182	0	13	309
Costs of generating funds	277	0	161	28	466
	15,510	27,815	4,942	1,956	50,223

Total resources expended for the year ended 31 March 2007:

	Staff costs £'000	Other direct costs £'000	Allocated staff costs £'000	Other allocated costs £'000	Total 2007 £'000
Strengthening the bureaux network	6,452	6,016	753	1,436	14,657
Delivering IT services	1,726	1,155	284	2,571	5,736
Bureaux and other grants	359	11,211	54	329	11,953
Developing our people	1,200	1,968	359	481	4,008
Influencing policy	1,723	491	593	180	2,987
Making information available	913	650	289	35	1,887
Trading activities	139	1,132	1	14	1,286
Governance costs	75	129	26	48	278
Costs of generating funds	36	32	12	5	85
	12,623	22,784	2,371	5,099	42,877

Notes to financial statements: Year ended 31 March 2008

7. Support cost breakdown by activity

Support costs breakdown for the year ended 31 March 2008:

	Premises £'000	Fund- raising £'000	IT Services £'000	Human Resources £'000	Finance £'000	Total 2008 £'000
Strengthening the bureaux network	592	70	1,736	365	410	3,173
Delivering IT services	-	-	-	-	-	-
Bureaux and other grants	88	9	251	56	60	464
Developing our people	206	24	599	128	143	1,100
Influencing policy	199	23	580	123	138	1,063
Making information available	158	18	459	98	109	842
Trading activities	10	1	30	6	7	54
Governance costs	4	1	2	3	3	13
Costs of generating funds	36	4	103	22	24	189
	1,293	150	3,760	801	894	6,898

Support costs breakdown for the year ended 31 March 2007:

	Premises £'000	Fund- raising £'000	IT Services £'000	Human Resources £'000	Finance £'000	Total 2007 £'000
Strengthening the bureaux network	933	203	1,822	272	838	4,068
Delivering IT services	-	-	-	-	-	-
Bureaux and other grants	-	-	-	-	-	-
Developing our people	257	56	3	75	231	1,122
Influencing policy	331	72	646	97	297	1,443
Making information available	165	35	322	48	148	718
Trading activities	14	3	27	4	13	61
Governance costs	5	1	11	2	5	24
Costs of generating funds	8	2	15	2	7	34
	1,713	372	2,846	500	1,539	7,470

All 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.

Notes to financial statements: Year ended 31 March 2008

8. Governance costs

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

	2008	2007
	£'000	£'000
Audit fees (internal and external)	70	73
Trustee meeting costs	33	49
Governance and leadership	36	27
Legal advice for trustees	87	65
Preparing statutory accounts and annual report	11	9
Strategic planning	28	21
Allocated staff costs	11	8
Allocated non staff costs	33	26
	309	278

9. Corporate tax

Citizens Advice is a registered charity and is not liable to corporation tax.

10. Net expenditure

Net outgoing resources for the year are stated after charging:

	2008	2007
	£'000	£'000
Operating lease costs		
Property	1,336	1,890
Motor vehicles	16	18
Office equipment	3	3
Depreciation	159	167
External auditors' remuneration		
External audit fee	27	34
Other services	2	2
Non audit work	1	-

Notes to financial statements: Year ended 31 March 2008

11. Fixed assets

Office and computer equipment	£'000
Cost	
At 1 April 2007	502
Additions	146
Disposals	(169)
At 31 March 2008	479
Depreciation	
At 1 April 2007	335
Charge for the year	159
Disposals	(169)
At 31 March 2008	325
Net book value at 31 March 2008	154
Net book value at 31 March 2007	167

12. Debtors

	2008	2007
	£'000	£'000
Trade debtors	1,151	649
Other debtors	151	109
Prepayments and accrued income	277	431
HM Revenue & Customs	86	68
Amounts due from subsidiary undertakings	251	118
	1,916	1,375

Included in other debtors is £129,000 (2007: £109,000), which relates to 82 (2007: 81) staff season ticket or car loans. These are interest free and are recoverable through monthly payroll deductions. These include 1 senior officer who, at the balance sheet date, had a season ticket loan outstanding of less than £4,000.

Notes to financial statements: Year ended 31 March 2008

13. Creditors: amounts falling due within one year

Other creditors including taxation and social security	489	512
Accruals & deferred income	1,687	3,287
	2,851	4,374

Other creditors consists of:

Inland Revenue: PAYE	169	170
National Insurance	175	176
Other creditors	145	166
	489	512

Deferred income:

Deferred income at 1 April 2007	189	301
Amount released from previous year	(189)	(301)
Incoming resources deferred in the year	579	189
Deferred income at 31 March 2008	579	189

14. Creditors: amounts falling due after one year

	2008	2007
	£'000	£'000
Citizens Advice Bureaux grants	17	253
	17	253

15. Provisions

	2008	2007
	£'000	£'000
Property provisions		
Provision at 1 April 2007	171	33
Additional provision during the year	53	171
Provision released during the year	(171)	(33)
Provision at 31 March 2008	53	171

Other provisions

Provision at 1 April 2007	321	-
Additional provision during the year	528	321
Provision released during the year	(321)	-
Provision at 31 March 2008	528	321

Total provisions at 31 March 2008	581	492
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The property provisions relate to dilapidations following office moves. Other amounts are £393,000 predominantly for the bureaux IT transformation programme, £135,000 pension fund levy and with some provision for final redundancies under the restructuring programme.

Notes to financial statements: Year ended 31 March 2008

16. Statement of funds

	At 1 April 2007	Income	Expenditure	Transfer between	At 31 March
	£'000	£'000	£'000	£'000	£'000
Unrestricted - BERR	707	23275	22828	-	1,154
Unrestricted - other	2,017	1803	1408	175	2,587
Unrestricted funds - designated	152	162	160	-	154
Total unrestricted funds	2,876	25,240	24,396	175	3,895
Restricted funds - BERR	6,029	13,066	18,969	-	126
Independent projects	1,631	5,669	4,942	(175)	2,183
Money Advice Trust funded projects	468	613	922	-	159
Regional Funds	252	-	67	-	185
National Homelessness Advice Service	145	505	607	-	43
Social policy projects	63	130	22	-	171
Training projects	74	177	157	-	94
Independent Complaints Advocacy Service	23	-	-	-	23
IT Services programme	53	100	47	-	106
European Commission projects	96	183	94	-	185
Total restricted funds	8,834	20,443	25,827	(175)	3,275
Total funds	11,710	45,683	50,223	-	7,170

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

BERR restricted funds incoming resource represents grants from the BERR for the European Consumer Centre Project, the Sexual Orientation and Religious Beliefs project, the Age Discrimination project and ten Financial Inclusion Fund projects.

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

Money Advice support strategy funds are funds received via the Money Advice Trust (MAT) and other funders for specialist consultancy and

casework support and training to MAT agencies in England and Wales.

Regional managed funds are funds for local or geographically based initiatives

The Department of Communities and Local Government 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 and training to Citizens Advice Bureaux.

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

Notes to financial statements: Year ended 31 March 2008

16. Statement of funds (continued)

The Independent Complaints Advocacy Service began in September 2003 in six of the nine local government regions. It provided 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 ceased serving the public on 31 March 2006, and was finalised on 31 May 2006.

A distribution against outstanding claims is to be made once all participant bureaux returns have been received. IT services programme funds comprise any non-BERR funds received for the development of IT Services projects

The European Commission in relation to consumer work has ceased but new funding has

been received to undertake work in relation to equalities projects

The transfer of funds is due to funds no longer required to be committed to restricted projects being released to unrestricted reserves.

The share capital of the Charity is £nil. The Charity is limited by guarantee with each member agreeing to contribute up to £1 each in the event of the charity being wound up.

17. Designated reserves

Capital fund

The fund represents the balance of the capital element of BERR grants as shown in note 11. The balance as at 31 March 2008 was £154,000 (2007: £143,000)

18. Analysis of net assets between funds

	Unrestricted			Restricted		Total £'000
	BERR £'000	Other £'000	Designated £'000	BERR £'000	Other £'000	
Fund balances at 31 March 2008 are represented by:						
Fixed assets	-	-	154	-	-	154
Current assets	4,234	2,684	-	127	3,420	10,465
Creditors: amounts falling due within one year	(2,482)	(97)	-	(1)	(271)	(2,851)
Creditors: amounts falling due after one year	(17)	-	-	-	-	(17)
Provisions	(581)	-	-	-	-	(581)
Fund balance	1,154	2,587	154	126	3,149	7,170

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.

Notes to financial statements: Year ended 31 March 2008

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.

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

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

In closing the scheme, a recovery plan was agreed to fund the deficit. The contributions in that plan were determined by the scheme actuary

and agreed by the pension fund trustees. Citizens Advice has agreed to make an annual contribution of £700,000 to meet the scheme's deficit over the next twenty years. However, this amount may vary over time, dependent upon the results of future actuarial valuations of the scheme, the next of which is due as at 1 April 2010. The pension trustees also have the right to renegotiate the recovery plan if an actuarial report indicates that the existing recovery plan is no longer adequate. In view of this, the charity's trustees consider that Citizens Advice has a liability at the year end that is contingent on future events that may materially affect the contributions required to be paid. Citizens Advice does not believe it can establish a reliable estimate of the year end liability under the scheme, hence Citizens Advice is not able to make a provision under FRS12.

Disclosures of the pension scheme required under FRS17 are set out in Note 22.

21. Operating lease commitments

At 31 March 2008 Citizens Advice was committed to making the following annual payments in respect of operating leases:

	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire:				
Within one year	991	-	57	-
Between two and five years	559	-	1,426	-
After five years	16	-	33	-

Notes to financial statements: Year ended 31 March 2008

22. Pension scheme

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

Period Ending 31 March 2008

This note relates to the whole scheme including member Bureaux. The employer participates in the National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991) which is a funded defined benefit arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 April 2007 and updated on an approximate basis to 31 March 2008. With effect from 31 March 2008 the scheme closed to future accrual. The total of contributions made by the employers over the period is £911,050. The best estimate of contributions to be paid by the employers to the scheme for the period beginning after 31 March 2008 is as follows:

- a) Contributions by each employer in respect of expenses

The employer will pay amounts into the scheme equal to the levy payments made by the scheme to the Pension Protection Fund. Such amounts will be paid by the employer within a year of them being paid by the scheme. Management and administration expenses are payable in addition as and when they are due.

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

In accordance with the recovery plan following the 1 April 2007 actuarial valuation, the sponsoring employers will pay total annual contributions of £800,000, payable monthly.

The contributions made by Citizens Advice over the financial year were £576,000 (2007: £601,000).
Present values of scheme liabilities, fair value of assets and deficit

	31/03/08 £'000s	31/03/07 £'000s	31/03/06 £'000s
Fair value of scheme assets	59,926	64,104	57,802
Present value of scheme liabilities	87,794	92,937	77,172
Surplus (deficit) in scheme	(27,868)	(28,833)	(19,370)
Deferred tax			
Net asset (liability) to be recognised			

As all actuarial gains and assets are recognised, the surplus or deficit shown above is the amount that would be recognised in the balance sheet.

Notes to financial statements: Year ended 31 March 2008

22. Pension scheme (continued)

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

	Period ending 31/03/08 £'000s	Period ending 31/03/07 £'000s
Scheme liabilities at start of period	92,937	77,172
Current service cost	2,699	1,414
Interest cost	4,934	3,900
Contributions by scheme participants	1,104	1,228
Actuarial losses (gains)	(6,946)	10,539
Benefits paid, death in service insurance premiums and expenses	(2,165)	(1,316)
Past service costs	-	-
Business combinations	-	-
Curtailments	(4,769)	-
Settlements	-	-
Scheme liabilities at end of period	87,794	92,937

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

	Period ending 31/03/08 £'000s	Period ending 31/03/07 £'000s
Fair value of scheme assets at start of period	64,104	57,802
Expected return on scheme assets	4,326	3,451
Actuarial gains (losses)	(8,354)	1,959
Contributions by employer	911	980
Contributions by scheme participants	1,104	1,228
Benefits paid, death in service insurance premiums and expenses	(2,165)	(1,316)
Business combinations	-	-
Settlements	-	-
Fair value of scheme assets at end of year	59,926	64,104

The actual return on the scheme assets over the period ending 31 March 2008 was (£4,028,000).

Total expense recognised in profit and loss account

Notes to financial statements: Year ended 31 March 2008

22. Pension scheme (continued)

	Period ending 31/03/08 £'000s	Period ending 31/03/07 £'000s
Current service cost	2,699	1,414
Interest cost	4,934	3,900
Expected return on scheme assets	(4,326)	(3,451)
Past service cost	-	-
Curtailments	(4,769)	-
Settlements	-	-
Total expense recognised in profit and loss account	(1,462)	1,863

Statement of total recognised gains and losses

	Period ending 31/03/08 £'000s	Period ending 31/03/07 £'000s
Difference between expected and actual return on scheme assets: gain (loss)	(8,354)	1,959
Experience gains and losses arising on the scheme liabilities: gain (loss)	6,306	(95)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities: gain (loss)	640	(10,444)
Total amount recognised in statement of total recognised gains and losses: gain (loss)	(1,408)	(8,580)

Assets

	31/03/08 £'000s	31/03/07 £'000s	31/03/06 £'000s
Equities	43,668	47,915	43,053
Gilts	13,370	11,604	12,812
Corporate Bonds	2,790	2,473	-
Cash	98	2,112	1,937
Total assets	59,926	64,104	57,802

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

Notes to financial statements: Year ended 31 March 2008

22. Pension scheme (continued)

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Assumptions

	31/03/08 % per annum	31/03/07 % per annum	31/03/06 % per annum
Inflation	3.50	3.10	2.70
Salary increases	-	4.10	3.70
Rate of discount	6.40	5.40	5.01
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.50	3.10	2.70
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.50	3.10	2.70

The mortality assumptions adopted at 31 March 2008 are as follows:-
PxA92 projected using the "medium cohort" improvement factors appropriate to each member's year of birth.

These imply the following life expectancies at age 60:

Male currently age 40 27.9 years

Female currently age 40 30.7 years

Male currently age 60 26.8 years

Female currently age 60 29.7 years

Expected long term rates of return

The expected long term return on cash is determined by reference to bank base rates. The expected returns on gilts and corporate bonds are determined by reference to UK long dated gilt and

bond yields. The expected rate of return on equities is determined by setting an appropriate risk premium above gilt/bond yields having regard to market conditions.

The expected long term rates of return applicable at the start of each period are as follows:

	31/03/07 % per annum	31/03/06 % per annum
Equities	7.40	6.26
Gilts	4.80	5.01
Corporate Bonds	5.40	-
Cash	4.50	4.50
Overall for scheme	6.76	5.92

Notes to financial statements: Year ended 31 March 2008

22. Pension scheme (continued)

Amounts for the current and previous four periods

	31/03/08 £'000s	31/03/07 £'000s	31/03/06 £'000s	31/03/05 £'000s	31/03/04 £'000s
Fair value of assets	59,926	64,104	57,802	46,233	37,369
Present value of scheme liabilities	87,794	92,937	77,172	63,255	51,781
Surplus (deficit) in scheme	(27,868)	(28,833)	(19,370)	(17,022)	(14,412)
Experience adjustment on scheme assets	(8,354)	1,959	7,669	2,913	4,021
Experience adjustment on scheme liabilities	6,306	(95)	(244)	(2,337)	(393)
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	640	(10,444)	(9,189)	(5,153)	3,509

23. Related party transactions

There have been related party transactions identified in accordance with FRS 8 and with Treasury Guidance during the year.

East End Citizens Advice Bureau is an independent charity and member of Citizens Advice and has three trustees who are also directors of Citizens Advice. There were transactions between Citizens Advice and East End Citizens Advice Bureau totalling £1,172,000 (2007:£445,000) in relation to cash advances pending receipt of local authority grants, which Citizens Advice received on behalf of East End Citizens Advice Bureau. At 31 March 2008, £1,178 was owed to Citizens Advice.

Citizens Advice is sponsored by BERR. BERR is regarded as a related party. During the year, Citizens Advice has had no material transactions with BERR other than the receipt of its Grant in Aid and £13,071,000 for one specific

project as shown in note 3(a) (2007: £15,789,000, four specific projects). Citizens Advice had a number of transactions during the year with Citizens Advice Scotland, which is also sponsored by BERR.

The Friends of Citizens Advice Bureaux Trust is a charity established to raise funds for the benefit of Citizens Advice Bureaux. The trust became dormant on 5 July 2005 when the activities of the trust transferred to Citizens Advice. The trust paid Citizens Advice £nil (2007: £nil) for distribution as bureaux grants. At 31 March 2008 The Friends of Citizens Advice Bureaux Trust owed Citizens Advice £nil (2007: £nil).

Citizens Advice International is a company which was registered in Belgium on 6 December 2004. Although not a related party under FRS 8, it is included here due to the connection of name and objectives. It was established to provide support to Citizens Advice organisations throughout the world. No

Notes to financial statements: Year ended 31 March 2008

23. Related party transactions (continued)

charge has been made for any expenditure incurred by Citizens Advice on behalf of Citizens Advice International during the year. At 31 March 2008, Citizens Advice owed Citizens Advice International £nil (2007: £nil). Citizens Advice International is not consolidated into the

accounts as it is a separate entity and Citizens Advice does not have the power to control it. Citizens Advice Limited is a subsidiary company owned by Citizens Advice and all Citizens Advice non-charitable trading is conducted through it. During the year ended 31 March 2008, it made a profit of £55,000 which was covenanted to Citizens Advice and recorded within Donations. At 31 March 2008 Citizens

Advice Limited owed Citizens Advice £251,000 (2007: £118,000). Citizens Advice Limited is not consolidated on the grounds of materiality.

24. Investments

Investments at market value comprised:	2008	2007
	£'000	£'000
Equities	2	2
Citizens Advice Ltd	-	-

All investments were held in the UK. There were no material individual investment holdings in the year which would require disclosure. The value of shares held in Citizens Advice Ltd is £2 being two ordinary shares of £1 each representing 100 per cent of the share capital.