



Citizens Advice
financial statements
2003|2004

Citizens Advice Financial Statements 2003/2004

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Officers and professional advisers

DIRECTORS/TRUSTEES	ROLE	ELECTED BY	DATE ELECTED	DATE RESIGNED
Sir Graham Hart KCB	Chair	AGM	23.09.99	
Hilary Watkins	Deputy Chair	South West Region bureaux	01.01.00	
Maurice Sharples OBE +	Honorary Treasurer	AGM	23.09.99	
Ian Alexander		Co-opted	24.05.00	
Gerald Broadbent		North West Region bureaux	25.09.97	24.09.03
Joyce Catterick		North Region bureaux	15.05.02	
Carl Cover		Equal Opportunities Committee	25.11.98	
Jan David		South East Region bureaux	01.04.04	
Marcus Duignan		NIACAB	22.01.03	
Rosemary Edwards+		South East Region bureaux	24.09.98	31.03.04
Ted George		Wales bureaux	01.01.00	
Pippa Hare *		AGM - paid bureau staff member	25.09.01	
Bonny Malhotra*+		AGM - paid bureau staff member	25.09.01	
Wendy Pritchard		Co-opted	24.03.00	
David Rodgers		Midlands Region bureaux	02.10.02	
Clifford Ruchat		Equal Opportunities Committee	26.07.02	06.03.04
Di Scammell		North West Region bureaux	24.09.03	
Melodie Simons +		London Region bureaux	25.09.01	
Jane Valentine +		East Region bureaux	13.09.00	

*Members of Trustee Board who are in paid employment in the CAB service

+Members of the Performance Review and Audit Committee as at 31 March 2004

The Trustees are elected by member bureaux under an agreed and published process. An Elections Committee, made up of Trustees, the Company Secretary and chaired by the Chair is established to oversee the elections process for Board appointments. A separate process agreed by the Trustee Board is followed for the election of the Chair. The table above identifies the constituencies which elected each of the current Trustees.

EXECUTIVE DIRECTORS

David Harker OBE	Chief Executive
Simon Bottery	Director of Communications (appointed 8 August 2003)
Shani Fancett	Director of CABnet
Teresa Perchard	Director of Policy (appointed 8 August 2003)
Celia Pyke-Lees	Director of Services (resigned 31 December 2003)
Margaret Sandford	Network Director (appointed 8 August 2003)
Nicola Simpson	Director of Policy and Public Affairs (resigned 15 June 2003)
Judy Walker	Director of Advice (appointed 19 September 2003)
Hilary Wallis	Director of Human Resources
Stephen Williams	Director of Finance and Company Secretary

Officers and professional advisers

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

Company Number	1436945
Registered Charity Number	279057
Company Secretary	Stephen Williams
Registered Office	Myddleton House 115-123 Pentonville Road London N1 9LZ
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors Southwark Towers 32 London Bridge Street London SE1 9SY
Bankers	Barclays Bank PLC 99-100 Hatton Gardens London EC1N 8NX Singer and Friedlander 21 New Street Bishopsgate London EC2M 4HR
Solicitors	Bates, Wells and Braithwaite Cheapside House 138 Cheapside London EC2V 6BB Davies Arnold Cooper 6-8 Bouverie Street London EC4Y 8DD Vizards Tweedie 42 Bedford Row London WC1R 4JL

The directors present their report and the audited financial statements for the year ended 31 March 2004.

1. STATUS, INCORPORATION AND SUBSEQUENT MERGER

Citizens Advice is a registered charity and a company limited by guarantee. The maximum liability of each member is limited to one pound. At 31 March 2004 the company had 496 members (2003 – 516). Citizens Advice is governed by its Memorandum and Articles of Association as amended in October 2000.

The registered name of the charity is The National Association of Citizens Advice Bureaux, and from 6 January 2003 the charity is also known and referred to as Citizens Advice (previously it was referred to as NACAB). Citizens Advice was incorporated as a company limited by guarantee on 13 July 1979. Citizens Advice commenced operations on 1 October 1979 at which date the assets and liabilities of the unincorporated National Association of Citizens Advice Bureaux were acquired as represented by the Capital Fund and the CAB General Fund (see note 14).

On 1 April 1991, the undertaking of the Greater London Citizens Advice Bureau Service ("GLCABS"), together with its assets and liabilities, was transferred to Citizens Advice.

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

2. INVESTMENT POWERS

As required in its Memorandum paragraph 4(o), in furtherance of its objects, and for no other purposes, the Company has the power to invest the monies of the 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.

3. DIRECTORS

The membership of the Board during the year is set out on page 3. A Register of Interests is maintained of any significant interests of directors. This is open to the public and is held at the Registered Office. A copy is available by writing to the Company Secretary at the registered office address.

The following directors resigned during the year:

Gerald Broadbent	(24 September 2003)
Rosemary Edwards	(31 March 2004)
Clifford Ruchat	(6 March 2004)

No director received any remuneration for his or her services as director during the year.

4. ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of Citizens Advice is the promotion of any charitable purpose for the benefit of the community in the United Kingdom and in particular to encourage the provision of Citizens Advice Bureaux which will provide free, confidential, independent and impartial advice, information and counsel for members of the public, and to assist the implementation of such advice, information and counsel; to ensure that adequate standards are maintained by all member bureaux; to foster and undertake research into any aspect of Citizens Advice work and to disseminate the results of any such work.

The amount of Grant in Aid received by Citizens Advice from the Department of Trade and Industry (DTI) in 2003/2004 was £22,920,000 (see note 2 to the financial statements).

In 2004/2005 it is anticipated that Citizens Advice will continue with its principal activity as set out in the first paragraph of this section of the Directors' report. The ability of Citizens Advice to achieve this is dependent upon the continued support of the DTI. The DTI has set the Grant Aid for 2004/2005 at £23,800,000.

Citizens Advice was awarded a £20 million grant from HM Treasury's Capital Modernisation Fund (on behalf of all government departments), over two years ending on 31 March 2004, to take forward the computerisation programme for the CAB service to improve service delivery to clients – the Citizens Connect Programme. During the year, the Citizens Connect Programme had four main areas of activity; CASE, infrastructure, Bureaux equipment upgrades, and E-Government. National roll out commenced in June 2003, with the deployment of CASE. The enhanced version was developed, with national deployment commencing at the end of October 2003. By March 2004, CASE was deployed to approximately 350 bureaux sites. The infrastructure was deployed in 770 sites by April 2004. 490 sites received 1,357 replacement PCs as part of the Windows 98 upgrades. Within the e-government environment information kiosks were piloted in six bureaux. Citizens Advice participated in several projects including the National Benefits Project sponsored by the Office of the Deputy Prime Minister, and continues working with Department for Work and Pensions and Inland Revenue to pilot e-services for benefits and tax credits.

The 2003/2004 Annual Report and Performance Review gives further information regarding activities undertaken and performance in the year and the contribution of volunteers within the service. Copies of the Annual Report can be obtained from: Communications Department, Myddelton House, 115-123 Pentonville Road, London, N1 9LZ; and also at www.citizensadvice.org.uk.

5. ORGANISATIONAL STRUCTURE

Citizens Advice is governed by its trustee board who set the policy of the charity. These policies are implemented by the executive board, which consists of Citizens Advice executive directors (as laid out on page 3). Member bureaux also take part in the policy making activity of the charity by passing resolutions at the Annual General Meeting. However, these resolutions need ratifying by the Trustee board before implementation.

The Trustee Board meets at least six times a year. The make up of the Board ensures representation from around England, Wales and Northern Ireland and from a representation of equal opportunity interests. All Trustees are independent from management.

6. CONNECTED CHARITIES

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

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

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

The Friends of CABx Trust (Friends of CABx) is a separate registered charity and two of its trustees are also directors of Citizens Advice. The charity is not consolidated in Citizens Advice accounts on the grounds that it is not material.

The registered office of these connected charities is the same as that of Citizens Advice.

All material transactions between Citizens Advice and its connected charities are detailed in Note 21 of the accounts.

7. DISABLED PERSONS

Citizens Advice, in common with the CAB service as a whole, is committed to broad principles of social justice, and opposed to unfair and unlawful discrimination in any form. Consequently, Citizens Advice welcomes the responsibilities conferred upon it under the 1995 Disability Discrimination Act.

Disabled people working within the CAB service make a full contribution as volunteers and paid staff at all levels and as members of the democratic process. These contributions are invaluable to Citizens Advice and are also used to inform its principles and practice in working towards comprehensive equality for disabled people.

8. EMPLOYEE INVOLVEMENT

Papers, including agendas and minutes of the Citizens Advice Trustee Board, are available to employees. Regular meetings are held with Union representatives to discuss Citizens Advice activities.

9. RESERVES

Citizens Advice holds limited non-DTI unrestricted reserves arising from carrying out insurance services for member bureaux, trading activities and management fees. These balances are utilised for the development of these, and other Citizens Advice services.

Citizens Advice is unable to build up substantial reserves of unutilised DTI funds as the requirements outlined in the Management Statement and Financial Memorandum, which have been agreed with the DTI, limit the level of funds that can be carried forward to future years. Any additional balances over the working balance carried forward require DTI approval. The balance as at 31 March 2004 has been agreed with the DTI.

The reasons for holding reserves are outlined in notes 13 and 14.

10. DIRECTORS' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Company Law, Charity Law and the Financial Memorandum with the DTI, require the directors and Chief Executive to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of Citizens Advice and of the surplus or deficit for that period. In preparing those financial statements, the directors and Chief Executive are required to:

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

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

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

11. RISK ASSESSMENT AND BUSINESS CONTINUITY

Citizens Advice internal auditors BDO Stoy Hayward have worked with Citizens Advice on a corporate risk management exercise. Internal Audit now follows a risk-based approach, further aiding risk management procedures. A risk management strategy and risk register have been updated during the year and have been agreed by the Trustee Board. The Trustees recognise that any major risks to which the charity is exposed need to be reviewed and systems put in place to mitigate those risks. To that end Citizens Advice is continually monitoring and managing its risk, reviewing the corporate risk register and ensuring action plans are in place to mitigate its key risks.

Further links continue to be established between risk management and business continuity. A risk register exists for the Business Continuity Plan. A second minor invocation of the Business Continuity Plan was rehearsed during the year, which involved personnel from critical functions and staff from Hewlett Packard. This involved the testing of the technical aspects of the Central Office plan in a controlled simulation environment. There were no significant issues arising from this.

The best practice guidance on Audit Committees is set out in the Combined Code on Corporate Governance, and is complied with. For example, Performance Review and Audit Committee reviews its own performance periodically and has also undertaken a skills-gap exercise.

12. GRANT MAKING

There are agreed criteria which are used to regulate the DTI bureau grants budget. The main bureau criteria are as follows:

- partnerships, particularly with Local Authorities, for manager or deputy manager salaries, clerical, administrative, training or specialist posts
- partnerships with other organisations that promote the CAB service within Community Legal Service Partnerships
- grants to assist the development of premises improvements particularly for disabled people
- partnerships in relation to strategic IT development in line with the CABnet strategy
- one-off grants to assist bureaux in achieving membership standards
- one-off grants to assist bureaux in promoting equal opportunities.

Grants are assessed by local staff against the criteria described above, and are allocated according to local priorities and needs. Eligibility of the bureau to claim the grant is also confirmed locally, and approved at a national level. Grants are usually payable quarterly, but may be payable in a lump sum for smaller amounts.

13. FIXED ASSETS

Movements in fixed assets are shown in Note 9 to the financial statements.

14. PAYMENT OF CREDITORS

Invoices not in dispute are paid within 30 days of receipt of the invoice or the agreed contractual terms if otherwise specified.



STEPHEN WILLIAMS

Secretary
28 July 2004

Statement on the system of internal control

1. SCOPE OF RESPONSIBILITY

As Accounting Officer, I have 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. The Accounting Officer is accountable to the Performance Review and Audit Committee, the Trustee Board and the Department of Trade and Industry for managing the risk of Citizens Advice.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

Any 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 2004 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. CAPACITY TO HANDLE RISK

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

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

4. THE RISK AND CONTROL FRAMEWORK

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

The Trustee Board has approved the Risk Management Strategy and reviews the Risk Register. Citizens Advice has identified high level and operational level risks. High level risks are reviewed by the Executive Board, Performance Review and Audit committee and Trustee Board. Operational level risks are managed by senior managers and monitored by the Planning and Performance Team who have the ability to escalate issues to the high level risk register.

Risks are identified and evaluated in the following ways:

- Executive Board risk management workshops are held
- risks are added to the register from a variety of sources: projects, referrals from committees, structured discussions, workshops, training, and internal audit
- periodic reviews are performed by each risk owner in terms of likelihood and impact, relevance of risks, current strategies applied and the strength of the strategies. The residual risk is identified and action plans are created to further mitigate risk.

Risk is controlled using:

- clearly documented financial and management procedures and guidelines
- a Performance Review and Audit Committee
- an Internal Audit function
- comprehensive budgeting systems and financial reporting which indicate financial performance against the budget and forecast, which are reviewed and agreed by the Performance Review and Audit Committee and the Trustee Board.

Statement on the system of internal control

The most significant risks for Citizens Advice are Pension Fund deficit, IT risks, the main risk being with the Citizens Connect Programme, uncertainty with funding levels and risks associated with the achievement of key strategic objectives.

The five main categories of risk that are monitored are:

- Citizens Advice people
- bureaux network
- operating effectiveness (including financial)
- impact on society
- strategy.

Citizens Advice has a balanced approach to 'risk taking' and adopt an active approach to the mitigation of risk. In the annual review of the high level risk register it was noted that 21% of net risks were high, 53% medium, and 26% low.

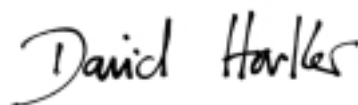
Risk management now forms an integral part in the project management and fundraising processes within Citizens Advice. Risk Management is also embedded into the governance process. As part of the internal audit process auditors conduct departmental risk mapping exercises where they discuss with managers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

5. 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 risk to which the organisation is exposed and annual audit plans are based on this analysis. These are endorsed by the Executive Board; Performance Review and Audit Committee and the Trustee Board. A database of all audit recommendations is held and progress is monitored by the Performance Review and Audit Committee, 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. As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within Citizens Advice who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. A plan to address weaknesses and ensure continuous improvement of the system is in place.



DAVID HARKER OBE
Chief Executive

28 July 2004

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

We have audited the financial statements which comprise the statement of financial activities, the balance sheet, the cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The trustees are also directors of Citizens Advice for the purpose of Company Law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities. As described on page 7, the Chief Executive of Citizens Advice, as Accounting Officer, is also responsible for the preparation of financial statements and for ensuring the regularity of financial transactions funded by Parliamentary grant ("Grant in Aid").

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

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

if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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

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

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error or by fraud or other

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

irregularity and that in all material respects, the expenditure, income and resources funded by Grant in Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 March 2004 and of its net incoming resources, including its income and expenditure, and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- in all material respects the expenditure income and resources funded by Grant in Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



PricewaterhouseCoopers LLP

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

16 August 2004

Statement of financial activities

Year ended 31 March 2004

Incorporating an Income and Expenditure Account

	Note	DTI £'000	Unrestricted Other £'000	Designated £'000	DTI £'000	Restricted Other £'000	Total 2004 £'000	Total 2003 £'000
Incoming resources								
Activities in furtherance of the charity's objects:								
Grants	2	22,794	72	126	492	16,717	40,201	32,322
Legacies		-	-	-	-	1	1	169
Trading activities		385	1,157	-	-	26	1,568	1,472
Training and support		122	456	-	-	56	634	645
Bank interest		104	54	-	28	340	526	404
Other income		66	16	-	-	11	93	87
Total incoming resources	13	23,471	1,755	126	520	17,151	43,023	35,099
Resources expended								
Charitable expenditure								
Costs of activities in furtherance of the charity's objects:								
CABnet and Citizens Connect		3,409	-	13	740	7,808	11,970	8,022
Bureau audit and support		8,895	520	57	198	1,741	11,411	9,819
Bureau and other grants	4	1,507	-	-	-	4,103	5,610	3,095
Training		2,650	-	12	-	611	3,273	2,992
Information		1,533	-	11	-	85	1,629	1,409
Social policy		1,345	-	8	-	67	1,420	950
Trading activities		179	1,235	-	-	-	1,414	1,217
Management and administration	6	363	-	2	-	-	365	273
		19,881	1,755	103	938	14,415	37,092	27,777
Costs of generating funds		341	3	3	-	-	347	265
Total outgoing resources	5,13	20,222	1,758	106	938	14,415	37,439	28,042
Net incoming/(outgoing) resources	8	3,249	(3)	20	(418)	2,736	5,584	7,057
Transfer between funds	14	-	-	(50)	-	50	-	-
Net movement in funds		3,249	(3)	(30)	(418)	2,786	5,584	7,057
Fund balance brought forward	13	1,478	612	193	1,140	4,030	7,453	396
Fund balance carried forward	13	4,727	609	163	722	6,816	13,037	7,453

All activities derive from continuing operations.

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

Balance sheet
At 31 March 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS	9	174	144
CURRENT ASSETS			
Debtors	10	2,882	1,625
Cash at bank and in hand		12,715	8,967
		15,597	10,592
CREDITORS: amounts falling due within one year	11	2,684	3,257
Net current assets		12,913	7,335
Total assets less current liabilities		13,087	7,479
PROVISIONS	12	50	26
TOTAL ASSETS LESS ALL LIABILITIES		13,037	7,453
CAPITAL AND RESERVES			
Restricted funds	13	7,538	5,170
Unrestricted funds			
General fund - other non-DTI	13	609	612
General fund - DTI	13	4,727	1,478
Designated reserves			
London region reserves	14	52	52
Capital fund	14	102	132
CAB General fund	14	9	9
TOTAL FUNDS	13	13,037	7,453

The financial statements were approved by the Trustee Board on 28 July 2004.
Signed on behalf of the Board of Directors

Directors:

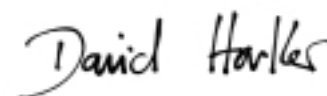


Sir Graham Hart KCB
Chair



Maurice Sharples OBE
Treasurer

Chief Executive:



David Harker OBE

Cash flow statement

Year Ended 31 March 2004

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	A	3,406	6,096
Returns on investments			
Interest received		526	404
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(184)	(154)
INCREASE IN CASH	B	3,748	6,346

Notes to the cash flow statement

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

	2004 £'000	2003 £'000
Net incoming resources	5,584	7,057
Depreciation charges	154	298
(Increase)/Decrease in debtors	(1,257)	168
(Decrease) in creditors	(573)	(1,041)
Increase in provisions	24	18
Bank interest receivable	(526)	(404)
Net cash inflow from Operating Activities	3,406	6,096

B. Analysis of changes in cash during the year

	As at 31 March 2004 £'000	Movement £'000	As at 1 April 2003 £'000
Cash at bank and in hand	12,715	3,748	8,967

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards, the accounts section of the Department of Trade and Industry Financial Memorandum, and the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities:

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Fixed assets

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

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

The estimated lives of the assets are as follows:
Office and Computer Equipment – 3 years.

The depreciation policy has been reviewed in accordance with FRS 15 and no change has been made from the previous year.

(c) Stock

Goods for resale and other consumable stock are considered to be of immaterial value.

(d) Leases

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

(e) Pension costs

The expected cost of providing pensions is calculated periodically by professionally qualified actuaries. The operating costs of providing retirement benefits to employees are recognised immediately in the statement of financial activity in the year in which the benefits are earned.

On 20 November 2000 the Accounting Standards Board issued FRS 17 Retirement Benefits. FRS 17 will not be mandatory for Citizens Advice until the year ended 31 March 2006 at the earliest. The FRS has an extended transitional period during which certain disclosures will be required in the notes to the financial statements. Citizens Advice has included these phased transitional disclosures for the year ended 31 March 2004 in note 20. This treatment been agreed with the DTI.

(f) Deferred Income

Deferred income relating to subscriptions is shown within the balance sheet. Grants received in advance of the period in which the funder requires the expenditure to be applied will also be reflected in deferred income.

(g) Other income

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

(h) Trading activities

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

(i) 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.

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

1. ACCOUNTING POLICIES (continued)

(j) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under the principal activities of each department, with reference to the departmental plans where appropriate. Costs of Generating Funds are those costs relating to the fundraising department. Management and administration costs are those incurred in connection with the administration of the charity and constitutional and statutory compliance. Staff costs are all emoluments incurred. Other Direct Costs are non-staff costs incurred by each activity. Premises, central administration, IT support, human resources costs and pertinent corporate finance costs (staff and other costs), which are not directly attributable to a particular activity, have been fully allocated to departments and activities based on staff time.

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

(k) Reserves

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

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

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

Designated funds are made up of London region reserves, the Capital fund and CAB general fund. The reasons for holding these are outlined in note 14.

Notes to the financial statements

Year Ended 31 March 2004

2. GRANTS

a) Government grants

Funder	2004 £'000	2003 £'000	Purpose
Government Department grants			
Department of Trade and Industry	22,920	17,150	Grant in Aid‡
Department of Trade and Industry	315	-	Employment Dispute Resolution
Department of Trade and Industry	129	75	European consumer rights project
Department of Trade and Industry	48	-	Sexual Orientation & Religious Belief project
Department of Trade and Industry	-	500	CASE Citizens Connect
Department of Trade and Industry	-	228	CABnet CASE operation
Department of Trade and Industry	-	100	E-based learning development
Department of Trade and Industry	-	60	SSU Telephone System^
Department of Trade and Industry	-	50	Business Continuity
Department of Trade and Industry	-	5	Adviceguide Translation project
Capital Modernisation Fund	10,000	10,000	Citizens Connect
Department of Health	2,632	-	Independent Complaints Advocacy Service
Office of the Deputy Prime Minister	419	382	The National Homelessness Advice Service
Department for Education and Skills	76	71	Millennium Volunteers project
Inland Revenue	47	60	Tax Credit Training
Ministry of Defence	7	-	Veterans Project
Department for Constitutional Affairs	5	86	CABnet Public Information project
European grants			
European Commission	125	137	UK European Consumer Centre
European Commission	33	36	European consumer rights project
European Commission	16	-	Sexual Orientation & Religious Belief project
Total Government grants	36,772	28,940	

b) Grants from other public bodies

Funder	2004 £'000	2003 £'000	Purpose
Welsh Assembly	878	773	Better Advice Better Health
Devon County Council	324	183	Regional Projects
Legal Services Commission	218	168	Consultancy and Casework (Wales)
Somerset County Council	147	86	Regional Projects
Legal Services Commission	128	150	SSU Training Consultancy and Delivery^
Kent Probation Service	125	120	Kent Probation Project
Oxfordshire County Council	107	106	Regional Projects
Legal Services Commission	101	-	Translation Project
West Yorkshire County Council	70	70	North MASU*
Hampshire County Council	50	50	SSU Casework Consultancy^
Legal Services Commission	47	-	North MASU*
Slough Borough Council	38	-	Slough CAB Feasibility Study
London Borough Grants Committee	-	44	London Specialist Support
The Commission for Racial Equality	-	30	Rural Race Equality Project
The Basic Skills Agency	-	12	Financial Literacy Project
Total	2,233	1,792	

‡£126,000 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, *MASU - Money Advice Support Unit, ^SSU - Specialist Support Unit

Notes to the financial statements
Year Ended 31 March 2004

2. GRANTS (continued)

c) Other grants

Funder	2004 £'000	2003 £'000	Purpose
Prudential plc	250	250	Financial Literacy Project
Money Advice Trust (Barclays plc)	194	190	MA Development Officer North & MA Wales+
Money Advice Trust	90	87	SSU Casework & Training Consultancy^
Money Advice Trust (Lloyds TSB)	83	28	MA Development Officer - Midlands+
Money Advice Trust (United Utilities)	76	-	MA Development Officer - North West+
Money Advice Trust	27	27	North MASU*
Money Advice Trust (Yorkshire Building Society)	10	7	North MASU*
Money Advice Trust (Hitachi Credit)	7	7	North MASU*
Money Advice Trust (Provident Financial)	5	5	North MASU*
Money Advice Trust (Skipton Building Society)	5	5	North MASU*
Money Advice Trust (Nationwide)	2	-	MA Development Officer - London+
Money Advice Trust (Building Society Trust)	-	5	SSU Casework Consultancy^
Barclays plc	130	-	Rural Regeneration
Compaq, a subsidiary of Hewlett Packard Inc.	75	125	IT Training Grant Scheme
Lloyds TSB Foundation for England & Wales	42	-	Aspiring Managers Training
Barclays plc	40	36	Placements
Experian	30	-	Conference sponsorship
Barclays plc	21	-	Independent Financial Advice Project
The Esmée Fairbairn Foundation	17	28	Rural Emergency CAB
Barclays plc	12	-	Rural bureaux grants
Zurich Financial Services	10	10	Information Project
Calouste Gulbenkian Foundation	9	-	Social Policy Project
City Parochial Fund	8	30	CABnet bureau grants
Wales Council for Voluntary Action	8	4	Voluntary Sector Partnership Council
GlaxoSmithKline	8	-	Better Advice: Better Health
The Royal Bank of Scotland	7	17	Citizens Advice Annual Conference
National Australian Bank	5	-	North MASU*
MBNA	5	-	Sundry Projects
Rural Stress Information Network	5	14	Rural Regeneration
The Rayne Foundation	4	-	Financial Literacy Project
Mayer, Brown, Rowe & Mawe LLP	3	3	CABnet CASE Management
Kirby Laing Foundation	3	-	Sundry Projects
Eurofax	2	2	Telephone Advice
Coalfields Regeneration Trust	-	334	Bureau Grants
Community Fund - England	-	130	CABnet CASE
Halifax Group plc	-	75	CABnet CASE
Alliance & Leicester plc	-	40	SSU/CABnet MA Discussion Groups pilot^*
The Anglian Water Trust Fund	-	32	MA Training+
Employment Support Service: North Yorkshire CABx	-	29	North MASU*
Lloyds TSB Foundation for England & Wales	-	27	North & East MA Training+
The John Ellerman Foundation	-	25	Volunteering Development Project
National House-Building Council	-	6	Advice Week
Linklaters	-	5	CABnet CASE
Northern Foods plc	-	5	Outreach Worker in Shropshire
British Sky Broadcasting plc	-	2	Sundry Projects
Total	1,193	1,590	

* MASU – Money Advice Support Unit; + MA – Money Advice; ^ SSU Specialist Support Unit

Notes to the financial statements
Year Ended 31 March 2004

2. GRANTS (continued)

d) Grants from individuals

	2004 £'000	2003 £'000	
Donations from Private Individuals	3	-	Individual Giving Project
Total grants	40,201	32,322	

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No emoluments were received by any directors, (2003 – Nil). Payments of £16,000 (2003 - £17,000) were made to 16 (2003 – 16) directors during the year in respect of expenses incurred. No trustee indemnity insurance was purchased.

Expense reimbursed	Number of Directors	Amount reimbursed 2004 £'000
Travel	16	14
Subsistence	11	1
Carers' costs	2	1

Employee costs during the year:

	2004 £'000	2003 £'000
Wages & salaries	10,659	9,116
Social security costs	1,015	787
Pension costs	741	652
Temporary staff	494	565
	12,909	11,120

Pension costs shown above relate to amounts accrued in the year. Amounts are paid to the NACAB Pension and Assurance Plan (1991) a month in arrears. The amount paid in 2003/2004 was £730,000.

	Number 2004	Number 2003
Average number of persons employed	442	404

In accordance with the requirements of the Financial Memorandum, the information shown on the next page 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 21).

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Aggregate emoluments paid in the financial year

During the year the Executive Board was restructured and the figures below reflect the inclusion of compensation payments for loss of office and directors who were not in post for the full year. The figures comprise gross salaries including all allowances payable including employee pension supplement and exclude employer's pension contributions. No other amounts were payable. All of the Executive Directors listed on page 2 withheld their consent to be individually named in the disclosure of the information below.

	£5,000 to £9,999	£25,000 to £29,999	£45,000 to £49,999	£50,000 to £54,999	£55,000 to £59,999
All Executive Directors	1	1	1	2	1

	£60,000 to £64,999	£65,000 to £69,999	£80,000 to £84,999	£100,000 to £104,999
All Executive Directors	1	1	1	1*

* amount includes compensation for loss of office

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

	up to £2,499	£2,500 to £4,999	£5,000 to £7,499
All Executive Directors	2	6	2

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

4. 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	2004 Total No.	2004 £'000	2003 £'000
North	10	92	3	19	5	45	18	156	130
North West	16	123	8	18	2	10	26	151	169
Midlands	29	217	5	24	9	24	43	265	276
East	12	57	8	24	5	25	25	106	110
South East	23	99	4	3	9	29	36	131	153
South West	20	201	4	12	5	14	29	227	230
London	4	92	1	17	1	4	6	113	104
Wales	9	96	1	1	9	34	19	131	142
Total	123	977	34	118	45	185	202	1,280	1,314

Notes to the financial statements
Year Ended 31 March 2004

4. GRANTS PAYABLE (continued)

b) Other grants to member bureaux

Purpose	Funder	2004 Total No.	2004 £'000	2003 £'000
Independent Complaints				
Advocacy Service	Department of Health	32	2,241	-
Better Advice Better Health	Welsh Assembly	31	754	640
Rural Bureaux	Barclays plc	4	102	60
Rural Emergency CABx	Prudential Assurance Company	9	101	33
Rural Bureaux	Department of Trade and Industry	38	70	62
Bureau Consultancy	Capital Modernisation Fund	7	30	25
Guildford CAB	Legacy	1	26	-
Pilot Procurement Project	Department of Trade and Industry	1	25	-
CABnet	The City Parochial Foundation	11	23	18
Millennium Volunteers	Department for Education & Skills	40	20	19
Tax Credits Training & Information	Inland Revenue	1	8	-
Coalfield Bureaux	Coalfields Regeneration Trust	-	-	161
Askern CAB	Department of Trade and Industry	-	-	23
Rural Project	Northern Foods plc	-	-	5
Total		175	3,400	1,046

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	2004 Total No.	2004 £'000	2003 £'000
South West	Devon County Council	10	164	40
South West	Somerset County Council	6	41	31
Total		16	205	71
TOTAL BUREAUX GRANTS		394	4,885	2,431

d) Largest grants paid to member bureaux

	Bureau name	Description of grant	2004 £'000	2003 £'000
1	Westminster	Independent Complaints Advocacy Service	155	-
2	Camden	Independent Complaints Advocacy Service	101	-
3	Birmingham District	Independent Complaints Advocacy Service	90	-
4	York District	Independent Complaints Advocacy Service	76	-
5	Merton	Independent Complaints Advocacy Service	75	-
6	Caerphilly	Better Advice: Better Health	73	33
7	Bromley	Independent Complaints Advocacy Service	72	-
8	Barnsley	Independent Complaints Advocacy Service	71	-
9	Heswall	Independent Complaints Advocacy Service	70	-

Notes to the financial statements
Year Ended 31 March 2004

4. GRANTS PAYABLE (continued)

d) Largest grants paid to member bureaux (continued)

	Bureau name	Description of grant	2004 £'000	2003 £'000
10	Gloucester & District	Independent Complaints Advocacy Service	70	-
11	Liskeard	Independent Complaints Advocacy Service	69	-
12	Bootle	Independent Complaints Advocacy Service	69	-
13	Salford Mental Health	Independent Complaints Advocacy Service	66	-
14	South Lakeland	Independent Complaints Advocacy Service	66	-
15	Salford Combined Hospitals	Independent Complaints Advocacy Service	66	-
16	North Tyneside	Independent Complaints Advocacy Service	66	-
17	North East Somerset	Independent Complaints Advocacy Service	62	-
18	Dudley	Independent Complaints Advocacy Service	61	-
19	Stoke	Independent Complaints Advocacy Service	61	-
20	Worcester	Independent Complaints Advocacy Service	59	-
21	Coventry	Independent Complaints Advocacy Service	58	-
22	Durham	Independent Complaints Advocacy Service	57	-
23	Hackney	Independent Complaints Advocacy Service	57	-
24	Bromley	Partnership - Salary	54	-
25	Exeter	Independent Complaints Advocacy Service	52	-
26	Restormel	Partnership - Salary	50	-
27	Ynys Mon	Better Advice: Better Health	38	37
28	Torfaen	Better Advice: Better Health	38	35
29	Chapelton	Independent Complaints Advocacy Service	38	-
30	Swansea	Better Advice: Better Health	37	35
31	Conwy District	Better Advice: Better Health	37	36
32	Powys	Better Advice: Better Health	36	-
33	Ammanford	Better Advice: Better Health	36	37
34	Cardiff	Better Advice: Better Health	35	33
35	Vale of Glamorgan	Better Advice: Better Health	35	12
36	Newport	Better Advice: Better Health	35	13
37	North Kirklees	Independent Complaints Advocacy Service	34	-
38	Flintshire	Better Advice: Better Health	34	28
39	Vale Royal & District	Independent Complaints Advocacy Service	34	-
40	Harrogate	Independent Complaints Advocacy Service	33	-
41	Rotherham	Independent Complaints Advocacy Service	33	-
42	Poole	Independent Complaints Advocacy Service	33	-
43	West Lancashire	Independent Complaints Advocacy Service	33	-
44	West Wiltshire	Independent Complaints Advocacy Service	33	-
45	Wrexham	Better Advice: Better Health	31	31
46	Eden	Rural regeneration	30	23
47	Powys	Rural bureaux	30	-
48	Royal Courts of Justice	Partnership - Salary	28	27
49	Stockton & District	Independent Complaints Advocacy Service	28	-
50	North Denbighshire	Better Advice: Better Health	27	28

4. GRANTS PAYABLE (continued)

e) Grants to other bodies

A grant of £17,000 was paid to advice^{UK} (formerly the Federation of Independent Advice Centres) (2003: £24,000) in relation to their element of the National Homelessness Scheme project. A grant of £95,000 was paid to Friends of CABx (2003: £127,000), £75,000 of this was a grant to Citizens Advice, from Compaq, a subsidiary of Hewlett Packard Inc, for the provision of IT training for bureaux; the remaining £20,000 was paid from unrestricted reserves, for use in the Language Support scheme. A further grant of £3,000 to Friends of CABx was paid towards the production costs of its annual report.

f) Reconciliation to Statement of financial activities

	2004 £'000	2003 £'000
Total grants payable to bureaux (note 4a to 4c)	4,885	2,431
Total grants payable to other bodies (note 4e)	115	154
Direct staff costs	365	225
Other direct costs	180	225
Allocated staff costs	24	22
Allocated other costs	41	38
	5,610	3,095

5. TOTAL RESOURCES EXPENDED

	Staff costs £'000	Other direct costs £'000	Allocated staff costs £'000	Other allocated costs £'000	Total 2004 £'000	Total 2003 £'000
CABnet and Citizens Connect	2,209	9,742	6	13	11,970	8,022
Bureau audit and support	5,413	3,395	943	1,660	11,411	9,819
Bureau and other grants	365	5,180	24	41	5,610	3,095
Training	1,186	1,542	198	347	3,273	2,992
Information	876	214	195	344	1,629	1,409
Social policy	646	383	142	249	1,420	950
Trading activities	285	1,128	1	-	1,414	1,217
Management and administration	163	155	17	30	365	273
Cost of generating funds	201	39	39	68	347	265
	11,344	21,778	1,565	2,752	37,439	28,042

6. MANAGEMENT AND ADMINISTRATION

Management and Administration Costs (all unrestricted funds) are analysed as follows:

	2004 £'000	2003 £'000
Audit fees (internal and external)	68	74
Trustee meeting costs	65	43
Legal and professional	22	22
Staff costs	163	107
Other costs	30	17
Allocated costs	17	10
	365	273

Notes to the financial statements

Year Ended 31 March 2004

7. CORPORATION TAX

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

8. NET INCOMING RESOURCES

Financial, legal and professional expenses include professional indemnity costs of £110,000, which are recovered from Citizens Advice Bureaux along with other insurance services costs. These receipts are included in training and support income.

Net incoming resources for the year are stated after charging:

	2004 £'000	2003 £'000
Operating lease costs		
Property	1,452	1,426
Motor vehicles	40	61
Office equipment	32	33
Depreciation	154	298
Auditors' remuneration		
External audit fee	29	28

9. FIXED ASSETS

	£'000
Office and computer equipment	
Cost	
At 1 April 2003	894
Additions	184
Disposals	(616)
At 31 March 2004	462
Depreciation	
At 1 April 2003	750
Charge for the year	154
Disposals	(616)
At 31 March 2004	288
Net book value	
At 31 March 2004	174
At 31 March 2003	144

Notes to the financial statements

Year Ended 31 March 2004

10. DEBTORS

	2004 £'000	2003 £'000
Trade debtors	673	195
Other debtors	340	70
Prepayments and accrued income	1,821	986
HM Customs and Excise	48	374
	2,882	1,625

Included in **Other debtors** is £77,000 (2003 - £64,000), which relates to 74 staff season ticket or car loans. These are interest free and are recoverable through monthly payroll deductions. Four senior officers had loans outstanding, at the balance sheet date, of less than £5,000.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Trade creditors	1,542	1,727
Other creditors including taxation and social security	573	499
Accruals and deferred income	569	1,031
	2,684	3,257

	2004 £'000	2003 £'000
Other creditors consists of:		
Inland Revenue: PAYE	182	131
National Insurance	174	122
Other creditors	217	246
	573	499

	2004 £'000	2003 £'000
Deferred income		
Deferred income at 1 April 2003	445	502
Amount released from previous year	(445)	(502)
Incoming resources deferred in the year	414	445
Deferred income at 31 March 2004	414	445

12. PROVISIONS

	2004 £'000	2003 £'000
Property provisions		
Provision on 1 April 2003	26	8
Additional provision during the year	24	18
Provision on 31 March 2004	50	26

The provisions relate to rent reviews performed in the period which have not yet been finalised. It is expected that they will be finalised in 2004/2005.

13. STATEMENT OF FUNDS

	At 1 April 2003 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 March 2004 £'000
Unrestricted funds - DTI	1,478	23,471	20,222	-	4,727
Unrestricted funds - Other	612	1,755	1,758	-	609
Unrestricted funds - Designated	193	126	106	(50)	163
Total unrestricted funds	2,283	25,352	22,086	(50)	5,499
Restricted funds - DTI	1,140	520	938	-	722
Citizens Connect Project	2,671	10,265	7,881	50	5,105
Regional managed funds	248	640	600	-	288
Money Advice Trust funded projects	95	377	335	-	137
Independent projects	685	2,412	2,324	-	773
Independent Complaints Advocacy Service	-	2,670	2,534	-	136
National Homelessness Advice Service	-	420	420	-	-
CABnet programme	173	120	69	-	224
Training projects	113	62	87	-	88
Social policy projects	15	12	9	-	18
European Commission projects	30	173	156	-	47
Total restricted funds	5,170	17,671	15,353	50	7,538
Total funds	7,453	43,023	37,439	-	13,037

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

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

The Citizens Connect Project has received the second instalment of a total grant of £20 million from the Capital Modernisation Fund.

Regional Managed Funds are funds raised in the regions for local initiatives, and the income represents funds raised in the regions of £616,000 (Note 2, mainly from County Councils) and bank interest and other income of £24,000.

Money Advice Support Strategy funds are funds received via the Money Advice Trust (MAT) for the Money Advice Development Officer posts in the regions and for specialist Casework and Training consultancy to MAT agencies in England and Wales.

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

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

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

CABnet programme funds comprise all non-DTI funds received for the development of CABnet projects.

13. STATEMENT OF FUNDS (continued)

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

European Commission Funded Projects consist of three projects: the UK European Consumer Centre, Sexual Orientation and Religious Beliefs conference and the European Consumer Rights Project.

14. DESIGNATED RESERVES

London region reserves

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

Capital fund

The Capital fund has released the entire £50,000 from the independence grant received from the National Council of Social Services by Citizens Advice prior to its incorporation on 1 October 1979. This has been transferred to the Citizens Connect Project. The balance of the fund represents the capital element of DTI grants.

CAB general fund

The CAB general fund represents the excess of income over expenditure for the period prior to incorporation. It has been agreed that as general reserves these should be made available to be allocated as the Trustee Board decides for the CABnet project.

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	DTI £'000	Unrestricted Other £'000	Designated £'000	Restricted DTI £'000	Other £'000	Total £'000
Fund balances at 31 March 2004 are represented by:						
Fixed assets	-	2	110	-	62	174
Current assets	5,779	865	53	749	8,151	15,597
Current liabilities	(1,002)	(258)	-	(27)	(1,397)	(2,684)
Provisions	(50)	-	-	-	-	(50)
Fund balance	4,727	609	163	722	6,816	13,037

16. CITIZENS ADVICE BUREAUX

The financial statements record the income and expenditure of Citizens Advice. Local 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.

17. 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 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.

18. OPERATING LEASE COMMITMENTS

At 31 March 2004 Citizens Advice was committed to making the following annual payments in respect of operating leases:

	2004 Land and Buildings £'000	Other £'000	2003 Land and Buildings £'000	Other £'000
Leases which expire:				
Within one year	43	9	65	8
Within between two and five years	358	18	358	40
After five years	754	-	754	-

19. GRANT COMMITMENTS

At 31 March 2004 Citizens Advice was committed to making the following grants payable to member bureaux to be funded from future grant income:

	2004 £'000	
Within one year	506	Partnership grants
	677	Better Advice: Better Health
	139	Financial Literacy
	98	Rural bureaux
Between two and five years	239	Partnership grants
	228	Financial Literacy
	45	Rural bureaux

20. PENSION SCHEME

Citizens Advice sponsors The National Association of Citizens Advice Bureaux Pension and Assurance Plan (1991), which is a defined benefit scheme in the UK. Citizens Advice is the principal employer in the scheme, the other employers being London bureaux. The last full actuarial valuation of this scheme was carried out at 1 April 2001, and updated to 31 March 2004 by a qualified independent actuary. The actuarial valuation is due as at 1 April 2004, and will be received in the autumn of 2004.

The contributions made by Citizens Advice over the financial year have been £730,000, equivalent to 8.5% of Total Pensionable Salaries. This contribution rate is to continue until reviewed following the triennial valuation of the scheme due as at 1 April 2004.

The assets of the scheme are held in a separate fund administered by independent Trustees. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with Citizens Advice. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

20. PENSION SCHEME (continued)

The assumptions, which have the most significant effect on the results of the valuation, are those relating to the rates of return on investments and the rates of increase in salaries and pensions.

The most recent actuarial valuation was carried out with an effective date of 1 April 2001. For that valuation it was assumed that the investment returns would be 7.0% per annum before retirement and 5.0% per annum after retirement, that salary increases would average 4.0% per annum and that present and future pensions would increase in payment at the rate of 2.5% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £39,417,000 and that the actuarial value of those assets represented 102% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company and employees will remain at 8.5% and 8.9% of earnings respectively until reviewed following the actuarial valuation.

The transitional arrangements of the new accounting standard FRS17 require disclosure of assets and liabilities as at 31 March 2004 calculated in accordance with the requirements of FRS17. They also require disclosure of the items which would appear in the profit and loss account and in the statement of total recognised gains and losses were the full requirements of FRS17 in place. For the purpose of these financial statements, all of these figures are illustrative only and do not impact on the actual 31 March 2004 balance sheet or on this year's performance statements.

The figures disclosed are those for the entire scheme as it is not possible to accurately separate them for each participating employer. However, Citizens Advice's share of the pension contributions made for the year to 31 March 2004 is 70.8%.

Assumptions

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

	As at 31 March 2004	As at 31 March 2003	As at 31 March 2002
Inflation assumption	2.50% p.a.	2.50% p.a.	2.50% p.a.
Rate of increase in salaries	3.50% p.a.	3.50% p.a.	3.50% p.a.
Rate of discount	5.60% p.a.	5.25% p.a.	5.90% p.a.
Rate of increase in pensions in payment	2.50% p.a.	2.50% p.a.	2.50% p.a.
Revaluation rate for deferred pensioners	2.50% p.a.	2.50% p.a.	2.50% p.a.

The following amounts at 31 March 2004 were measured in accordance with FRS 17:

	2004 £'000	2003 £'000	2002 £'000
Total market value of assets	37,369	30,784	37,200
Present value of scheme liabilities	(51,781)	(51,065)	(43,100)
(Deficit) in scheme - Net pension liability	(14,412)	(20,281)	(5,900)

Notes to the financial statements

Year Ended 31 March 2004

20. PENSION SCHEME (continued)

If the amounts above had been recognised in the financial statements, the charitable company's net assets and general reserve at 31 March 2004 would be as follows:

	2004 £'000	2003 £'000
Net assets excluding pension liability	13,037	7,453
Pension (liability)	(14,412)	(20,281)
Net (liabilities) including pension liability	(1,375)	(12,828)
Unrestricted reserve excluding pension liability	5,336	2,050
Pension (liability)	(14,412)	(20,281)
Unrestricted reserves including pension (liability)	(9,076)	(18,231)

Assets

The assets and liabilities in the Scheme on an FRS 17 basis, as at 31 March 2004 were:

	As at 31 March 2004 £'000	As at 31 March 2003 £'000	As at 31 March 2002 £'000
Equities	28,269	19,562	27,677
Bonds	8,087	10,245	9,002
Cash	1,013	977	521
	37,369	30,784	37,200

The expected long term rates of return as at 31 March 2004 were:

	2004	2003	2002
Equities	6.85%	6.50%	7.15%
Bonds	5.60%	5.25%	5.90%
Cash	4.00%	3.75%	5.90%

Illustrative charge to the Statement of Financial Activities over the financial year to 31 March 2004

Additionally, if the pension costs had been recognised in accordance with FRS 17, the following components of the pensions charge would have been recognised in the statement of financial activities ended 31 March 2004;

	2004 £'000	2003 £'000
Current service cost	(1,474)	(810)
Other finance income:		
Expected return on pension scheme assets	1,884	2,558
Interest on expected scheme liabilities	(2,710)	(2,554)
Net return	(826)	4
Total actuarial (loss) recognised	(2,300)	(806)

20. PENSION SCHEME (continued)

Illustrative amounts to show the experienced gains and losses during the year to 31 March 2004

	31 March 2004	31 March 2003
Difference between expected and actual return on assets:		
Amount £'000	4,021	(9,474)
Percentage of scheme assets	11%	31%
Experience gains and (losses) arising on the scheme liabilities:		
Amount £'000	(393)	853
Percentage of present value of scheme liabilities	1%	2%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:		
Amount £'000	3,509	(5,900)
Percentage of present value of scheme liabilities	7%	12%
Total amount recognised in the statement of financial activities		
Amount £'000	7,137	(14,521)
Percentage of present value of scheme liabilities	14%	28%

Movement in illustrative balance sheet deficit figures during the year to 31 March 2004

	2004 £'000	2003 £'000
(Deficit) in scheme at 1 April	(20,281)	(5,900)
Movement in the year:		
Current service cost	(1,474)	(810)
Net interest / return on assets	(826)	4
Contributions	1,032	946
Past service costs	-	-
Other finance income	-	-
Actuarial gain / (loss)	7,137	(14,521)
(Deficit) in scheme at 31 March	(14,412)	(20,281)

21. RELATED PARTY TRANSACTIONS

There have been related party transactions identified in accordance with FRS 8 and with Treasury Guidance. Citizens Advice is sponsored by the Department of Trade and Industry. The Department of Trade and Industry is regarded as a related party. During the year, Citizens Advice has had no material transactions with the Department other than the receipt of its Grant in Aid, and £492,000 for three specific projects as shown in note 2a) (2003: £1,018,000, 7 specific projects). Citizens Advice had a number of transactions during the year with *Citizens Advice Scotland*, which is also sponsored by the Department of Trade and Industry.

The Friends of CABx Trust (Friends of CABx) is a charity established to raise funds for the benefit of Citizens Advice Bureaux. The Friends of CABx has two trustees who are also directors of Citizens Advice. There were transactions between Citizens Advice and Friends of CABx of £15,000 in relation to management contracts and expenditure recharges to Friends of CABx. A grant of £75,000 was paid to Friends of CABx from Citizens Advice, this money came from Compaq, a subsidiary of Hewlett Packard Inc, for the provision of IT training to bureaux, and a further grant of £20,000 was paid from unrestricted funds, for the use in connection with the Language Support scheme. Citizens Advice also paid £3,000 towards the production costs of the Friends of CABx annual report. During the year payments from Friends of CABx to Citizens Advice were received totalling £15,000 (2003: £14,000) for management contracts and £1,000 (2003: £1,000) in relation to expenditure recharges. At 31 March 2004 Friends of CABx owed Citizens Advice £nil (2003: £nil).



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Citizens Advice is an operating name of
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Charity registration number: 279057

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