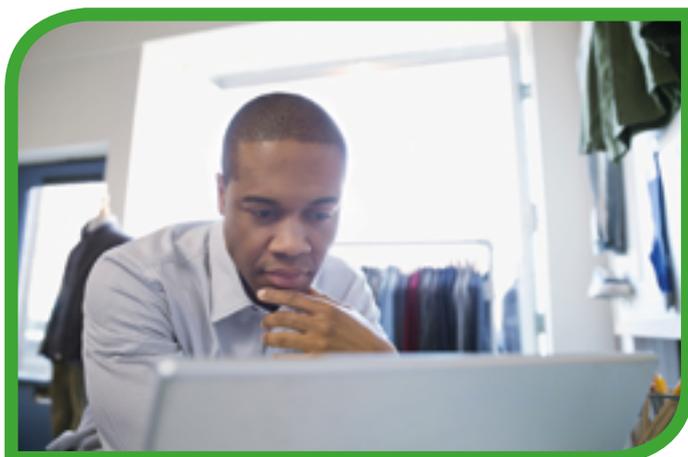


Annual Report and Accounts

for the year ended 31 March 2015



The Money Advice Service Annual Report and Accounts 2014/15

The Accounts for the year ended 31 March 2015 are presented to Parliament pursuant to paragraph 9A(3) of Schedule 1A of the Financial Services and Markets Act 2000

The Annual Report is presented to the House of Commons by Command of Her Majesty

The Annual Report is presented to the House of Lords by Command of Her Majesty

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20 July 2015

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Company information

Registered address:	5th Floor 120 Holborn London EC1N 2TD
Country of incorporation:	United Kingdom
Organisation type:	Company limited by guarantee
Bank:	HSBC 45 Bank Street Jubilee Place London E14 5NY
External Auditors:	Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road London SW1W 9SP
Internal Auditors:	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Solicitors:	Simmons & Simmons LLP CityPoint One Ropemaker Street London EC2Y 9SS



About the Money Advice Service

The Money Advice Service is here to help people change their lives by managing their money better.

We want to help people change the way they think and act around money so that they:

- keep track of their money,
- budget to live within their means,
- have something put aside for a rainy day,
- deal with periods of financial difficulty, and
- plan for the future.

We offer people guidance and information across the full range of money matters, online and via webchat, by telephone and face to face. We work with partners across government, business and the voluntary sector to make sure people get the advice they need, when and where they need it.

We are an independent body set up by Parliament under the Financial Services Act 2010. Since 2012 our statutory function has also included co-ordinating the debt advice sector to improve the availability, quality and consistency of debt services.

The Money Advice Service is the largest single funder of free debt advice in the UK. Our funding enables our partners to give hundreds of thousands of people each year the help and support they need to take control of their situation, turn their lives around and get back on track.

In addition to our own services and those we fund, we have an important role in providing leadership and co-ordination to the work of a wide variety of organisations, aimed at improving people's financial capability and wellbeing.

Our funding comes from levies on the financial services industry, collected by the Financial Conduct Authority.

Chairman's and Chief Executive's foreword



Chairman's foreword

This has been a pivotal year for the Money Advice Service. The independent review of the Service carried out by Christine Farnish and published by the Treasury in March, confirmed that levels of financial capability in the UK are low and that we have an important role to play in tackling this.

The foundation of all our work going forward is the new Financial Capability Strategy for the UK. Consumers are facing a rapidly-evolving financial landscape as a result of demographic shifts and changes to both the economic backdrop and government policy. The context in which people are making financial decisions is changing. This means the help they need – the help we provide – has to change as well. Our developing Financial Capability Strategy aims to tackle the key weaknesses in the nation's financial capability whilst also addressing the new challenges arising from the rapid pace of change.

By delivering on our goal of a more informed and resilient population, we will also be playing our part in sustaining a healthy, functioning financial services marketplace where those providing products and services can continue to thrive.

The final Financial Capability Strategy will be published shortly, providing a blueprint for how the industry and the wider financial capability sector can work together to help people manage their money better. The challenge now is to maintain the momentum, building on the excellent work that many organisations are already doing to help people manage their finances, and to co-ordinate those efforts to maximise their collective impact for consumers.

We have also been taking significant steps on debt advice to ensure more people have access to the high-quality advice they need. Our new Debt Advice Steering Group – one of the recommendations from the Farnish report – will help us to ensure that provision is even more closely co-ordinated across the sector and that a common strategic response to shared problems and issues can be developed. The benefits of this will be felt by some of the most vulnerable people in society, and it is a great privilege for me to be so closely involved in this. I look forward to continuing to help drive this vital work.

Across the board, the Service has demonstrated its commitment to working with others to deliver real benefit to consumers the length and breadth of the UK. The Review challenges us to continue in this vein and to focus our own service on 'filling gaps'. We are determined to rise to that challenge so that we can deliver the maximum benefit to consumers.

I would like to thank Caroline Rookes and the team for all they have done during a challenging year to help consumers across the UK in 2014/15. Nobody can be in any doubt that there remains much more to do, but I am confident that, with the strong team we now have in place, we will continue to provide the strategic leadership needed to bring about a step-change in the nation's money management.



Andy Briscoe
Chairman

//
...the Service has demonstrated its commitment to working with others to deliver real benefit to consumers the length and breadth of the UK. //

Andy Briscoe
Chairman, the Money Advice Service

Chief Executive's introduction

For many people, getting help with their finances is vital to their wellbeing and that of those around them. Making sure people get the help they need is what we are here for – so I'm delighted that more people than ever have benefited from the service we provide and from the debt advice we fund.



Caroline Rookes
Chief Executive

The Money Advice Service has continued to make good progress in 2014/15. We have continued to increase the reach of our own service. More than 8.4 million people contacted the Service in 2014/15, an increase of around 90% on the previous year, and nearly four times the number doing so in 2012/13. Customer contacts – either directly or through our partners – have increased by more than one-third year on year to more than 22 million. Crucially, more of our customers are taking action after they have contacted the Service so that we can say we are truly starting to make a difference to the nation's financial behaviour and helping people make better decisions. We have also increased the number and range of partners we work with to ensure even more people can get the help they need.

Research consistently demonstrates that high-quality debt advice is effective in getting people to take action to manage and reduce their debts. We want to make sure that more and more people who need debt advice services are using them. The introduction in October 2014 of new three-year funding arrangements with our lead delivery organisations in England and Wales, has enabled them to increase provision significantly and we are keen to extend this approach to Scotland and Northern Ireland.

This has gone hand in hand with a wide range of measures to improve the quality and consistency of the debt advice clients receive. We have increasingly looked to work with advisers, creditors and other stakeholders to encourage the sharing of best practice and common procedures. This enables clients – not just of the services we fund directly but across the sector – to benefit from these improvements.

The ongoing process to develop the new Financial Capability Strategy for the UK is the manifestation of our collaborative approach to helping consumers. The new UK Strategy will be at the heart of the Service's work, both in thinking about how we deliver our own service and in meeting our responsibility for strategic co-ordination. This is a role which will take on increasing importance as the Strategy moves into the implementation phase. We need to work together across the sector to ensure consumers get the best help we can give them.



It was gratifying that Christine Farnish's comprehensive report was broadly in line with the direction of travel we have set for ourselves, ensuring that we adjust to the changing landscape and work with others to deliver further improvements.

We have already begun to respond to the report's recommendations and we are continuing to work closely with stakeholders to ensure that the services we provide, and the way we work with others, are aligned with consumers' needs and interests. By inviting a panel of independent experts to guide our response to the Review, we hope to ensure that it also commands broad support across the range of organisations involved in improving the nation's financial capability.

The Money Advice Service that emerges from this process may look a little different and do things a little differently – but we will not let up in our desire to get consumers to engage with their finances or in our focus on helping people manage their money better.

Our performance in 2014/15 provides strong evidence that we are continuing to find new and better ways of doing this. Our task now is to build on that success while adapting to a new environment.

Caroline Rookes

Chief Executive, the Money Advice Service

// Making sure people get the help they need is what we are here for – so I'm delighted that more people than ever have benefited from the service we provide and from the debt advice we fund. //

A look back at 2014/15

Our year in numbers



8.4 million
engaged users =
90%
increase on 2013/14

Funded more than
250,000
free debt advice sessions =
40%
increase on 2013/14

12.5 million
customers given
the help they required =
more than
double
our target

16.5 million
actions – including
11.5 million
for budgeting

90%
would use the Money
Advice Service again





Our performance

In 2014/15 the Money Advice Service helped more people than ever to gain control of their finances:

- Our funding enabled our partners to deliver more than a **quarter of a million** free debt advice sessions across the UK.
- We achieved more than **22 million** customer contacts through our online, telephone and face-to-face services, an increase on the previous year of more than one-third.
- We reached more than **8.4 million** people in the UK through our website – nearly four times the number we achieved in 2012/13 and up by 90% year on year.
- Our customers took almost **16.5 million** actions to improve their financial situation as a result of getting help from our service.
- This included **11.5 million** actions to improve their budgeting and help them live within their means.

Key Performance Indicators	Full year (April 2014-Mar 2015)	Annual target 2014/15
Volume of customer contacts*	22,250,000	16m
*a visit to the website, webchat, phone or face-to-face session		
■ Online contacts (excluding webchats) <i>Engaged UK users: 8,421,000[†]</i>	22,018,000	
■ Face-to-face contacts	95,000	
■ Telephone contacts	92,000	
■ Webchats	45,000	
Number of times we have given customers the help they required	12,485,000	6m
[†] Engaged UK users' are new unique users of the site who are based in the UK and spend more than 15 seconds on the site.		

Satisfaction criteria	Full year (April 2014-Mar 2015)	Annual targets 2014/15
% of people stating Service helped them decide on a course of action	63%	70%
% of people stating Service provided them with help required	87%	82%
% of people stating they will revisit the Service	90%	88%
% of people who would recommend the Service	87%	85%

Number of actions taken as a result of the service	Full year (April 2014-Mar 2015)	Annual target 2014/15
Total actions taken	16.5m	4.5m
■ Budgeting to live within means	11,574,101	
■ Managing Debt well	2,194,162	
■ Saving Regularly	1,648,675	
■ Being prepared for later life and retirement	779,602	
■ Protected against the unknown	289,863	

Debt advice	Full year (April 2014-Mar 2015)	Annual target 2014/15
Debt sessions funded through partners	251,700	237,500
■ England & Wales	219,700	
■ Northern Ireland	3,700	
■ Scotland	28,200	
(Figures for Scotland cover March 2014 – February 2015)		





Working with others

Working with others is an integral part of our approach. We are helping millions of people manage their money better every year – but we know we can do so much more in partnership.

Co-ordination and leadership

Our partners and stakeholders have been instrumental in helping to develop a new **Financial Capability Strategy for the UK** which will set the agenda for how we can all work together to improve the nation's money management. For more details see page 38.

Debt advice

Partnership is at the heart of our debt advice work. In England and Wales, we fund five lead partners: Citizens Advice (including Citizens Advice Cymru), Capitalise, East Midlands Money Advice, Money Advice West and Greater Merseyside Money Advice. In Scotland, we work in partnership with the Scottish Legal Aid Board and in Northern Ireland with the Department of Enterprise, Trade and Investment (DETI).

We work closely with a range of stakeholders on initiatives to improve quality and consistency in the debt advice sector – indeed, without the support and buy-in from partners, it would be impossible to generate the improvements we are making in the debt advice sector.

Money advice

The partners we work with help us reach customers who might otherwise not think to use our service or seek out help and guidance. Over the course of 2014/15, our partnerships helped drive more than 3 million customer contacts.

We make our tools and content freely available to all sectors – businesses, charities and government bodies – and work with them to ensure the content is relevant to their customers and clients. In this way, the support and advice we offer gets through to people when and where it is most likely to have an impact.

**Examples in 2014/15 include:**

- Working with Mothercare to provide face-to-face advice in store to support new parents
- Partnering with UCAS and BBC Radio 1 to reach young people on student finance and the cost of living
- Launching a NHS Debt and Mental Health tool to help people identify how debt and money problems might also be affecting their mental health
- Helping Royal Bank of Scotland to provide our advice on interest rates to its own customers
- Building relationships with Rightmove and On The Market to help consumers understand the full cost of buying a home

What our partners say about working with the Money Advice Service:

Google Compare:

"Google Compare and Money Advice Service have teamed up to help users understand finance and insurance products in the UK. By delivering clear and understandable guides on popular topics in the sector we hope this will empower users to make wise financial decisions."

Co-operative Funeralcare:

"As leaders in our industry we are a trusted source for guidance and support. The partnership with the Money Advice Service enables us to provide information to help our clients make more informed choices when facing financial challenges after the loss of a loved one. This is a great joint venture and an opportunity to create a lasting partnership."

Department for Work and Pensions:

"Working in partnership with the Money Advice Service we were able to produce a leaflet that will resonate with DWP claimants, encouraging them to seek out the help and support available through the Money Advice Service. This advice is invaluable to many of our claimants, some of whom may be learning about budgeting for the first time."

Regulated advisers

It is vital that consumers can access regulated financial advice if we and other organisations are unable to help them. Regulated advice can give consumers a specific product recommendation from a qualified adviser, backed up by a suite of valuable consumer protections. This has become even more important with the introduction of new freedoms in how people approaching retirement can access their pension pots.

We have created a single directory of regulated financial advisers with particular expertise in providing advice for the retirement market. We consulted widely on our proposals to create the directory, and we have been guided in this work by an independent panel of experts drawn from the advice community and consumers groups. We also attended a range of adviser networks, conferences and events around the UK to ensure the maximum possible number of adviser firms registered for the directory.

Forums and consultations

Engagement and consultation with stakeholders from a wide range of sectors is important for us in developing and improving our service, and ensuring we offer the best help to consumers.

We have three consultative forums, one devoted to debt advice, one comprising senior industry representatives, and one bringing together consumer groups. These forums meet regularly, helping us to shape our plans, provide insight, offer challenge and discuss topical issues of mutual interest.

In addition, we have forums in Wales, Scotland and Northern Ireland, along with a country manager dedicated to working with stakeholders in each of those nations. See page 41 for more details of our work in the devolved nations.

We also hold formal consultations and consultation events on key aspects of our work, including in 2014/15 on the draft Financial Capability Strategy for the UK and the Standard Financial Statement for the debt advice sector.



Independent Review

The background of the page is a solid purple color. Overlaid on this are several large, overlapping, curved bands of a lighter shade of purple, creating a sense of depth and movement. The bands curve from the bottom right towards the top left.



Independent Review

An important milestone for the Service in 2014/15 was the independent review of our work conducted on behalf of HM Treasury by Christine Farnish ('the Review').

The Review was announced in May 2014, with a call for evidence in July. Its report was published by HM Treasury on 20 March 2015.¹ We worked closely with the review team throughout this period to ensure they had access to the information they needed.

The report confirmed that the Money Advice Service has an important role in meeting consumers' need for support to make good financial decisions. It delivered a strong endorsement of our work to co-ordinate the debt advice sector and, working with others, to lead the development and implementation of a new Financial Capability Strategy for the UK. For our own delivery of advice and guidance on money management, the report made a number of proposals which would require significant changes to the way we work.

In our response to the Review we welcomed the direction of the report and supported many of the specific recommendations. The landscape in which we operate has changed significantly since the Money Advice Service was established and, like any organisation, we need to evolve to meet changing circumstances and consumer needs.

In all, the report made 25 specific recommendations to strengthen the Service.² In many cases these reflected existing priorities. Building on this shared direction of travel, we have already taken action to implement most of the Review's findings:

1. Review of the Money Advice Service (HM Treasury, March 2015).

2. www.moneyadviceservice.org.uk/files/mas-response-to-independent-review.pdf



- ➔ **Independent Panel:** we have convened an independent panel of experts to oversee our response to the money advice recommendations contained within the Review and provide effective challenge to what we do.
- ➔ **Debt Advice Steering Group:** in June we held the first meeting of a new high-level steering group bringing together senior figures from across the debt advice sector, including the chief executives of the main debt charities and representatives of the main creditors.
- ➔ **Financial education:** in April we hosted a ground-breaking 'funders' summit' for organisations involved in helping children and young people learn about money management, as the first step in developing our leadership role in financial education in schools.
- ➔ **Research hub:** we launched an evidence hub in March bringing together evidence of the impact of financial capability initiatives from around the world. We are continuing to gather and publish a range of insights on consumers' financial behaviour. We are also undertaking our annual Financial Capability Survey, to be published in the autumn.
- ➔ **Strengthening the Board:** four new non-executive Directors have been appointed.

On some of the report's recommendations, we need to carry out more detailed work – aided by the Independent Panel – to understand consumer need. For example, the Review recommends that we significantly scale down the content of our own website and proposes that we look to establish a telephone-based 'financial helpline' to give consumers help with financial products and services.

We will work with the Financial Conduct Authority (FCA) and others to ascertain how we can best take forward these recommendations. In all cases, our overriding consideration will be what is in consumers' best interests. We will report our conclusions to HM Treasury in autumn 2015.

Delivering our plan



Delivering our plan

Our Business Plan for 2014/15 set out an ambitious plan to give more people than ever the help they need to manage their money better.

The Plan was divided into three main themes:

1 Delivering a highly effective service, making a real impact on people's lives – through our own online, phone and face-to-face money advice service

2 Improving access to high-quality debt advice for over-indebted people – working with our partners and across the debt advice sector to improve the availability, quality and consistency of debt advice

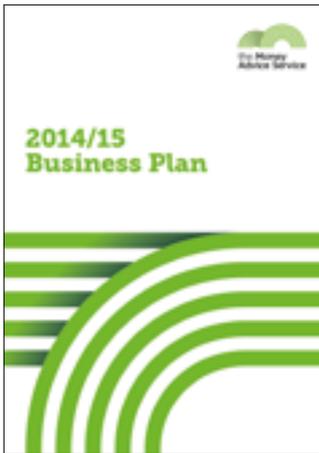
3 Driving the wider agenda to improve people's financial capability – including through leading the development of a new Financial Capability Strategy for the UK



Theme 1 –

Delivering a highly
effective service, making
a real impact on
people's lives

There are many times in people's lives when they are faced with important decisions which could have a lasting impact on their finances. We help people make better decisions for themselves and their families.



In our Business Plan for 2014/15, we identified the need to encourage people to stop and think about their money, reaching them with the right advice at the right time, and guiding and supporting them to take action.

We also set out our determination to develop more effective ways to gauge the impact our service has, including new measures of the number of times we give customers the help they need, and the number of actions people take as a result. In both cases we have achieved more than twice our target figures.

"The service was great for me as it answered my query efficiently and effectively."

A service for everyone

The Money Advice Service is available to everyone and offers help and guidance to people at every stage of their lives.

We aim to provide people with clear, accurate and impartial information and make an impact on them when they will get the most benefit. Often this will mean helping them think through the financial implications of what they are planning to do – leaving school and starting out at work or college; buying a car or a home; getting married and starting a family; or approaching retirement.

"I find the Money Advice Service a useful resource which I use often to obtain unbiased, easy-to-understand information. I have recommended this resource to friends, family and colleagues."

Unplanned events can also have significant impacts on people's finances. Our service can help people deal with the effect of issues such as redundancy, long-term illness, separation or bereavement.

To help manage these key life events, people also need to know how to manage their money more effectively day to day – budgeting to live within their means and putting money aside to help establish a financial buffer. The guidance we provide is designed not just to give people information but to prompt specific action to help people build this layer of financial resilience.

An accessible service

We are committed to making our service available and accessible to everyone, regardless of gender, race, age, ability or technology. We work closely with a specialist organisation, the Digital Accessibility Centre, to help us develop our understanding and awareness of issues around accessibility, and to train our editorial, design and development teams in best practice.

When our service was launched in 2011, mobile was only emerging as a platform to access the web. It is now increasingly the main medium that people use to access web services and content. A key initiative during 2014/15, was to improve the experience we offer to customers by evolving our website so that it is 'responsive' – in other words, it adapts on smaller devices such as smartphones or tablets, allowing the user to view and navigate the content with ease. This means we can now serve website visitors wherever, whenever and through whichever device they choose.

The responsive site has been developed to adhere to the guidance of the World Wide Web Consortium's Web Accessibility Initiative.

We ensure that people with disabilities can access our service by offering text phone, webchat and accessible locations for face-to-face advice. We make our printed publications available in a range of formats including Braille, large print and audio.

We have included an online feedback tool for those wishing to bring accessibility issues to our attention, and we include a set of questions around equality, diversity and inclusion in all the quantitative surveys and trackers that we conduct.

In December 2014, we were awarded a 'Disability-smart' award from the Business Disability Forum. These awards are given to organisations that demonstrate an outstanding commitment to employing, working with and doing business with disabled people.



Enhancing our service

With the vast majority of our customer contacts coming through our website at www.moneyadvice.org.uk, our online service is at the heart of our efforts to help people manage their money better.

We draw on insights from behavioural science and conduct extensive user-testing so that the information and tools we provide are effective in guiding people through the steps they need to take. We also keep our content under review to ensure it continues to be relevant to customers and adds value, rather than duplicating services available elsewhere.

"I found it very helpful, easy to understand the language and terminology and felt the site was well laid-out and simple to navigate. Excellent!"

We have worked hard to optimise our website for 'natural search' – so that people searching for key terms will increasingly be directed to our site. This has enabled us to increase the number of people coming to our service at lower cost.

"I stumbled on the site through Google and was amazed to find loads of great stuff here."

"The Money Advice Service has helped with understanding and budgeting for the costs involved with buying our new home."

In 2014/15 the most popular sections of our website were around:³

- ➔ Homes and mortgages – **1.7 million** unique page views (September 2014 - March 2015)
- ➔ Births, deaths and family – **1.6 million**
- ➔ Work, pensions and retirement – **1.4 million**

The tools our customers used most were:⁴

- ➔ Mortgage Payments Calculator – **700,000** completions
- ➔ Mortgage Affordability Calculator – **580,000**
- ➔ Stamp Duty Calculator – **460,000**
- ➔ Pension Calculator – **225,000**
- ➔ Loan Calculator – **205,000**



Our new **Mortgage Payments Calculator** allows customers to work out how much they can expect to pay each month, whether they opt for a repayment or interest-only mortgage. It also gives them information about the impact of prospective interest rate rises on their payments.

3. The categories used changed in September 2014. These figures relate to the last 3 quarters of the year only. Figures rounded to the nearest 100,000.

4. Figures rounded to nearest 5,000.

Retirement Journey

Giving people the help they need as they approach retirement has always been one of the Money Advice Service’s top priorities.

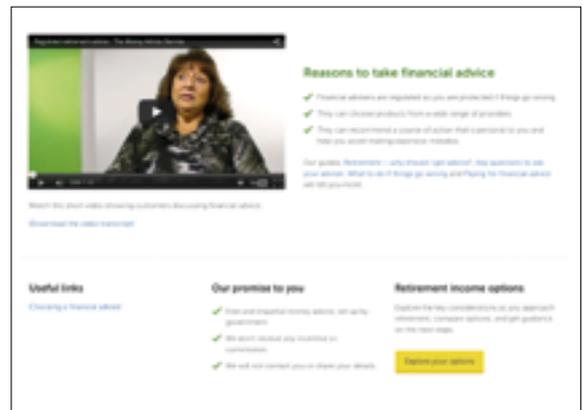
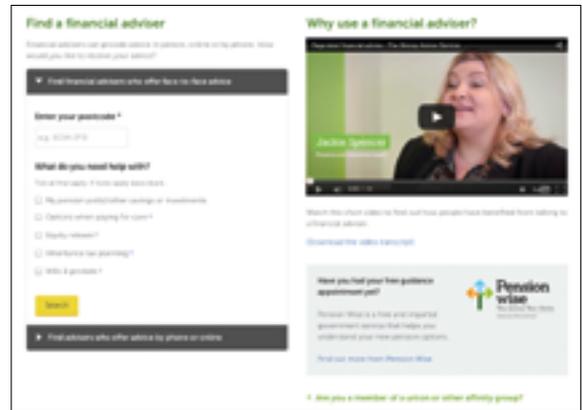
The 2014 Budget announced the introduction of wide-ranging reforms to the rules governing how people can access their retirement savings. The reforms went ‘live’ in April 2015.

The reforms give people considerably greater flexibility and choice in how they can access their savings, increasing the need for high-quality advice and guidance to avoid the pitfalls that come with increased complexity.

In 2014/15 we have continued to develop our own service while also working closely with HM Treasury and others to ensure that what we do complements the Pension Wise service set up by government to help people understand the new rules.

- We created a new **retirement landing page** with new content that covers supports the retirement life event.
- We also launched a new **retirement options** tool that walks people through their considerations when making decisions for retirement.
- For many people, annuities will continue to play an important role, providing a secure underpinning to their retirement income. We have set up a new **annuities comparison table** to allow people to compare prices from a wide range of providers and help them get the best deal for themselves and their families.
- In addition to Pension Wise and our own service, many people will need regulated advice to help them make the right decisions and benefit from the full range of consumer protection. Our new **retirement adviser directory** helps people find a qualified adviser to give them a specific product recommendation. The directory includes only advisers with a particular expertise in providing advice for the retirement market. There are currently more than **5,500** advisers from over **3,000** firms listed in the directory.

In addition to developing our own services, we seconded around 10 of our own experts to HM Treasury to help them design the guidance offered by Pension Wise and build the website.



“Very simple and organised website. I always found pensions difficult to understand, but not on this site.”

Our phone, webchat and face-to-face service

Sometimes people want to talk to someone or need more personalised help than we can provide directly through our website. Customers can ring one of our money advisers six days a week, or take part in a webchat session with an adviser.

Because some customers prefer to talk to someone face to face, they can also make an appointment to do this at a range of accessible locations.

Stories from our advisers

"I had a customer on webchat wanting to discuss what she felt were unfair bank charges being applied to her account. I discussed the reasons behind these charges and referred her to a page on our website about reclaiming unfair charges. The customer then came back in a separate chat to explain that she had followed the advice given and has been offered a full refund. Result!"

"I have been dealing with a customer, recently 60 years old, who hadn't worked for 10 years, and thought he'd never work again. Working in partnership with the charity CAIS, we helped him build up his IT and interview skills, and arranged a volunteer programme for him at a local church. We also explained to him the potential for working tax credits and the situation with regard to income tax and National Insurance. He could clearly see himself in a better place, both financially and emotionally, if he was in work. The result was that the customer secured a full-time job with travel time also paid, and loves his job, working as part of a team."

Over the year, our network of advisers has delivered:

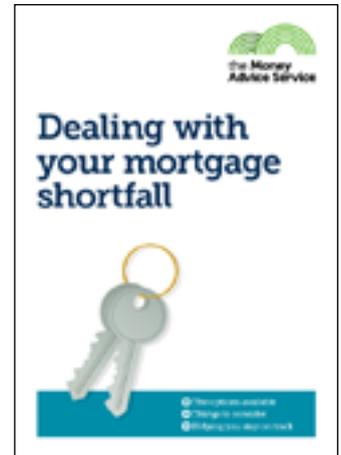
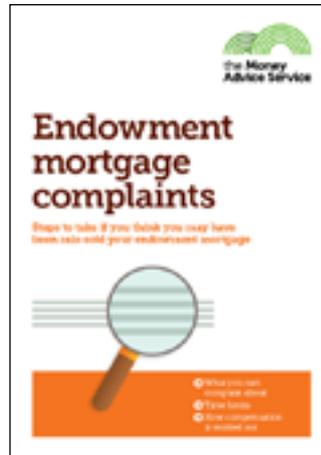
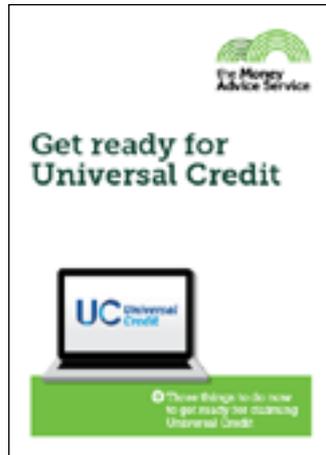
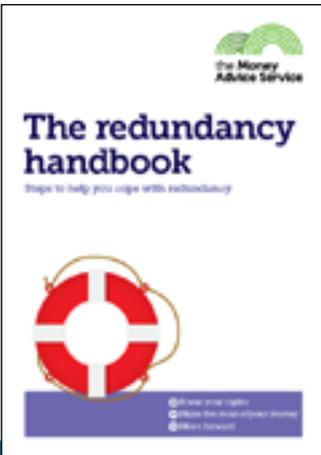
- ➔ 95,000 face-to-face sessions,
- ➔ 92,000 telephone consultations, and
- ➔ 45,000 webchats.



Top topics covered were:

Face-to-face	Telephone	Webchat
Benefits (37%)	Debt and borrowing (34%)	Debt and borrowing (28%)
Budgeting and money management (29%)	Work, pensions and retirement (16%)	Work, pensions and retirement (18%)
Debt and borrowing (16%)	Homes and mortgages (15%)	Homes and mortgages (13%)

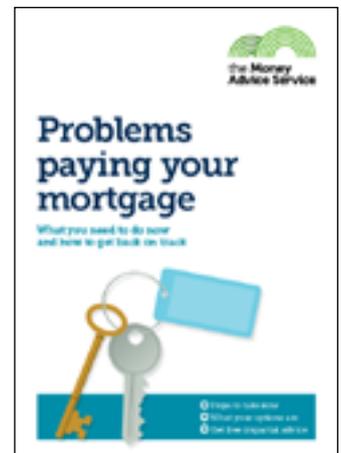
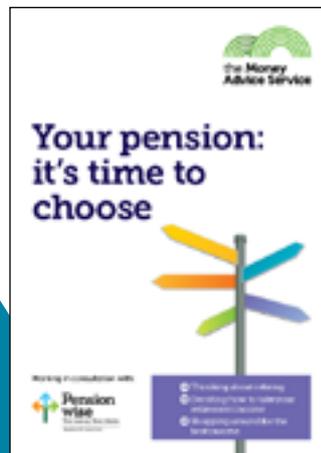
We also received just over 3,000 contacts via email.



Printed guides

We offer a wide range of printed leaflets which we distribute through our partners. These provide information for people going through significant events in their life such as getting a mortgage or coping with redundancy. We also have printed information to help people claiming Universal Credit.

Over the course of 2014/15 we distributed more than 1.6 million printed guides.

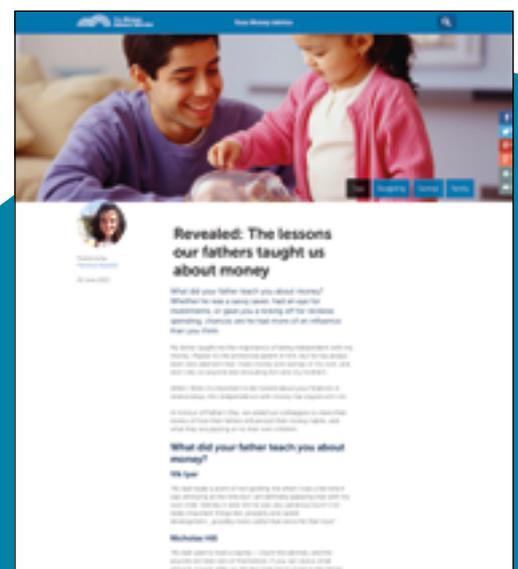


Raising consumers' awareness of key money issues

An important focus for the Service is to draw consumers' attention to key personal finance issues, encourage them to stop, think and talk about their money, and then take action. The Independent Review emphasised the importance of our role in doing this. We launched a number of awareness-raising initiatives during 2014/15.

- ➔ We launched a campaign in July 2014, with motoring journalist and TV presenter Quentin Wilson, to encourage people to consider all of the costs of running a car before rushing into a purchase. This was based on research showing that 56% of recent car buyers said that the costs of running a second hand car were higher than expected, and that in 1 in 4 cases these bills had a big impact on household finances. We encouraged consumers to use our car cost tool and car-related money advice content, the go live of which coincided with the campaign. These helped people to work out the true costs of running a car. More than 180,000 people completed the car tool within the first 11 weeks of the campaign.
- ➔ In October 2014, we launched a consumer campaign to raise awareness among the public about how a rise in interest rates could affect them. We carried out a survey which showed that 56% of people had no contingency plan in place and that one in five would struggle to meet the cost of any increase in mortgage payments. A significant amount of coverage in the national media, together with radio and social marketing, led to a significant rise in people completing home related tools on our website.
- ➔ In February 2015, we issued a press release in advance of Valentine's Day, highlighting that 13% of married people have a 'secret stash' in case they need to escape from their relationship, and that the average size of the escape fund is £7,500. Our advice was to avoid treating money as a taboo subject and to begin to talk about money at an early stage with a potential partner.

A further initiative during 2014/15 was the launch of a daily blog containing a wide range of topical and news-related features, designed to encourage people to start thinking and talking about money. As well as articles by our own experts, the blog has featured posts by guest contributors from organisations such as Relate, 7 Families and MummyMoneyMatters, and from the Financial Times' 'Mrs Moneypenny'. We use social media and customer newsletters to ensure that our blog posts reach as many people as possible, providing helpful guidance at low cost. Since the blog went live in December it has had nearly 500,000 visits.



Theme 2 –

Improving access to
high-quality debt advice
for over-indebted
people

Helping over-indebted people free themselves from debt and get their lives back on track is a hugely important task, with benefits not just to the individuals involved but to their families and society more widely.

There are around 9 million over-indebted people in the UK but less than one in five actively seek advice to deal with their problems. Since April 2012, it has been part of our statutory function to co-ordinate the debt advice sector to improve the availability, quality and consistency of services to people in this position.

The Money Advice Service is also the largest single funder of free debt advice in the UK. In 2014/15 our funding enabled our delivery partners to deliver more than 250,000 free, high-quality debt advice sessions across the UK.⁵ Since assuming responsibility for funding debt advice in England and Wales in 2012, the number of sessions funded has more than doubled, while funding has increased by just 12.5%.

Evidence continues to demonstrate how effective debt advice can be in helping people to get to grips with their situation. Independent evaluation which we commissioned on the effectiveness of the projects we fund in England and Wales found that 88% of people took a positive action after receiving advice, and 76% reduced or at least cleared some of their debts.⁶

Responding to the Independent Review

Christine Farnish's review of the Service's work endorsed the way we have gone about meeting our responsibilities in the debt advice sector. This followed an earlier National Audit Office report which had reached a similar conclusion.⁷

The Review made a number of valuable recommendations as to how we can build on this success. We fully support these recommendations and are working to take them forward. In particular we have moved immediately to establish a new high-level Debt Advice Steering Group, bringing together the advice sector and major creditors. The Steering Group will help co-ordinate funding decisions and enable the sector to develop common approaches across the sector to a range of issues.

Three-Year Funding

An important step forward in 2014/15 was the introduction in October 2014 of new three-year funding agreements with our lead delivery organisations in England and Wales. This will bring greater certainty to those organisations, enabling them to invest in improving their services and expanding provision.

The new agreements will enable more people to access debt advice, for them to access advice in the form best suited to their needs, whether that be online, over the phone or face-to-face, and for them to receive basic money management skills alongside debt advice to help prevent them from falling back into debt again. We are implementing similar arrangements in Scotland and will do so in Northern Ireland as soon as possible.

As part of our new funding arrangements for debt advice in England and Wales, the projects we fund are tasked with ensuring access for all vulnerable client groups. We also introduced new reporting requirements to include a breakdown of disability type for clients. We intend to track trends over time and use this insight to further enhance debt advice services.

5. We fund the following Lead Partners: Citizens Advice (including Citizens Advice Cymru), Capitalise, East Midlands Money Advice, Money Advice West, and Greater Merseyside Money Advice in England and Wales; the Scottish Legal Aid Board in Scotland; and the Department of Enterprise, Trade and Investment (DETI) in Northern Ireland.

6. Evaluation conducted by Optimisa Research, published August 2014.

7. Helping consumers to manage their money (NAO, December 2013).



Enhancing Quality and Consistency

We took a number of important steps in 2014/15 to enhancing quality and consistency throughout the debt advice sector as well as improving access to debt advice:

- **Common Initial Assessment:** A notable achievement in 2014/15 was the introduction across our funded services of a new Common Initial Assessment, which will help to ensure that clients get the right service for their particular needs and circumstances.
- **Quality framework:** We continued to roll out our quality framework both for organisations delivering debt advice and for individual debt advisers. The projects we fund are required to hold a quality standard which is accredited under the framework, so that clients know they can expect to receive a high-quality service wherever and however they choose to access debt advice.
- **Peer review:** The final element of the quality framework is a peer review scheme, which we continued to develop during the year, in collaboration with the sector. This will entail specialist debt advisers assessing the work of other advisers and making suggestions for how the service clients receive can be improved and developed. The scheme will be rolled out to projects funded by the Service later in 2015/16.
- **Debt advice locator:** In June 2014, we launched a 'debt advice locator' tool. The tool helps people find free debt advice by enabling them to search for local or national services, online, by telephone or face to face.
- **Standard Financial Statement:** We have worked across the sector to develop a Standard Financial Statement which will enable advisers to record clients' income and expenditure in one consistent format, recognised across the sector and by creditors. We consulted on the Statement in October 2014, and published the outcomes in February 2015. Creditors, local authorities, debt advice providers and individual advisers expressed their support for the initiative. The next steps are to carry out user testing before rolling it out among the projects we fund.





FCA consumer credit regime changes

The FCA took over responsibility for the regulation of consumer credit from the Office of Fair Trading in April 2014, and we have worked closely with them to support consumers through the introduction of their new regulatory regime.

Payday loans

For instance, we introduced a new payday loan tool on our website in April 2014, providing advice on alternatives to payday loans and signposting consumers to free debt advice. The FCA requires payday loan providers to display a warning to consumers of the risks of not making repayments, and signposting them to our payday loan tool.

Debt management companies

Following the transfer of consumer credit regulation to the FCA in April 2014, a number of debt management firms have left the market and existing firms are currently in the process of applying for authorisation from the FCA. During this process the FCA will check that firms meet its standards. While it is not known whether further firms will leave the market, we have put in place a contingency plan to help any affected clients who may otherwise be left without a debt management provider.

To ensure that customers who have a debt management plan, and professionals working directly with affected customers, know more about what is happening and what to do next, we launched a set of resources and helpline in January. This included a bespoke campaign microsite, a consumer-facing leaflet and a dedicated 0300 helpline, to direct customers into free, high-quality debt advice.⁸

Working closely with National Debtline, Citizens Advice and StepChange Debt Charity, we will be able to help clients affected by the changes who have an ongoing need for free debt advice.

8. 03 numbers allow organisations to have a single national point of contact without consumers having to pay extra to call them. Calls to 03 numbers cost no more than a national-rate call to 01 or 02 numbers and must count towards any inclusive minutes in the same way as 01 and 02 calls. (<http://consumers.ofcom.org.uk/>).

Theme 3 –

Driving the wider agenda
to improve people's
financial capability

Building the nation's financial capability is central to the Money Advice Service's role. Our ambition is to bring about a step-change in the way people manage their money.

What is financial capability?

Financial capability is a person's ability to manage money well – day to day and through significant life events – and to handle periods of financial difficulty.

It is driven by personal skills, knowledge, attitudes and motivation, and is made possible by an inclusive mainstream financial system and a supportive social environment.

Financial capability helps people achieve the highest possible level of **financial wellbeing**, given their personal financial circumstances and the pressures they face.

People who are financially capable:

- ➔ **keep track** of their incomings and outgoings,
- ➔ **have something put aside** 'for a rainy day', and
- ➔ **have a plan** for the future.

Why does financial capability matter?

If someone is in control of their finances, they are much more likely to be in a better physical, emotional and social state. More than half (52%) of people contacting debt advice services have also been diagnosed with a mental health condition such as depression or anxiety.¹⁰

There are also important benefits to the wider economy of a more financially capable population:

- ➔ Lower levels of household debt make the country less vulnerable to an economic downturn.
- ➔ Higher savings reduce reliance on income-related benefits and provide the source of long-term investment to generate economic growth.



10. The Money Advice Service Debt Advice Review (Optimisa Research, August 2014).

A Financial Capability Strategy for the UK

Working with a wide range of stakeholders, the Money Advice Service has led the development of a new **Financial Capability Strategy for the UK**.

Following an initial call for evidence, a draft Strategy was published for consultation in September 2014. A response to the consultation was produced in March 2015, outlining the next steps towards publication the final Strategy later in 2015.¹¹

The Strategy will provide a blueprint for how we can work together across business, government and the voluntary sector to help people build financial resilience and wellbeing. It will set out specific and measurable goals and detailed commitments to action.

The Strategy is based on the concept of ‘collective impact’ – where different organisations work together to achieve a shared mission. This approach emphasises the need for co-ordination and for the organisations involved to commit to clearly-defined roles and responsibilities.

The Strategy will form the basis for all the Money Advice Service’s work. We will provide leadership and co-ordination through the establishment of a new secretariat to drive implementation of the Strategy. We will also play a key role in developing evaluation techniques to help assess the impact of individual projects and interventions, and sharing that evidence more widely.

Priorities for action

We will also play a key role in developing evaluation techniques to help assess the impact of individual projects and interventions, and sharing that evidence more widely.

At present, levels of financial capability in the UK are low. Over the next ten years, our aspiration is to shift behaviour so that more people:

- **manage money well day to day** (including building financial resilience),
- **prepare for and manage life events** (planned or unplanned), and
- **deal with periods of financial difficulty** (including tackling debt problems).

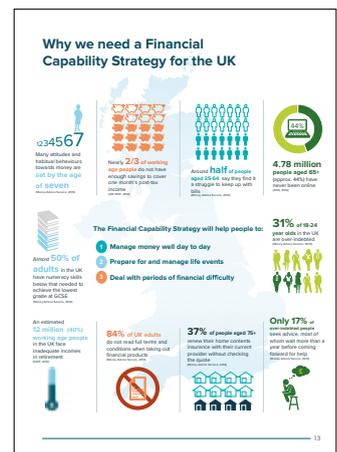
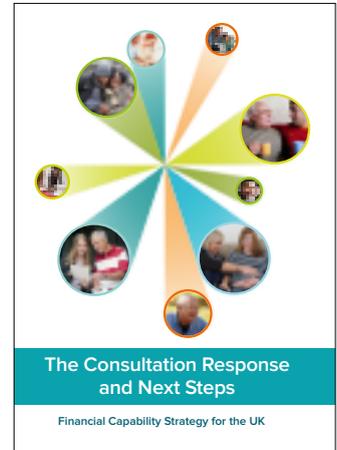
The draft Strategy focuses on the following priorities for action –

Children & young people

- Helping children acquire the right approach to money from an **early age**;
- Giving them opportunities for **practical experience** with money;
- Helping them gradually take on more **responsibility** as they prepare for adult life.

Working-age people

- Helping people manage their money through **effective budgeting**;
- Helping them build their financial resilience and prepare for retirement through insurance and **saving**;
- Enabling them to understand the implications for them of issues such as **pensions reform**, the roll-out of **Universal Credit** and changes to the funding of **social care**.



11. See www.fincap.org.uk for more details, including the draft Strategy and the consultation response.

Older people in retirement

- Helping older people make the right choices about **retirement income**;
- Supporting them to get **better deals** on goods and services;
- Helping them avoid **scams** and financial abuse;
- Assisting them in making plans for **long-term care** and providing for relatives.

People with financial difficulties

- Helping to **prevent people becoming over-indebted**, working with the financial services, key creditors and the debt advice sector;
- Making sure people **get the help they need** to deal with creditors and escape from debt;
- Providing support to help them avoid **getting back into difficulties**.

Ease and accessibility

- Helping people **access** financial products and services;
- Making these products **simpler** to use; and making costs and charges **clearer**.

Influencing social norms

- Supporting **more positive behaviours** by helping to make good money management 'normal'.

Evidence and evaluation

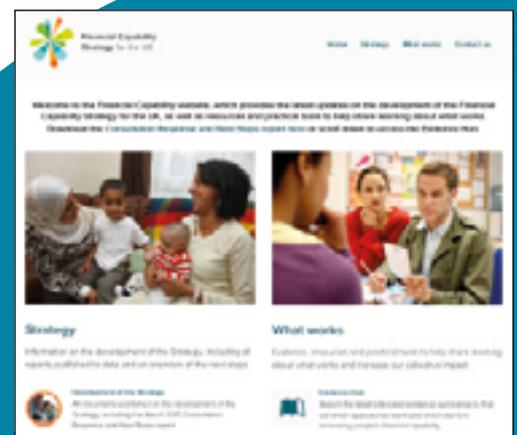
- Measuring **what works** and sharing **best practice** to inform the design of future interventions to **maximise the benefit** to consumers.

Building the evidence base

In March 2015 – alongside the consultation response – we launched a new **'evidence hub'** bringing together a selection of the most robust and relevant impact evaluations of financial capability programmes from across the UK and internationally. The evidence hub has been quality-assured by the Personal Finance Research Centre at the University of Bristol and will be updated regularly.

The Money Advice Service is also committed to adding to the evidence base through our own research and customer insight. We need to have an in-depth understanding of consumers so that we can identify how we, and the sector as a whole, can most effectively help people manage their money better, plan for the future and cope with financial difficulties.

We also monitor our own performance to ensure that we are deploying our resources as effectively as possible. To do this, we make use of the whole range of research and evaluation tools techniques, from large-scale quantitative surveys to focus groups. We are pulling together all our internal customer data into a 'data warehouse', so that we can understand more about our customers, their needs and how effectively we are helping them.



Our 'flagship' survey is the annual **Financial Capability Survey** which monitors the financial health of the nation and identifies where consumer behaviour may lead to potential detriment. This is instrumental in highlighting potential interventions, the effectiveness of which we can then measure using our new evaluation frameworks.

We also run a number of more in-depth projects using qualitative, ethnographic and behavioural-science techniques. We are particularly interested in the impact of life events as we know that these both drive consumer engagement with their finances but, in the case of negative events like divorce and redundancy, can also cause serious financial problems.

In the case of our website we use both user-experience (UX) testing and other consumer research techniques to ensure that we are engaging with customers in the best way and helping them to take actions.

We also run regular surveys to track the performance of the debt advice projects we fund, along with studies to measure and profile the demand for debt advice. Increasingly, we are looking to bring in a longitudinal dimension to our work in order to monitor consumer behaviour over time.

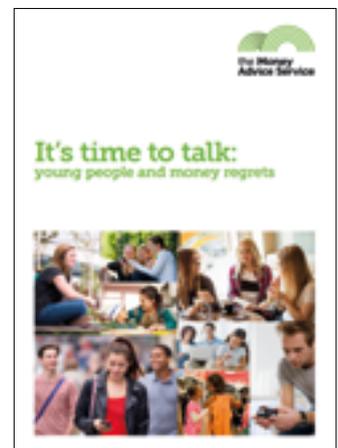
We are keen to disseminate our research as widely as possible. Our policy is to publish our research on our website and we will be holding a number of research events to share our knowledge with the wider community.

Further research highlights in 2014/15 were:

- In September 2014, we published ground-breaking research, **It's time to talk: young people and money regrets**, looking at the financial mistakes young adults can make as they take on responsibility for their own finances, and the lasting impact this can have on their lives.¹² The research suggested that this group was well placed to influence younger people's behaviour as they can relate to the pressures and motivations they are under but have more experience of dealing with the consequences of bad decisions.

Building on this insight, we are putting in place a pilot scheme to bring young adults into contact with people from a slightly older age group, who have made bad choices in the past. Around 50 people attended a stakeholder event to launch the research, which included contributions from MoneySavingExpert.com's Martin Lewis, the FCA and MyBnk.

- Alongside the consultation response to the Financial Capability Strategy for the UK, we published new qualitative research by TNS BMRB highlighting various aspects of people's money management and how they deal with life events.¹³ A noteworthy insight from this research was that many people have an intuitive grasp of what good money management involves – and that what holds them back is their mindset and motivation: social norms currently steer people towards spending ('keeping up with the Joneses') rather than saving.



12. It's time to talk: young people and money regrets (Money Advice Service, September 2014).

13. Financial Capability and Wellbeing (Money Advice Service, March 2015).

**Working for
every part of
the UK**



Working for every part of the UK

The Money Advice Service is a UK-wide body and the help we provide is relevant to consumers across the UK. We recognise, however, that the context in which we provide our service, and the needs and demands of consumers and stakeholders, vary in different parts of the UK.

We are committed to working with the governments of the devolved nations, and with a wide range of partners and stakeholders, to ensure that we add real value for consumers by responding to their needs and priorities, and that our work complements that of other agencies and organisations.

Northern Ireland

Over the past year, through our partnership with the Northern Ireland Executive Department of Enterprise, Trade and Investment (DETI) and Advice NI, we have delivered **3,739** face-to-face debt advice sessions.

We have also delivered more than **3,500** face-to-face money advice sessions through our partners A4e in a range of accessible locations.

The Money Advice Service Northern Ireland Forum meets on a regular basis, with representation from advice services, credit unions, the Northern Ireland Executive, the education and social housing sectors, and financial services providers. The forum has continued to grow and provided opportunities to learn from others of the work they are involved in and to develop partnerships.

Through the Northern Ireland Forum we have identified opportunities to:

- pilot work to target early intervention in social housing with Clanmil Housing,
- embed financial capability in a debt journey with Grant Thornton, and
- pilot the financial capability evaluation toolkit with For You By You.

Other highlights of our work with stakeholders in Northern Ireland in 2014/15 included:

- Consultation events for the UK Financial Capability Strategy were held in Belfast. Attendees were supportive of the strategy and confirmed the need to develop a Northern Ireland action plan in partnership with stakeholders in Northern Ireland. The events also highlighted the need to ensure links are made between the work of the UK Strategy and the existing Northern Ireland Executive strategy. The Money Advice Service Northern Ireland Forum has already met and begun working on priorities and activities for Northern Ireland.
- As in previous years, we have continued to engage with DETI on the development of our annual Business Plan. For 2015/16 we also engaged with the Department for Social Development (DSD).
- In order to understand the issue of negative equity in Northern Ireland, our country manager was invited to sit on the Executive's Housing Repossession Taskforce. The aim of this taskforce is to identify opportunities to engage with consumers earlier to get the right advice to deal with their situation.



- We have worked with a range of partners to deliver face-to-face money advice across Northern Ireland, including 'For You By You' to deliver money advice sessions at the recent 'NICS Live' event.
- We continue to syndicate content with a range of partners including Advice NI and Clanmil Housing.
- The Money Advice Service is represented on a range of external forums and working groups including:
 - NI Consumer Council Financial Capability Partnership
 - NI Government Affairs Group
 - NI Discussion Forum
 - Money for Life
 - Young Enterprise NI.

Scotland

Over the past year, through our partnership with Citizens Advice Scotland, we delivered more than **8,500** face-to-face money advice sessions, helping people across Scotland with a range of financial issues. Through our debt advice projects we funded **28,210** high-quality face-to-face debt advice sessions.

We have worked closely with the Scottish Government to promote financial capability and ensure that the work we do is aligned with the plans for Scotland's Financial Health Service. This includes jointly funding debt advice projects across Scotland through the Scottish Legal Aid Board (SLAB).

We continue to fund a project that aims to tackle barriers in accessing advice and to test new ways of resolving problems related to debt and financial management for people with disabilities.

To inform our work, we run a Scottish Financial Capability Forum with representatives from across local and central government, voluntary organisations, the housing sector and the financial services industry. The Forum acts in an advisory capacity to the Money Advice Service, informing us on key issues facing people in Scotland and advising on the impact of our plans. It also advises the Scottish Government in taking forward financial capability policy.

Highlights of our work with stakeholders over the last year included:

- We have consulted with a wide range of stakeholders on our Business Plan for 2015/16 and the development of the UK Strategy for Financial Capability. We held a well-attended consultation event in Edinburgh and received positive feedback, along with a number of suggestions about the direction of the strategy. These included the need for a separate Scotland Action Plan linking to specific priorities in Scotland. We are now working to put this into place using our Scottish Financial Capability Forum as the Steering Group.
- We have funded a consultant post with Money Advice Scotland to help guide and support organisations to build their capacity to meet the Scottish National Standards for information and advice. We have also funded the development of a financial education module which was legislated for in the Bankruptcy and Debt Advice (Scotland) Act 2014.



- As part of a SLAB Steering Group we helped shape the evaluation framework for welfare benefits projects funded by the Scottish Government by adapting our debt advice evaluation framework and were able to demonstrate tangible outcomes for those seeking benefits advice.
- Our partnership with the Improvement Service continued as we entered a new three-year agreement with them to build on the success of their 'Improving Outcomes in Money Advice' project, working with local authorities and their partners in Scotland to drive forward a range of improvement initiatives in the money advice sector. Over the past year, the project has worked on the development of the Framework for Public Funding of Advice in partnership with Scottish Government and SLAB. This framework was launched in January 2015 and both funders and providers of advice services have contributed to the work. The project has also started to develop a Money Advice Performance Management Framework (MAPMF). This work involved initial evidence gathering and desk research and was further developed by a steering group involving a range of councils and national stakeholders. The project has shared a first version of the indicator list and guide with key stakeholders and sought feedback from councils. The MAPMF will be published in June 2015.
- We have been working with NHS Health Scotland to develop closer links between health professionals and money advice. We supported the planning of a Financial Inclusion and Health event in Glasgow in and gave a presentation on how we can partner with organisations across Scotland. Subsequently we have had a number of requests from organisations to use our content. We also presented at the Scottish Housing Best Value Networks Events showcasing our wide range of money advice content and how this can be syndicated free of charge. This has resulted in the Wheatley Group – a large housing, care and community regeneration group incorporating some of the largest Housing Associations in Scotland – syndicating our advice and tools to their website.
- We started early discussions with a local authority to explore the possibility of using the data they hold to target early interventions for people before they get into crisis debt.
- We gave evidence to the Financial Inclusion Commission in Glasgow alongside a number of other stakeholders.

Wales

In 2014/15 we delivered more than **10,000** high-quality face-to-face debt advice sessions in Wales and more than **6,000** face-to-face money advice sessions in Wales, through our partners Citizens Advice Cymru. Sessions are offered in both English and Welsh.

The Money Advice Service Wales Forum continues to meet regularly, with representatives from the Welsh Government, local authorities, third-sector organisations, housing bodies and the financial services industry.

Highlights of our work with stakeholders in Wales in 2014/15 included:

- We were invited to join the Wales National Advice Network – set up by the Welsh Government to ensure a more strategic approach to delivering advice services in Wales, better partnership-working between agencies and an improved service for people needing advice. The network was established in line with the recommendations of a review of advice services, which found that a networked approach would enable more effective cross-referral between advice services and improve advice bodies' ability to respond flexibly to local needs and pressures.
- We were members of the Welsh Government's 'task-and-finish' group on welfare reform. The group considered the impact of direct payment of Housing Benefit on the social-rented sector and sustainable tenancies. It reported to the Minister for Communities and Tackling Poverty with 15 recommendations aimed at evaluating impacts and identifying and sharing good practice within the sector to help consumers deal with direct payment.
- We also continue to work with the Welsh Local Government Association and the DWP on the implementation of Universal Credit (UC) through the 'Universal Credit Delivered Locally' project. In particular we have ensured that the two trial areas in Wales – Blaenau Gwent and Carmarthenshire – have had access to our UC tools and resources.
- We responded to the consultation on the Financial Education and Inclusion (Wales) Bill proposed by Bethan Jenkins AM, and gave evidence to the Children and Young People's Committee of the National Assembly for Wales. This resulted in a recognition of the importance of the early years in a child's development and the need to introduce financial capability from an early age.
- We held consultation events around the Financial Capability Strategy for the UK in Cardiff and Llandrindod Wells, with a total of 65 attendees. The consultation response published in March 2015 confirmed the need for a separate action plan for Wales and the aim to establish a Welsh steering group.

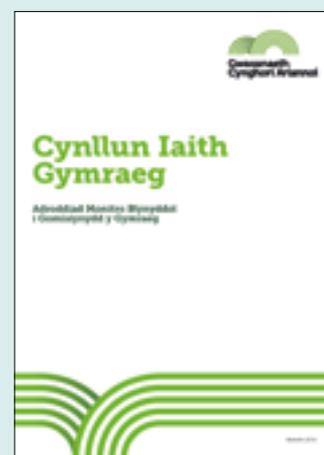
Welsh Language Scheme

As a result of sustained efforts – including through social media – to increase the take-up of our Welsh-language resources, usage went up significantly in 2014/15. There were more than **70,000** hits to the Welsh-language pages on our website, including more than 37,000 in the final quarter. This compares to around 14,500 for the whole of the previous financial year.

The Money Advice Service has adopted the principle that in the conduct of public business in Wales, we will treat the English and Welsh languages on a basis of equality.

Our key commitments for delivering services in Wales are:

- Our website is available in both English and Welsh languages. Exceptions to this are video content and digital media that works within an environment of instant communication, such as social media (including Twitter); and online advertising.
- We provide a Welsh-language telephone service.
- Our face-to-face money advice and debt advice services can deliver sessions in Welsh where requested.



Our people

The talented colleagues who work for the Money Advice Service are at the core of our endeavours to increase financial capability across the UK. We have just over 110 members of staff experienced in customer insight analysis, partnership delivery, digital development, customer and stakeholder communications, policy and strategy development. We have a further 24 money advisers who work in our contact centre and more than 100 face-to-face advisers across the UK.¹⁴

Our Values

Our values describe how our people act, they inform our decision making and what we do, and they set out what our customers can expect from us. These are our values:

- **Customer-focused** – enabling and empowering customers to take action
- **Collaborative** - working constructively with others to deliver positive outcomes (for people)
- **Open** - honest, straightforward, trusting and trustworthy
- **Passionate** - work characterised by commitment, care, and enthusiasm
- **Listening and learning** - always seeking to understand, improve and innovate

Equality, diversity and inclusion

The principles of equality, diversity and inclusion run through everything we do in providing a service to the public. They are also central to our role as an employer of high-calibre people and an influencer in public policy debates.

Our efforts during 2014/15 included:

- hosting '**CodeBar**' evening sessions with staff members providing mentoring at these workshops. Codebar is an initiative to get underrepresented groups into programming – primarily for fun, but also to help them move towards a possible career in programming or the wider technology industry,
- working with **The Brokerage**, a charity which offers career opportunities for young Londoners; our staff held several sessions for young people to introduce them to the world of work,
- producing our **new recruitment site**, linked to a disability-access provider which offers practical help for candidates, and
- consulting with representative diversity groups on key areas of policy and business planning.

Complaints management

In 2014/15 the Service received 88 complaints (compared with 40 in 2013/14). This number partly reflects the 35% year-on-year increase in the number of customer contacts to the Service and a small change in the way we record complaints. All complaints received were dealt with at the first stage.

14. Our phone and face-to-face money advisers are employed by our suppliers rather than being direct employees.



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Strategic report

The Directors present their Strategic Report for the Money Advice Service for the year ended 31 March 2015.

Review of the company's business and performance

In the year the Money Advice Service focused its expenditure on delivery of its key objectives of helping people to manage their money better. It reported deficit income over expenditure of £0.8m for the year ended 31 March 2015, compared to a surplus income over expenditure of £0.5m for the year ended 31 March 2014. This deficit in the year resulted in an accumulated surplus of £9.2m. The deficit in year is funded by accumulated surplus reserves carried forward from previous years.

Key areas of expenditure for the year ended 31 March 2015 continued to be the delivery of services (face to face, by phone and online). We spent £45.5m (2013/14 £40.9m), 56% of our net costs on service delivery. In our Money Advice work, we spent £10.9m (2013/14: £8.1m) on service delivery which resulted in 95,084 (2013/14: 102,720) face-to-face sessions, 140,890 (2013/14: 107,644) telephone, e-mail responses and webchat sessions, and total online customer contacts of 22.25m (2013/14: 16.5m). We helped customers to take action 12.5 million times, this is more than double the target of 6m. We developed and launched a range of new tools and content to help people with everyday money management, major purchases and significant life events.

We also funded 219,700 (2013/14: 163,000) debt advice sessions in England and Wales through our partners at a cost of £29.4m (2013/14: £27.8m). We spent £3.4m on Debt Advice in Scotland and Northern Ireland and on the provision of support services. (2013/14: £5.0m). This has delivered 28,200 sessions in Scotland and 3,700 sessions in Northern Ireland.

Across all nations 251,700 people have been helped through our Debt Advice providers in 2014/15.

We spent £10.5m (2013/14: £14.9m) on consumer engagement and corporate communication activity including consumer campaigns, public relations, stakeholder engagement and internal communication.

Support Services costs were £3.9m, including debt advice (2013/14: £3.1m) and comprise finance, facilities, procurement & legal, human resources, and management information systems.

We spent £0.1m (2013/14 £1.7m) of proposition and product development expenditure in the year to develop a range of new tools and content to help people with everyday money management, major purchases and significant life events. We spent £2.5m (2013/14 £1.6m) on IT hosting and support services for our digital services.

Research & Evaluation expenditure was £2.3m (2013/14: £2.1m).

Levy income received was £42.6m (2013/14: £44.3m) for money advice and £38.1m (2013/14: £34.5m) for debt advice for the year ended 31 March 2015. The Money Advice levy was reduced by £0.8m, relating to an underspend from 2013/14. Further details of income received are included in note 7, page 107 of our financial statements.

Cash in bank at 31 March 2015 was £11.0m compared with £14.3m for the year ended 31 March 2014; this is a reduction of £3.3m cash in the year. The decrease is primarily due to a decrease in trade and other payables in the year. Total trade and other payables for the year ended 31 March 2015 were £6.5m compared to £7.6m for the year ended 31 March 2014. Further details of total trade and other payables are included in note 14 on page 115 of our financial statements.

Further information on what we have achieved during the year is included on page 12, A look back at 2014/15.

Performance against our business plan for 2014/15

Net costs before capital expenditure for the year ended 31 March 2015 were £81.4m (including £36.6m Debt Advice expenditure) compared to £78.2m for the year ended 31 March 2014 (including £34.3m Debt Advice expenditure), and resulted in a deficit income over expenditure after tax for the year of £0.8m (2013/14: surplus income over expenditure £0.5m). Our budget submission to the FCA is inclusive of capital expenditure, and therefore it is necessary to include capital expenditure during the year to fully compare actual expenditure to budgeted expenditure, as illustrated in the table on the next page.

Accumulated Surplus from Statement of Comprehensive Income	Notes	2014/15 £'000	2013/14 £'000	2012/13 £'000	2011/12 £'000	2010/11 £'000
Net costs for the year	6	(81,378)	(78,196)	(77,110)	(40,741)	(31,213)
Levy income for the year		80,631	78,754	81,082	45,505	32,047
Corporation tax for the year		(39)	(67)	(64)	(34)	(1)
Accounting surplus / (Deficit)		(786)	491	3,908	4,730	833
Cumulative Accounting Surplus as at 31 March 2015		9,176				
<i>Adjust for non-cash and non budget items</i>						
Tangible and Intangible Additions	10 & 11	(155)	(1,246)	(2,278)	(1,605)	0
Tangible and Intangible disposals and write-downs	10 & 11	2	44	109	0	0
Depreciation and amortisation	10 & 11	1,261	1,294	862	160	0
Interest on bank deposits	6	(195)	(343)	(322)	(168)	(2)
Cash surplus		127	240	2,279	3,117	831
Cumulative Cash Surplus as at 31 March 2015		6,594				

Summary of Reserves	Notes	General Reserve		Special Reserve	MAS Total £'000
		Money Advice £'000	Debt Advice £'000	Debt Advice £'000	
Opening Reserve 1 April 14		3,251	699	2,517	6,467
Cash Surplus / (Deficit) 2014/15	A	(1,374)	1,501		127
Transfer between reserves			475	(475)	0
Closing Reserve 31 March 2015	B	1,878	2,675	2,042	6,594

Note A

Money Advice – The overspend in year is funded by our Money Advice General Reserve

Debt Advice – The underspend in year is added to our Debt Advice Reserve and will be held in 2015/16 for clients impacted by the FCA regulation of the consumer credit industry. It is our expectation that our Debt Advice General reserve will return to 5% of budget from 2015/16 onwards.

We have calculated the cash movement in the year as follows for 2014/15	Money Advice £'000	Debt Advice £'000
Income - Levy C	42,539	38,092
Total Income	42,539	38,092
Expenditure	43,715	36,591
Assets	154	
Corporation tax	39	
Total Expenditure	43,913	36,591
Surplus / (Deficit)	(1,374)	1,501

Note B

Money Advice General Reserve £1.9m – (4.4% of £43.0m Budget for 2014/15)

Debt Advice General Reserve £2.7m (7.0% of £38.1m Budget for 2014/15)

Note C

The Money Advice levy of £42.5m includes the reduction of £0.8m pledged back to levy payers in 2014/15. See note 7 - Income in the financial statements



Application of reserves policy

In accordance with our reserves policy, we agreed with the FCA (and detailed in accounting policy 2 (n) below), the Money Advice Service will carry forward a general cash reserve of £1.9m (4.4% of current years funding) (2013/14: £2.2m, 5% of 2013/14 funding) for Money Advice, and £2.7m (7.0% of current year funding) (2013/14: £1.0m, 3% of 2013/14 funding) general and £2.0m (2013/14 £2.5m) special reserves for Debt Advice.

In the year we transferred £0.5m from the Debt Advice special reserve to the Debt Advice general reserve. We have agreed the final redundancy liability with our lead organisations. We have verified their employee records and used an independent auditor to confirm the source data and calculations. It is our intention to transfer £2.0m to the lead organisations in 2015/16 along with responsibility for managing these funds, providing for any future redundancy liability and reporting to us on a yearly basis; a) what funds have been paid out in redundancy, b) what additional funds have accrued in the year and c) what funds are no longer needed due to employees transferring to other projects or ending their employment with the lead organisations.

We have also utilised £0.5m of our Money Advice general reserve during the year. We have utilised £1.3m cash reserves and reduced our income by £0.8m in 2014/15, this has resulted in a net utilisation of £0.5m. These funds were used to deliver digital assets for our retirement journey, which complements the new Pension Wise service. It was important that these assets were available to customers from 1 April 2015, and we therefore used our reserves to accelerate these projects.

We have added £1.9m to our Debt Advice general reserve during the year, £0.5m was transferred from the Debt Advice Special reserve and £1.4m is a 2014/15 underspend. It is our intention to use this surplus during 2015/16 to support clients that may be impacted as a result of the FCA regulation of the consumer credit industry and debt management firms leaving the market and we expect our policy to return to 5% from 2015/16 onwards.

Our general reserves (Money Advice and Debt Advice) will continue to be used in accordance with our accounting policy to fund "unplanned" general expenditure such as over performance on service delivery contracts.

The Money Advice Service has not added surplus funds in 2014/15 to its general reserve and will not be reducing its funding request for 2015/16. The Money Advice general reserve is less than our agreed maximum level of 5% of current budget.

Funding

The Money Advice Service's primary source of income for its Money Advice and Debt Advice work is from levies raised from Financial Services and Markets Act 2000 authorised firms, payments institutions and electronic money issuers. Levies are raised and collected by the Financial Conduct Authority (FCA) on behalf of the Money Advice Service.

Land and buildings

The Company does not have any Land and Buildings as at 31 March 2015.

Going concern

The business activities of the Money Advice Service are covered above in this report. The Money Advice Service's exposure to credit risk and liquidity risk are included in the notes to the financial statements.

The FCA has statutory power granted to it under the Financial Services and Markets Act (2000) to raise levies on behalf of the Money Advice Service. Having regard to this and to the Money Advice Service cash balance at year end (see statement of financial performance above for details), the directors have a reasonable expectation that the Money Advice Service has sufficient resources to continue its business for the foreseeable future and therefore the 'going concern' basis continues to be appropriate in preparing the annual financial statements.

As at 31 March 2015 the Money Advice Service had received £1.3m of levy income for 2015/16 from levy payers. This income has been deferred and is recognised in our statement of financial position.

Future developments

Our strategic direction in 2015/16 is to build on the work we have delivered during 2014/15 where three major developments have laid the foundations for our future activities.

Financial Capability Strategy for the UK

In 2015/16 the new Financial Capability Strategy for the UK will be published, with the aim of delivering a step change in the financial capability of the UK population over the next 10 years. Our aim is for a strategy that will deliver significant improvement in people's ability to manage money well day to day and to anticipate the impact of significant life events on their personal financial situation.

We worked with the sector including financial institutions, consumer groups, charities, government and regulators to develop the Draft Financial Capability Strategy for the UK which we published in September 2014, and a consultation paper was published in March 2015. We expect to publish the final strategy in Autumn 2015.

Independent review

The second major development was the publication of the Independent Review of our Service by Christine Farnish in March 2015. The review has confirmed the continuing unique role and importance of the Money Advice Service, both in our debt advice work and in our work to improve financial understanding and capability. The report sets out a clear vision for debt advice, delivered on a much greater scale, based on increasing insights into customer needs and sector-wide co-ordination. It welcomes the commitment of the Service to further improve its engagement with key stakeholders, building on its financial capability work to date. The Service has committed to implementing a number of recommendations and to work with the FCA to address the queries raised by the Review about Money Advice Service's current focus and delivery models.

Further details about the review and our response can be found on page 19.



Three-year funding agreements

In October 2014 we signed three-year funding agreements in England and Wales with our lead organisations for free debt advice, which puts our work with them on a strategic footing rather than the previous year-by-year approach. We have replicated this in Scotland and hope to do so in Northern Ireland as soon as practically possible.

During 2014/15 this new approach has resulted in far greater volumes of high-quality debt advice; we expect that in 2015/16 we will be able to deliver 47% more debt advice sessions while increasing the debt advice delivery budget by just 13%.

Further details about our Debt Advice work is detailed in Theme 2 – Improving access to high-quality debt advice for over-indebted people on page 32.

Equality and diversity

The Money Advice Service is committed to the principle of equality, diversity and inclusion. The Money Advice Service continues to seek ways of further improving its performance in this area, ensuring that all members of the Board, staff, visitors and applicants are treated on the basis of their merits and abilities and that no one suffers discrimination or disadvantage regardless of gender, race, disability, sexual orientation, religion/belief or age.

The Service has embedded equality and diversity policies into its work. Details of what we have done to embed these policies into the organisation are detailed on page 47.

Health and safety

The Money Advice Service is committed to providing a healthy and safe environment. It pursues a policy to promote health and safety at work and seeks the cooperation of all employees and visitors in this endeavour.

Trade payables payments policy

The Money Advice Service's policy is to aim to pay 100% of valid invoices with a correct purchase order within 30 days of receiving them. The average time taken to pay suppliers from receipt of invoice was 30 days (30 days in 2013/14).

Principal risks and uncertainties

Giving advice and empowering people to take action

Our Service seeks to complement the many valuable existing providers of financial advice through the delivery of free, impartial, generic money advice operating online, on the phone and face to face. The principal risk is the size of the task of providing financial advice to everyone in the UK and the uncertainties relate to the fact that this task has never been achieved before. The only way to achieve this task is to work with others, which is why stakeholders are at the centre of our strategy. By working with others in a structured and co-ordinated way we can achieve better outcomes for the people who need our help.

Improving the quality, consistency and availability of debt advice services across the UK

Under the Financial Services Act 2012 we took responsibility for the co-ordination of debt advice from 1 April 2012. This additional role complements our money advice activity. It enables us to bring coherence to a fragmented sector by increasing reach and accessibility cost effectively, making it simple to get advice at the right time through the most appropriate channel and encouraging self-help where appropriate. It is our intention to address gaps without duplicating existing funding arrangements. In order to achieve this we need the support of the sector to deliver a tailored service which provides the right advice at the right time to the people that need this advice.

Development and performance of the Service's business during the year ended 31 March 2015

The Money Advice Service continues to build on the good work it had completed in the previous financial year. For the year ended 31 March 2015 the Money Advice Service continues to provide a multi-channel universal service and has developed and launched a range of new tools and content to help people with everyday money management, major purchases and significant life events.

Details of the performance during the year are included on page 12.

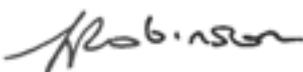
The position of the Service's business at year end

As at 31 March 2015, the Money Advice Service has exceeded all but one of our published Key Performance Indicators (KPIs). We continue to develop our digital offering to ensure that our content and tools remain relevant and useful for customers. We do this by continuous user testing and incorporating customer feedback. We also use our research to identify gaps in the market.

Our annual review provides details of organisational milestones achieved during the year and our position at the end of this financial year.

The Strategic and Directors' Report was approved by the Board on 10 June 2015 and signed below by order of the Board.

By Order of the Board



Lesley Robinson
Company Secretary

Directors' report

for the year ended 31 March 2015



Directors' report for the year ended 31 March 2015

The Directors of the Money Advice Service Ltd present their report, together with the audited financial statements on page 91 to 93 and associated notes on pages 95 to 120 for the year ended 31 March 2015.

Principal activities

The Money Advice Service (registration number 7172704) is a company limited by guarantee. The members of the Company have agreed to contribute £1 each to the assets of the company in the event of it being wound up.

It was launched as the Consumer Financial Education Body in April 2010, an independent organisation set up under the Financial Services Act 2010 to help people understand financial matters and manage their money better. The Act removed the 'public awareness' objective from the Financial Conduct Authority and set out new, broader objectives for the organisation.

Its statutory objectives are to:

- enhance the understanding and knowledge of members of the public of financial matters (including the UK financial system); and
- enhance the ability of members of the public to manage their own financial affairs.

The statutory functions include but are not limited to:

- promoting awareness of the benefits of financial planning;
- promoting awareness of the financial advantages and disadvantages in relation to the supply of particular kinds of goods or services;
- promoting awareness of the benefits and risks associated with different kinds of financial dealing (which includes informing the Authority and other bodies of those benefits and risks);
- publishing educational materials or the carrying out of other educational activities;
- providing for information and advice to members of the public.

It became the Money Advice Service on 4 April 2011.

The Financial Services Act 2012 includes an amendment to these statutory functions to additionally include specific responsibility for debt advice, specifically to:

- assist members of the public with the management of debt;
- work with other organisations which provide debt services, with a view to improving—
 - (i) the availability to the public of those services;
 - (ii) the quality of the services provided;
 - (iii) consistency in the services available, in the way in which they are provided and in the advice given.

The Money Advice Service exists to change people's lives, by helping them make the most of their money, both through our own service and by working with others.



Directors

The Board of the Money Advice Service is appointed by The Financial Conduct Authority (FCA); with the appointment of the Chair and Chief Executive also requiring HM Treasury approval.

The Directors of the Company, who served during the year, together with their dates of appointment to the Board are as shown below:

Non-executives

Andy Briscoe (Chairman)	appointed 27 September 2013
Jonathan Douglas	appointed 4 January 2011
Laurie Edmans	appointed 4 January 2010
Richard Hughes	appointed 4 January 2011
Stephen Locke	appointed 4 January 2010
Joanne Shaw	appointed 4 January 2011, resigned 31 December 2014
Robert Skinner	appointed 1 February 2012
John Spence	appointed 2 January 2012, resigned 31 December 2014

Executives

Karen Broughton	appointed 1 January 2012, resigned 31 August 2014
Mark Fiander	appointed 1 January 2012, left the organisation on 15 December 2014
David Haigh	appointed 1 June 2015
John Penberthy-Smith	appointed 1 June 2015
Lesley Robinson	appointed 1 January 2012
Caroline Rookes (CEO)	appointed 1 February 2013

Further details of the Money Advice Service's Directors are included in our governance statement for the year ended 31 March 2015 (see page 68).

Directors' insurance

The Company maintains an appropriate level of Directors' and Officers' liability insurance which is reviewed annually.

Disclosure of information to the auditor

Each of the Directors in office, at the date the Strategic and Directors' Report is approved, confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of the which the Company's auditors are unaware:
- (b) The Director has taken all the steps that he/she ought to have taken as a director in order to make him/her aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

External auditors

Under the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012, the Comptroller and Auditor General (C&AG) was appointed the statutory auditor of the Service.

Internal auditors

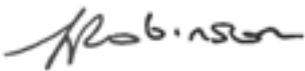
At the Audit and Risk Committee meeting in August 2014 the Money Advice Service appointed Grant Thornton as its internal auditors for 3 years. Grant Thornton has undertaken five reviews for the year ended 31 March 2015 (see page 76 for details).

Political donations and political expenditure

The Company has not made any political donations for the year ended 31 March 2015.

The Strategic and Directors' Report was approved by the Board on 10 June 2015 and signed below by order of the Board on 30 June 2015.

By Order of the Board



Lesley Robinson
Company Secretary

**Statement of
Directors' and
Accounting
Officer's
responsibilities**



Statement of Directors' and Accounting Officer's responsibilities

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Accounting Officer of HM Treasury has designated the Chief Executive as Accounting Officer of the Money Advice Service and they are responsible for ensuring resources are used in a proper and regular manner, in accordance with the provisions of the Financial Services and Markets Act 2000, Companies Act 2006 and all other applicable law.

Governance statement



Governance statement

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Money Advice Service statutory objectives and for reviewing its effectiveness.

My review is informed by the work of the internal auditors, the Audit and Risk Committee and the managers who have responsibility for the development and maintenance of the internal control framework. It is also informed by comments made by the external auditors in their annual Audit report.

A handwritten signature in black ink, appearing to read 'Caroline Rookes', with a large, stylized flourish above the name.

Caroline Rookes
Chief Executive Officer



Overview

The Money Advice Service was set up as an independent body to enhance public understanding of financial matters. It was initially known as the Consumer Financial Education Body, the name used in the Financial Services Act 2010.

Its statutory objectives, as set out in the Financial Services Act 2012 are:

- Improving people's understanding and knowledge of financial matters
- Improving people's ability to manage their own financial affairs
- Assisting members of the public with management of debt with a view to improving the availability, quality and consistency of debt advice services across the UK.

The Service is independent of the Financial Conduct Authority (FCA) in carrying out its statutory function. However, the FCA ensures that the service is at all times capable of exercising its function. The FCA and the Service communicate regularly through half yearly meetings with the Service's Chair and quarterly meetings at senior management level.

During the year, consultations have been carried out with the FCA on the 2015/16 Annual Business Plan and Budget and the FCA Board approved the plan and budget at its meeting in March 2015.

The Chief Executive Officer is the accounting officer of the Service and is personally responsible for:

- Safeguarding the public funds for which he or she has charge
- Ensuring propriety and regularity in the handling of those public funds
- The day to day operations and management of the Service and
- Ensuring that the Service as a whole is run in accordance with the principles of managing public money.

Having reviewed the evidence provided from risk management and from the internal auditors opinions, I am satisfied that the Service has maintained a sound system of internal control during the financial year 2014/15, operating effectively across the organisation, on which I can rely as accounting officer.



Governance Framework of the Money Advice Service

Governance Structure of the Money Advice Service



The Money Advice Service is governed by a Board who is responsible under company law for ensuring that the statutory objectives are carried out and that the Service is run in an appropriate, legal way. Along with the Board the Service also has a number of sub-committees who supervise the running of the organisation as follows: Audit & Risk Committee, Remuneration Committee, Nominations Committee and Investment Committee.

Board composition

As at 31 March 2015, the Board comprised of eight Directors, (six Non-Executive Directors and two Executive Directors, including the Chief Executive).

The FCA approves all appointments to the Board with the appointment of the Chair and the CEO being approved by the Treasury.

Four Board members left the Board during the year (two Non-Executive Directors and two Executive Directors) as follows:

- ➔ John Spence (Non-Executive Director) reached the end of his term of office at the end of December 2014
- ➔ Joanne Shaw (Non-Executive Director) resigned in December 2014 as she accepted a non-executive director appointment on another Board
- ➔ Karen Broughton (Executive Director) resigned as Marketing and Service Delivery Director from the Service and as such her directorship on the Board was terminated
- ➔ Mark Fiander (Executive Director) left as Strategy and Innovation Director from the Service and as such his directorship on the Board was terminated

Recruitment for Non-Executive Directors commenced in October 2014 and four Non-Executive Directors were appointed by the FCA in March 2015; three with effect from 1 April 2015 (Nicola Bruce, Caroline Fawcett, and Michael Dailly) and one (Christopher Morson) with effect from 1 September 2015. John Penberthy-Smith was appointed as Customer Director (Executive Director) in December 2014 and his appointment to the Board was approved by the FCA at their June 2015 Board. David Haigh has been appointed as Financial Capability Strategy Director (Executive Director) and again his Board appointment was approved by the FCA in June 2015.

The details of the current Board members are as follows:

Chair



Andy Briscoe – During an extensive and successful career in the financial services sector Andy has chaired and served on the boards of a broad range of companies. His professional experience ranges from insurance and credit cards to private equity, and includes managing directorships with Centrica and The AA as well as spells at American Express and BUPA. He is currently chairman of the Policy Shop and a trustee of his local Citizens Advice Bureau, where he also volunteers. Andy assumed the chairmanship on 27 September 2013.

Non-executive directors



Nicola Bruce – Nicola is an experienced strategist with a background in non-standard financial services. She was formerly Director of Strategy at Albermarle & Bond, one of the UK's leading pawn brokers and non-standard lenders, and Director of Strategy & Business Development at De La Rue plc, the banknote and security printer. Prior to this, Nicola was a partner at The Monitor Company where she led strategy development and consumer research projects for financial services and consumer goods companies. Nicola was appointed on 1 April 2015 for a three-year term.



Michael Dailly – Michael is the Director of the Govan Law Centre in Glasgow. This is a not-for-profit advice centre, helping people at the sharp end who are having to cope with financial disputes, including credit repayments and mortgage repossessions. He has also been a member of one of the Service's key stakeholder groups, the Financial Services Consumer Panel. Michael was appointed on 1 April 2015 for a three-year term.



Jonathan Douglas – Jonathan’s career has centred on learning, initially through libraries and since 2007 as Chief Executive of the National Literacy Trust (NLT). He was previously Head of Policy Development at the Museum and Libraries Archives Council and also Adviser at the Chartered Institute of Librarians and Information Professionals. He has been on the boards of several charities relating to learning and access and literature. Jonathan was appointed on 4 January 2011 for a two-year term, in January 2013 his term was renewed for another three years.



Laurie Edmans CBE – Laurie spent his executive career in the pensions and insurance sector, establishing and leading businesses, with a background of sales, strategic marketing and public/industry affairs. He is chairman of Marine and General Mutual Life Assurance, of the Trinity Mirror Pension Plan and of B Different Ltd, a specialist market research agency. He has recently left the board of NEST – the National Employment Savings Trust – and joined True Potential LLP, a substantial wealth management and advisory services business. He is a member of the advisory board of the Equity Release Council, a Trustee of the Pensions Policy Institute and of the Quest School for Autistic Children. He was formerly a Board member at The Pensions Regulator and Deputy Chair of CPA Global. He was appointed CBE in 2006 for services to pensions reform. Laurie was appointed on 4 January 2010 for a three-year term, in January 2014 his term was extended for another 6 months until July 2014, and in July 2014 his terms was renewed for another three years.



Caroline Fawcett – Caroline is a specialist in customer service and excellence and bringing customers to the heart of organisations. She’s been the customer experience director and marketing director at Legal & General, customer director at the Rural Payments Agency, and has held positions as Serco, Essex County Council and the Care Quality Commission. She also has significant experience of the financial services sector – as well as her positions at Legal & General, she’s a non-executive director on the board of Co-Operative General Insurance and at OneFamily (formerly Engage Mutual Assurance and Family Investments). Caroline was appointed on 1 April 2015 for a three-year term.



Richard Hughes – Richard spent the first ten years of his career as a Civil Servant, working in the Home Office, Prison Service and Cabinet Office. Since 2001 he has worked in public sector consulting for PA Consulting and Capgemini, specialising in strategy, business change and performance improvement. He also had a stint leading business development in Justice for Working Links, a provider of services to support the unemployed into work and the rehabilitation of offenders. He is currently a member of PA Consulting’s Government and Public Services team, focusing on public service reform. Richard was appointed on 4 January 2011 for a two-year term, in January 2013 his term was renewed for another three years.



Stephen Locke – Stephen began his career at HMT then spent 15 years at Which? where he was Director of Research and Policy. Latterly he joined the ITC as Director of Advertising and Sponsorship, helping to establish its successor body Ofcom before setting up as an independent consultant on regulation and consumer issues. Up to 31 March 2014, he was Vice Chair of Consumer Futures and Chair of the Payment Systems Regulator Panel. He is currently Chair of London TravelWatch, a Board Member of Transport Focus formerly Passenger Focus and Chair of the Advertising Advisory Committee which advises advertising regulators on TV and radio advertising rules. Stephen was appointed on 4 January 2010 for a three-year term, in January 2014 his term was extended for another 6 months until July 2014, and in July 2014 his term was renewed for another three years.



Robert Skinner – Robert is the Chief Executive of the Lending Standards Board. Prior to this he spent three years as Director General of the Money Advice Trust, a charity that provides advice to over-indebted individuals, via National Debtline and training and support to money advisers. Robert's earlier career was spent working for Barclays Bank where he held a number of senior roles in Large Corporate, International and Retail banking. He was appointed 1 February 2012 for a three-year term, and in February 2015 his term was renewed for a further three years.

Chief executive



Caroline Rookes – Caroline was appointed as Chief Executive of the Money Advice Service on 1 February 2013. During a distinguished career in the Civil Service, recognised with a CBE in 2010, she has overseen a number of major developments to improve people's personal finances. These include the introduction of automatic enrolment (the new duty on employers to enrol their staff automatically into a pension), the new NEST pension scheme, changes to private pension legislation and regulation, reviews of welfare benefits, and simplification of the pension tax regime.

Executive directors



David Haigh – David is UK Financial Capability Director. He is responsible for developing a Strategy to harness collective impact and drive improvements in the way people manage their money. He has held a variety of senior strategic policy and leadership roles over the last decade, and was the Commercial Director at the Department for Health, responsible for developing a programme to improve the efficiency of the NHS. David spent two years working in the Australian Treasury, leading the team in delivering the Budget and setting up the Clean Energy Investment Corporation. He also worked at the Department for Work and Pensions where he led the policy and legislation to deliver automatic enrolment into pension schemes.



John Penberthy-Smith – John is Customer Director. He is passionate about being an advocate for consumers, ensuring that they have access to free and impartial information and guidance which will really make a difference to their lives and aspirations. His role is to ensure that the customer is at the heart of everything the Money Advice Service does, from creating new and engaging content to developing marketing strategy. His aim is to stay ahead of the latest trends to ensure that information and content is delivered in the most relevant and accessible way possible. John has held senior commercial roles at Vodafone, 3 Mobile and Eircom. He also draws from his extensive work as a strategic consultant with a range of organisations, who he has helped to improve their business performance and develop delivery of multi-channel strategies.



Lesley Robinson – Lesley is UK Debt Advice & Corporate Services Director. Her delivery areas include the Service's debt advice programme, finance, HR, IT, procurement, programme management, change management and operations. Lesley has spent many years as a commercial operating officer in various sectors, including FMCG, leisure, media and ICT. Before joining the Money Advice Service on 16 May 2011 she spent time in the NHS executing a change management programme.



Board duties/responsibilities

The role of the Board is to take responsibility for the development and delivery of the Money Advice Service's strategic vision, business plan, policies and services. It also monitors performance and holds the organisation to account. Further details on the Board's key responsibilities are available in its Terms of Reference.

The Board considered a number of key issues during the year including:

- Independent Review
- UK Financial Capability Strategy
- Debt Advice 3 Year Grant agreements for England & Wales
- 13/14 Annual Review and financial statements
- 15/16 Business Plan and budget
- Staff Engagement Survey
- Stakeholder Engagement
- Customer insight

Board Performance

The Board met 9 times during the year, which included an annual 'away day' to review strategy and performance and an Extraordinary Board meeting to review the Independent Review responses. During all its meetings, the Board is mindful of external factors and the affects they may have.

During March 2015, the Board and Board Committees conducted an internal evaluation of their effectiveness looking at their performance over the year 2014/15. This was carried out by questionnaire and a report was compiled. The Board discussed the report at its meeting in May 2015 and an action plan has been agreed to be implemented in July 2015.

Board members also carried out a Board development exercise at their Away Day on 8 July 2014 which was designed following psychometric questionnaires, one to one interviews with members, team profiling and independent observation at a board meeting.

A Board training session on Governance and Accountability was provided to Board members in November 2014 which included the following: Arm's length bodies ("ALB"s): the landscape of central government; Governance arrangements in central government; the role of the ALB Accounting Officer and relationship with the ALB board; the proper conduct of public business; external scrutiny and the role of the ALB board.

Several non-executive Board members also attended our all staff behavioural change conference in January 2015 which focused on utilising MINDSPACE principles to achieve positive outcomes.

As from January 2015 onwards, we have also launched a customer programme of activities for the non-executive Board members to bring them closer to our customers and gather more insight.



Board Committees

The Audit & Risk Committee

The Audit & Risk Committee was chaired by Joanne Shaw up to 31 December 2014. After her departure Stephen Locke has been acting as interim Chair. The Committee is responsible for reviewing and providing assurance to the Board on matters including the effectiveness of the Money Advice Service internal controls and risk management systems, the integrity of financial statements and for oversight of the external audit process. The Committee comprises three Non-Executive Board members appointed by the Board. The Chief Executive, Corporate Services Director and other executive directors (as appropriate) and at least one representative of the external auditors and internal auditors normally attend meetings of the Committee.

The Committee met four times during the year and the agenda continued to be busy. As part of its normal cycle of work, the Committee has reviewed the risk management policy including the risk appetite statement, strategic risk register (each meeting), external audit report, internal audit report, single tender action contract awards, review of policies including banking and investment, accounting, whistleblowing, hospitality and entertainment, code of conduct and changes in financial procedures. The Committee also reviewed and recommended the Annual Review and Accounts 2013/14 for approval by the Board.

Remuneration Committee

The Remuneration Committee is chaired by Laurie Edmans CBE. The Committee is responsible for ensuring that the Money Advice Service has in place a comprehensive, effective and value for money total reward and performance framework that enables the organisation to attract, retain and motivate a high calibre workforce. It comprises three Non-Executive Board members (excluding the Chair of the Board). To ensure independence, the Chair of the Audit and Risk Committee is not a member of the Remuneration Committee.

The Committee had two meetings during the year and agreed the organisation-level performance-related award for 2013/14, the individual performance awards, consolidated pay increase and equal pay review, the performance reviews for executive directors including the performance awards for them and their objectives.

Nominations Committee

The Nominations Committee is chaired by Andy Briscoe. The Committee is responsible for leading the process for Board appointments and to make recommendations to the Board, subject to the approval of the FCA.

The FCA approved all appointments to the Board and the appointment of the Chair and the CEO were approved by HM Treasury.

Its duties include consideration and agreement of proposals for the remuneration of Directors for their services to the Money Advice Service as directors and for any other service which they undertake for the company. Such proposals are subject to the approval of the FCA, within the terms of the agreed framework and in consultation with the Chief Executive or Chair as appropriate.

The Committee is made up of four directors, comprising the Chairman of the Board, two non-executive directors and the Chief Executive.

The Committee met twice during the year and discussed the following key issues: executive directors recruitment, non-executive directors recruitment, board evaluation proposal, individual performance appraisal for the Board. The Committee recommended the appointment of Nicola Bruce, Caroline Fawcett, Mike Dailly and Christopher Morson to the Board as non-executive members and the appointment of John Penberthy-Smith and David Haigh as executive directors.



Investment Committee

The Investment Committee is chaired by Richard Hughes. The Committee facilitates timely approval of investment decisions which are above the executive level delegated authority limits. The Committee comprises three Non-Executive Board members appointed by the Board and meets whenever approval for an investment decision is necessary.

The Committee discussed the following key issues during the year, business case for comparison tables, business case for channel strategy pilot, business case on retirement assets, product development team contract, our call off contracts arrangements, and has made appropriate recommendations to the Board when needed.

Board and Committees details for the year ended 31 March 2015

The Board and Board Committees met regularly during the year and details of the number of meetings held and attendance at those meetings are set out in Table 1 below.

Name	Board meeting	Audit Co	Rem Co	Nom Co	Inv Co
Executive Directors					
Karen Broughton	3/3				
Mark Fiander	3/6				
Lesley Robinson	9/9				
Caroline Rookes	9/9			2/2	
Non-Executive Directors					
Andy Briscoe	9/9			2/2	
Jonathan Douglas	8/9		2/2		
Laurie Edmans ^a	8/9	1/1	2/2	2/2	
Richard Hughes	7/9	2/2	2/2		2/3
Stephen Locke	9/9	4/4			
Joanne Shaw	6/6	2/2			1/1
Robert Skinner	8/9			2/2	2/2
John Spence	5/6	2/3			3/3

Key

a - Senior Independent Director

The FCA approved all appointments to the Board and the appointment of the Chair and the CEO was approved by the Treasury.



Executive Leadership Team (ELT)

The corporate governance system of the Board and its committees are further supported by the Executive Leadership Team (ELT). ELT meetings are a forum for the Executive Directors to:

- Monitor and drive operational delivery
- Take decisions about the allocation of finance and other resources within their delegated powers
- Consider the risks to the Service and agree mitigating action
- Agree papers for submission to the Board and
- Perform any ad hoc duties as necessary.

The ELT comprises the following:

- Chief Executive (Chair)
- UK Debt Advice & Corporate Services Director
- Customer Director
- Interim Financial Capability Strategy Director
- Head of Human Resources
- Head of Digital and
- Head of Customer Insight and Evaluation (CMI)

Other staff attend the meetings when required. The ELT meets at least fortnightly and at such other times as it requires and reports to the Board and provide any additional reports relating to the discharge of the above duties, as appropriate.

Risk Management

At the Money Advice Service we have a clear framework for identifying and managing risk, both at an operational and strategic level (the principal risks and uncertainties are discussed on page 57 above). Our risk identification and mitigation processes have been designed to be responsive to the environment in which we operate.

Internally, we employ a strong risk management approach to identifying risks, risk tolerance, mitigation and management. This helps us achieve our goals, identify opportunities for improvement and mitigate the effects of a wide range of risks on the organisation.

Forming the cornerstone for all our risk management activity is our risk appetite statement which is reviewed and refreshed every year. The Audit and Risk Committee ratified the 2014/15 risk appetite which provided us with an updated view of how we should effectively manage risk within the organisation. Our risk appetite has a strong control framework in place which rather than stifle risk management allows the organisation to work within a transparent and well managed structure.



We need to oversee the risks that we are taking and how we are mitigating the external and internal risks that we face and in doing so we have to ensure that there is a consistent approach to the assessment of risks, any opportunities and the effectiveness of risk management which will be subject to challenge through regular systematic assessment. This oversight has been effective in the past and we need to make sure that it remains fit-for-purpose as the organisation flexes.

The way we manage our risk is based on the following principles:

- foster a culture to support well-judged decisions about risks and opportunities
- the management of risk is integrated into existing processes
- clear roles are agreed relating to the accountability, management, escalation and communication of risks, and
- all staff encouraged to be open and honest in the reporting and escalation of risks.

We have benchmarked our risk management process against a number of similar organisations and our framework reflects best practice seen elsewhere. Our internal audit function is outsourced to Grant Thornton which also provides another source of bringing best practice into the organisation.

Internal Audit

The Money Advice Service undertakes regular internal audits to ensure that the organisation benefits from ongoing improvements in efficiency, effectiveness and control. In January 2014, the Audit & Risk Committee agreed to retender for Internal Audit Services. After a tendering exercise, Grant Thornton was appointed to provide Internal Audit services to the Service in August 2014. A programme of internal audits was agreed by the Audit & Risk Committee, and was undertaken and reported to the Committee during the year.

The following audits were performed during 2014/15:

- Key Financial Controls
- Risk Management
- Marketing
- Procurement, Contract and Supplier Management
- Performance Management

A process is in place to ensure that any recommendations made in the internal audit reports are monitored by ELT, progressed and implemented effectively, and that progress is regularly reported to the Audit & Risk Committee. The Committee is satisfied that good progress is being made in putting those recommendations into action over the year.



Information Security

In accordance with our responsibilities under the HMG Security Policy Framework and the Data Protection Act 1998, the Service has in place provisions for information security.

Information held by the Service in electronic or paper form, be it structured or unstructured, is one of the organisations most vital and valuable assets and it is essential that this information is protected against the many threats that may compromise its Confidentiality, Integrity and Availability. In addition, it is critical to ensure that the Service meets all required UK and European Union legal compliance obligations to avoid the risk of litigation, potential brand damage and loss of public confidence in the service.

We take all reasonable steps to ensure suppliers abide by all relevant UK and EU legislation regarding Information Security, Storage, Handling and Processing. The requirement to comply with this legislation is devolved to all employees, contractors, consultants and agents who may be held accountable for any breaches of information security for which they may be responsible for.

It is our established practice to let the Information Commissioner's Office (ICO) know of data protection related incidents and I can confirm that for the year 2014/15 no incidents were drawn to the ICO's attention.

Remuneration Report



Remuneration Report

Remuneration committee

The Remuneration Committee is a sub-committee of the board and is chaired by an independent non-executive director. Its principal activities are detailed in the Remuneration Committee's Terms of Reference. During the year the Remuneration Committee met twice. The three members of the Remuneration Committee are Board members and appointed to the Committee by the Board.

Chair	Laurie Edmans
Member	Richard Hughes
Member	Jonathan Douglas

The Chair of the Money Advice Service's Audit & Risk Committee is not a member of the Remuneration Committee. The Money Advice Service Chair attends the Remuneration Committee but is not a member.

The period of office for Committee members is three years, with further periods of up to three years based on reappointment by the board.

No member of the Committee or other individual is involved in any decision about their own remuneration. Accordingly, any Committee member would withdraw from that part of any meeting where their remuneration is likely to be discussed or affected.

Other Money Advice Service staff and Board members attend the meetings of the Committee at the request of the Committee chair as and when considered appropriate by the Committee.

Remuneration strategy

The Remuneration Committee is responsible for ensuring the Money Advice Service has a comprehensive effective and value for money total reward strategy and framework that enables the organisation to attract, retain and motivate a high-calibre workforce to deliver the organisation's objectives.

2014/15 Remuneration review

The total remuneration package, which is common to all employees, comprises:

- basic pensionable salary;
- eligibility for a performance related bonus;
- other benefits; and
- pension contribution.

The employment contract details of the Money Advice Service executives and non-executives are outlined in the table below.

Board Membership and terms of office			
Executives	Appointment date on the Board	Renewed on	Due for Renewal
Karen Broughton	01/01/2012		Resigned on 31/08/2014
Nicola Bruce	01/04/2015		31/03/2018
Michael Dailly	01/04/2015		31/03/2018
Caroline Fawcett	01/04/2015		31/03/2018
Mark Fiander	01/01/2012		Left the organisation on 15/12/2014
David Haigh	01/06/2015		01/06/2018
John Penberthy-Smith	01/06/2015		01/06/2018
Lesley Robinson	01/01/2012	02/01/2015	01/01/2018
Caroline Rookes	01/02/2013		31/01/2016
Non-Executives			
Jonathan Douglas	04/01/2010	04/01/2013	03/01/2016
Laurence Edmans	04/01/2011	03/07/2014	02/07/2017
Richard Hughes	04/01/2010	04/01/2013	03/01/2016
Andy Briscoe	27/09/2013		26/09/2016
Stephen Locke	04/01/2011	03/07/2014	02/07/2017
Joanne Shaw	04/01/2011		Resigned on 31/12/2014
Robert Skinner	01/02/2012	01/02/2015	31/01/2018
John Spence	02/01/2012		Resigned on 31/12/2014



Committee Membership and terms of office			
Audit and Risk Committee	Start date on Committee	Renewed on	Due for renewal by the Board
Joanne Shaw	17/05/2011	16/05/2014	Resigned on 31/12/2014
John Spence	12/01/2012		Resigned on 31/12/2014
Stephen Locke	17/05/2011	10/06/2015	
Laurie Edmans	01/01/2015		On a temporary basis, until replacements for the departing NEDs were identified
Richard Hughes	01/01/2015		On a temporary basis, until replacements for the departing NEDs were identified
Nicola Bruce	21/05/2015		31/03/2018
Caroline Fawcett	21/05/2015		31/03/2018
Remuneration Committee			
Laurie Edmans	22/03/2011	10/06/2015	
Jonathan Douglas	22/03/2011	10/06/2015	
Richard Hughes	22/03/2011	10/06/2015	

The Remuneration Committee within the terms of the agreed framework, and in consultation with the Chief Executive or Chair as appropriate, considers and approves proposals for the remuneration and performance related pay for senior executives (including the Chief Executive). In addition, the Chief Executive's remuneration and performance-related pay is approved by the Board. In determining such packages and arrangements including arrangements on termination, the Committee gives sufficient and appropriate regard to relevant legal requirements, and other relevant guidance including the UK Corporate Governance Code.

Director remuneration levels are approved by the Financial Conduct Authority (FCA) and there are no additional payments for chairing sub-committees of the Board.

The Remuneration Committee is also responsible for approving the annual performance objectives of the Chief Executive and senior executives. Board members provide feedback on performance of the Chief Executive and senior executives to feed into the annual appraisal process.



Basic pensionable salary

Salaries are reviewed by the Remuneration Committee annually in line with the overall policy.

Performance related bonuses

The Executive Directors and the Chief Executive, like other employees, are eligible to be considered for a discretionary performance-related bonus, which for 2014/15 is up to a maximum of 15% of average base pensionable salary applying during the previous year.

The Chair and other non-executive members of the board are not eligible to be considered for a discretionary performance-related bonus.

Other benefits

On 31 May 2012 the Money Advice Service ended the flexible benefits system which was originally offered by the FCA and carried over to the Money Advice Service. For a small organisation it was considered overly complex and expensive to administer. From 1 June 2012 a simpler alternative offering to all staff of private medical insurance, life insurance and a contributory pension plan up to a maximum of 10% employer contribution has been put in place. Those in post prior to the introduction of the new arrangements receive an allowance made up of the monetary value difference between the new and old arrangements.

A summary of benefits received by executives is included in the remuneration table on the next page.

Pensions

The Money Advice Service was a member of the defined contribution section of the FCA Pension Plan until 31 May 2012. From 1 June 2012 the Money Advice Service has set up a group personal pension scheme (GPP) which is a defined contribution scheme through Aviva. Pension contributions made to the executives have been disclosed in our remuneration table.

Remuneration Statement

The table below has been audited.

A

	Notes	Board Fee £'000	Basic Salary £'000	Other Emoluments and Benefits £'000	Pension £'000	Year Ended 31/03/2015 Total £'000	Year Ended 31/03/2014 Total £'000
Chair							
Gerard Lemos	1	-				-	41
Andy Briscoe	2	74				74	38
Non-Executive Directors							
Jonathan Douglas		25	-	-	-	25	25
Laurie Edmans		25	-	-	-	25	25
Richard Hughes		25	-	-	-	25	25
Stephen Locke		25	-	-	-	25	25
Joanne Shaw	3	23	-	-	-	23	25
Robert Skinner		25	-	-	-	25	25
John Spence	4	18	-	-	-	18	25
Total Non-Executive Directors		240	-	-	-	240	254
Executive Directors							
Karen Broughton	5	-	69	11	7	87	221
David Haigh	6	-	14	0	1	15	-
Mark Fiander	7	-	230	71	12	313	202
John Penberthy-Smith	8	-	36	0	4	40	-
Lesley Robinson		-	143	47	14	204	187
Caroline Rookes		-	144	22	14	180	163
Total Executive Directors			636	151	52	839	773
Total		240	636	151	52	1,079	1,027

Notes

- Gerard Lemos in lieu of contributions to the Money Advice Service pension scheme. Gerard Lemos's term as Chairman ended on 26 September 2013 (2013/14 FYE £75,000) and he has been replaced as chairman by Andy Briscoe.
- Andy Briscoe was appointed chair of the Money Advice Service on 27 September 2013 for a three year term on an annual salary of £74,000 and no employer pension contribution.



- 3 Joanne Shaw's term as non executive director ended on 31 December 2014.
- 4 John Spence's term as non executive director ended on 31 December 2014.
- 5 Karen Broughton resigned as marketing & service delivery director on 31 August 2014 (2013/14 FYE Basic Salary of £162,000).
- 6 David Haigh was appointed UK Financial Capability Director on 10 February 2015 on a fixed term basis and an annual salary of £100,000. On 1 June 2015 David was appointed as a permanent member of staff.
- 7 Mark Fiander, Strategy and Innovation Director left the organisation on 15 December 2014 (2013/14 FYE Basic Salary of £162,000). His basic pay included gross salary of £120k, accrued holiday pay of £16k and pay in lieu of notice (PILON) of £94k. Included in the other emoluments and benefits figure is £56k in relation to a redundancy payment.
- 8 John Penberthy-Smith was appointed Customer Director on 15 December 2014 on a fixed term contract on an annual salary of £142,000. On 1 June 2015 John was appointed as a permanent member of staff.
- 9 Below are details of the discretionary performance related awards made to executive directors for the year ended 31 March 2015. Awards agreed for the year will be paid in the following financial year and have been included in the emoluments and benefits figures in the table above.

Employee	Individual Performance Related Award 2014/15 £000	Total Performance Related Award 2013/14 £000
Karen Broughton	0	17
David Haigh	0	0
Mark Fiander	0	1
John Penberthy-Smith	0	0
Lesley Robinson	21	8
Caroline Rookes	22	8
Total	43	34

6. Other emoluments and benefits

This figure is comprised of the following;

Private medical insurance
Life insurance
Contributory pension plan

Executive Directors in post prior to 1 June 2012 receive a non-pensionable allowance which compensates them for the loss of flexible benefits paid to employees under our old compensation arrangement. This allowance is included in other emoluments and benefits detailed in the table above.



Pension

As part of the change to our reward arrangement, we have moved from a trustee based non-contributory scheme (up to 12%) to a contributory group personal pension plan. Employer pension contributions from 1 June 12 are on a matching basis as follows:

Employee Contribution	Employer Contribution
%	%
3	6
4	8
5	10
>5	10

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	Year Ended 31/03/2015 Total	Year Ended 31/03/2014 Total
Hutton fair pay review disclosure	£000	£000
Highest paid Director's total remuneration	190	205
Median remuneration of the Money Advice Service's total staff	57	63
Ratio	3.3	3.2

As specified in our accounts direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000 we have disclosed the relationship between the remuneration of the highest-paid member of the Service's Executive Leadership Team (ELT) and the median remuneration of the organisation's workforce. Total remuneration includes Basic Salary, other emoluments and benefits.

The Director of UK Debt Advice & Corporate Services was the highest-paid member of the Service for the year ended 31 March 2015.

The Director of Marketing and Service Delivery was the highest-paid member of the Service for the year ended 31 March 2014.



Total remuneration includes, performance related payments, benefits-in-kind and severance payments, where applicable. It does not include employer pension contributions. The Director of Strategy and Innovation is not considered the highest paid member of the Service for the year ended 31 March 2015 because his remuneration includes a redundancy payment which is excluded from the total total remuneration calculation as specified in the guidance notes to the Hutton fair pay review disclosure. The median remuneration of the Service's total staff is based on annualised, full-time equivalent remuneration for the year ended 31 March 2015 and the year ended 31 March 2014. The figures exclude employer pension contributions and exclude the highest paid director. The figures include agency and other temporary employees covering staff vacancies, but exclude consultancy services. Only remuneration paid to employees has been included. We have excluded agency fees and VAT from our calculations.

The relatively low ratio between the remuneration of the highest-paid member of the Service's Executive Directors and the median remuneration of the organisation's workforce reflects our people strategy of paying competitive 'spot rate' salaries, and not having any entry-level roles. The reduction in the median remuneration of the Money Advice Service's total staff is as a result of using fewer interim staff to fill permanent roles.

The financial statements were approved by the Board of Directors on 10 June 2015, and the Remuneration Statement was signed on 30 June 2015 on its behalf by:

Caroline Rookes
Chief Executive Officer

The Certificate and report of the comptroller and auditor general to the Houses of Parliament



The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Money Advice Service for the year ended 31 March 2015 under the Financial Services and Markets Act 2000. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Directors, Accounting Officer and Auditor

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the Directors and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Financial Services and Markets Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Money Advice Service's affairs as at 31 March 2015 and of the deficit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the financial statements have been properly prepared in accordance with the Financial Services and Markets Act 2000 and HM Treasury's directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury's directions made under the Financial Services and Markets Act 2000; and
- the information given in the Annual Review, Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial statements

for the year ended 31 March 2015



Statement of Comprehensive Income

Year ended 31 March 2015

	Notes	Year Ended 31-Mar-15 £'000	Year Ended 31-Mar-14 £'000
Cost of Services - Money Advice	6	(43,715.3)	(42,858.2)
Cost of Services - Debt Advice	6	(36,590.6)	(34,345.2)
Depreciation and amortisation	6	(1,264.9)	(1,328.7)
Write-down of non-current assets	6	(2.1)	(6.9)
Interest on bank deposits	6	194.8	343.2
Net costs for year		(81,378.1)	(78,195.8)
Fee revenue - Money Advice	7	42,539.3	44,270.4
Fee revenue - Debt Advice	7	38,091.6	34,484.2
Total fee revenue		80,630.9	78,754.6
Surplus (Deficit) before tax	5	(747.2)	558.8
Taxation	9	(39.0)	(67.7)
Surplus after tax		(786.2)	491.1
Total comprehensive income		(786.2)	491.1



Statement of financial position

As at 31 March 2015

	Notes	As at 31-Mar-15 £'000	As at 31-Mar-14 £'000
Non-current assets			
Intangibles assets	10	435.6	1,318.2
Property Plant and Equipment	11	1,118.8	1,344.1
Total non-current assets		1,554.4	2,662.3
Current assets			
Trade and other receivables	12	3,282.2	849.7
Cash and cash equivalents	12	10,950.8	14,282.3
Total current assets		14,233.0	15,132.0
Total assets		15,787.4	17,794.3
Current liabilities			
Trade and other payables	14	(6,434.2)	(7,630.3)
Current tax liabilities	14	(39.0)	(66.6)
Provisions	15	–	–
Total current liabilities		(6,473.2)	(7,696.9)
Total assets less current liabilities		9,314.2	10,097.4
Non-current liabilities			
Provisions	15	(137.9)	(134.9)
Total non-current liabilities		(137.9)	(134.9)
Net assets		9,176.3	9,962.5
Equity			
Money Advice Accumulated Surplus		4,458.8	6,746.0
Debt Advice Accumulated Surplus		2,674.9	699.4
Debt Advice Special Reserve		2,042.6	2,517.1
Total Equity		9,176.3	9,962.5

The financial statements were approved by the Board of Directors on 10 June 2015, and were signed on 30 June 2015 on its behalf by;

Andy Briscoe
Chairman

Caroline Rookes
Chief Executive Officer

Statement of changes in equity

Year ended 31 March 2015

	Money Advice £'000	Debt Advice £'000	Debt Advice Special Reserve £'000	Total equity £'000
At 1 April 2013	6,394.0	1,327.4	1,750.1	9,471.4
Surplus income over expenditure for the year	352.0	139.0	-	491.1
Transfer between reserves	-	(767.0)	767.0	-
At 1 April 2014	6,746.0	699.4	2,517.1	9,962.5
Surplus / (Deficit) income over expenditure for the year	(2,287.2)	1,501.0	-	-786.2
Transfer between reserves (Note 19)		474.5	(474.5)	-
Total equity at 31 March 2015	4,458.8	2,674.9	2,042.6	9,176.3

Statement of cash flows

Year ended 31 March 2015

	Note	Year Ended 31-Mar-14 £'000	Year Ended 31-Mar-13 £'000
Net cash generated from operating activities	16	(3,304.8)	5,629.5
Cash flows from investing activities			
Interest received on bank deposits	6	194.8	343.2
Corporation taxes paid		(66.6)	(65.4)
Payments to acquire intangible non-current assets	10	(57.6)	(76.2)
Payments to acquire property, plant and equipment	11	(97.3)	(1,169.7)
Net cash outflow from investing activities		(26.7)	(968.1)
Increase/(decrease) in cash and cash equivalents		(3,331.5)	4,661.4
Cash and cash equivalents at the start of the year		14,282.3	9,620.9
Cash and cash equivalents at the end of the year		10,950.8	14,282.3

Notes to the financial statements



Notes to the financial statements

1. General information

The Money Advice Service (formerly CFEB) is a company incorporated in the United Kingdom under the Companies Act 2006 and is limited by guarantee with no share capital. The members of the company have agreed to contribute £1 each to the assets of the company in the event of it being wound up. The address of the registered office is given on page 6.

The Consumer Financial Education Body (CFEB) was incorporated on the 1 March 2010 and changed its name to the Money Advice Service on 4 April 2011. These financial statements cover the year ended 31 March 2015 and have 12 month comparative figures for the year ended 31 March 2014.

The core statutory objectives of the Money Advice Service are to enhance the understanding and knowledge of the public of financial matters and to enhance the ability of members of the public to manage their own financial affairs. This now includes specific responsibility for debt advice as per the Financial Services Act 2012. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Money Advice Service operates.

Under the Financial Services Act 2012, the Money Advice Service is exempt from the requirements of Part 16 of the Companies Act 2006 (audit).

The financial statements are presented in accordance with International Accounting Standards (IAS) 1, Presentation of Financial Statements (Revised 2007) and the accounts direction issued by HM Treasury, see page 122 for details. These financial statements include the disclosure requirements of International Financial Reporting Standards (IFRS) 8 Operating Segments.

At the date of the approval of these financial statements, the following accounting standards were in issue but not yet effective, and have not been applied to these financial statements.

IAS 1 - Presentation of financial statements (Other Comprehensive Income)

The Money Advice Service does not have other comprehensive income for the year ended 31 March 2015 (NIL 2013/14).

IAS 12 - Income Taxes

The Money Advice Service does not have a deferred tax liability for the year ended 31 March 2015. (NIL 2013/14).

IAS 16 - Property, Plant and Equipment

The Money Advice Service does not have servicing equipment as at 31 March 2015 (NIL 2013/14).

**IAS 19 – Post employment benefits (pensions)**

The Money Advice Service does not have a defined benefits plan.

IAS 32 – Financial Instruments: Presentation

The Money Advice Service does not have equity instruments.

IAS 34 – Interim Financial Reporting

The Money Advice Service does not produce interim financial reports.

IFRS 10 (Consolidated Financial Statements), 11 (Joint Arrangements), 12 (Disclosure of Interests in Other Entities, IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures)

IASB have issued new and amended standards that affect the consolidation and reporting of subsidiaries, associates, joint ventures and investment entities. The Money Advice Service is not engaged in any of these activities and therefore does not need to apply these standards.

IFRS 13 – Fair Value Measurement

The Money Advice Service does not hold assets or liabilities which are traded. Our tangible and intangible non current assets are held under cost therefore this standard does not have an impact unless there is an impairment.

2. Significant accounting policies

The Financial Statements have been prepared on an historical cost basis, except for financial assets which are held at fair value. The financial statements have been prepared on a going concern basis. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the accounts direction issued by HM Treasury. The principal accounting policies adopted are set out below:

a Costs of Services

Costs are included in the Statement of Comprehensive Income on an accruals basis.

b Statement of comprehensive income

The format of the statement of comprehensive income on page 91 has been designed to show net costs before fees levied to cover those costs. It is considered that this format best represents the nature of the activities of the Money Advice Service, which involves carrying out statutory functions and levying fees to meet the net cost of those functions. We have provided an analysis of our expenditure by delivery channel, this analysis has also been provided in our business plan which allows users to easily compare budget to actual expenditure.

c Revenue recognition

The Money Advice Service has two primary work streams, money advice and debt advice, both are funded by the levy on regulated firms. The Financial Conduct Authority (FCA) raise and collect this levy on behalf of the Money Advice Service.

All levy revenue receivable under the Financial Services and Markets Act 2000 (FSMA), is measured at fair value, and represents the levies to which the Money Advice Service was entitled in respect of the financial year. We recognise all 2014/15 levy income received from the FCA and defer levy income received for 2015/16.

d Financial instruments

- (i) **Trade receivables** – Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying value and the estimated future cash-flows deriving from the continued use of that asset, discounted if the effect is material.
- (ii) **Trade payables** – Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.
- (iii) **Cash and cash equivalents** – Cash and cash equivalents comprise cash in hand, demand deposits and other short term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

Throughout the year funds were placed with a number of financial institutions. The Money Advice Service maintains a balance between readily available funds to meet cash flow requirements and flexibility by placing deposits for periods not exceeding 12 months.

e Taxation

The tax expense represents the sum of tax currently payable. The Money Advice Service is only liable to pay corporation tax on investment income and not on levy income received, therefore no deferred tax effect arises.

The Money Advice Service is not registered for value added tax (VAT) because it does not carry out a VAT-able supply as defined by HMRC. All costs are recorded inclusive of any VAT charged.

f Retirement benefit costs

The Money Advice Service operates a group personal pension scheme (GPP) which is a defined contribution scheme through Aviva.

The payments to the defined contribution scheme are recognised as an expense in the statement of comprehensive income, as they fall due.



g Capitalisation threshold of assets (tangible and intangible)

The Money Advice Service capitalise assets (tangible and intangible) with a value of £1,000 or more. This threshold was set during the financial year ended 31 March 2013 and has been applied to all assets purchased since that date.

h Tangible non-current assets

The Money Advice Service has acquired tangible non-current assets as part of its business operations.

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost less estimated residual value on a straight-line basis over the expected useful economic life of the tangible non-current assets.

Summary of the Money Advice Service's Depreciation Policy of Tangible Non-Current Assets

Tangible Non-Current Asset	Useful Economic Life
Leasehold improvements	straight line over the period of the lease commencing on occupancy (10 years)
Furniture and Fittings	straight line over 5 years
Computer Hardware	over 3 years

If events or changes in circumstances indicate the carrying value may not be recoverable, then the carrying value of property, plant and equipment are reviewed for impairment.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

i Intangible Assets

In accordance with IAS 38: Intangible Assets, costs associated with the development of website infrastructure are capitalised only where: the Money Advice Service can demonstrate the technical feasibility of completing the infrastructure, it has adequate technical, financial and other resources available to it as well as the intent to complete its development: and the ability to use it upon completion. In addition, costs are only capitalised if the asset can be separately identified, it is probable that the asset will generate future economic benefits, and that the development costs of the asset can be measured reliably. Expenditure on research activities, website content and applications such as tools are recognised as expenditure in the year in which it is incurred. This expenditure typically has a useful life of less than a year because we are continually improving our content and applications to ensure our customers have the best possible experience.

Only costs that are directly attributable to bringing the asset to working condition for its intended use are included in its measurement. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management.

Where no intangible asset can be recognised, development expenditure is charged to the statement of comprehensive income when incurred.

Summary of the Money Advice Service's Amortisation Policy of Intangible Non-Current Assets

Intangible Non-Current Asset	Useful Economic Life
Internally generated website infrastructure	3 years
Software licenses	Amortised over the duration of the licence

j Impairment of property, plant and equipment and intangible assets

At the end of each financial year end the Money Advice Service reviews the carrying value of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks to the specific asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.



k Leases

Leases are classified as finance leases when substantially all the risk and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Money Advice Service has no finance leases in place.

The Money Advice Service has the following operating lease;
Fifth Floor, 120 Holborn (entered into 8 March 2014, expires 7 March 2024)

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

l Provisions

Provisions are recognised when the Money Advice Service has a present obligation, legal or constructive, as a result of a past event, if it is probable that the Money Advice Service will be required to settle that obligation and the amount can be reliably estimated. Provisions are measured at the directors' best estimate at the reporting date of the expenditure required to settle the obligation.

Provisions are discounted where the time value of money is material and we use average inflation rate (currently 2%) to determine the discount rate.

m Contingent Liabilities

The Money Advice Service recognises contingent liabilities when there is a present obligation legal or constructive as a result of a past event which is uncertain in timing and amount. A contingent liability is disclosed but not accrued, however disclosure is not required if the likelihood of payment is remote.

n Reserves

The Money Advice Service has set a general reserve policy, which is applied to separate reserves for Money Advice and Debt Advice levies whilst they remain separate funding streams. At present the Audit and Risk Committee has set the general reserve level for Money Advice at up to 5% of the current year's agreed funding and the reserve can accrue cumulatively from surplus income over expenditure. It can be used to fund general operating expenditure. Reserve amounts cannot be transferred between Money and Debt Advice. Decisions to utilise the reserve are taken by the Audit and Risk committee on behalf of the Board. If there is surplus income arising after all reserves have been agreed, this will be deducted from future funding levies raised in agreement with the FCA.

For 2014/15 we have increased the Debt Advice general reserve from 5% to 7.0%, this increase is for the current year only and our expectation is that the general reserve will revert to 5% from next year onwards. The increase in general reserve is necessary to cover unforeseen costs to meet the needs of clients that may be affected by changes in the debt management market which maybe incurred during 2015/16. As these costs have not been defined we have not included them in our budget request for 2015/16, however it is prudent to have funds available to ensure we can meet the needs of these clients. Actual utilisation of our reserve is subject to approval by our Board and the FCA and to full disclosure in the Money Advice Service's financial statements.



To the extent that any specific reserve is required for contractual obligations which may arise in future years, these will become special reserves. In the year ended 31 March 2013 we set up a special reserve of £1.75M for debt advice from the funding raised to cover the potential redundancy liability arising to 31 March 2012 on the grant agreements we have taken over from the Department for Business, Innovation and Skills (BIS). This reserve can only be utilised for potential payment of such redundancies, should the projects need to be closed early or at the end of their life (see note 19 for further details).

The Money Advice Service owns the Organisation's non-current assets, and thus all depreciation/amortisation and write down of non-current assets is apportioned wholly to the Money Advice Service. The Money Advice Service's assets are primarily used in providing Money Advice activities. A small recharge is made to Debt Advice for use of the assets. All depreciation/amortisation and write down of non-current assets is apportioned to Money Advice.

Interest income is apportioned wholly to the Money Advice. During the year Money Advice and Debt Advice received the majority of their funding in the first six months of the year. We apportion income generated on surplus funds to Money Advice and we reduce the amount of recharged expenses from Money Advice to Debt Advice to account for the deposit income generated by Debt Advice surplus funds.

o External Auditors

Auditor's remuneration for audit services was £27,500. The audit fee is now VAT exempt as it is required by statute as a result of the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012.

The National Audit Office (NAO) reviewed the processes for deriving the number of engaged customers and those engaged customers who take one action or more as a result of interacting with the Service.

The fee for this work was £7,000 excluding VAT.



p Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Money Advice Service's significant accounting policies as described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Intangible assets – under IAS 38, no website build costs have been capitalised as additions during the year (the total capitalised expenditure to date is £2.6m). Management judgement has been applied in quantifying the benefit expected to accrue to the Money Advice Service over the useful life of the relevant assets. Those expected benefits relate to the fact that such software allows us to carry out our function more efficiently than alternative approaches. If the benefits expected do not accrue to the Money Advice Service, then the carrying value of the asset would require adjustment.

Costs associated with the development of our website infrastructure are capitalised only where: the Money Advice Service can demonstrate the technical feasibility of completing the infrastructure: the Money Advice Service has adequate technical, financial and other resources available to it as well as the intent to complete its development: and the Money Advice Service also has the ability to use it upon completion. In addition, costs are only capitalised if the asset can be separately identified, it is probable that the asset will generate future economic benefits, and that the development costs of the asset can be measured reliably. Expenditure on research activities, website content and applications are recognised as an expense in the year in which it is incurred. This is because this expenditure has a shorter life and website infrastructure and will be updated on a regular basis.



3. Business & Geographical analysis

Business units

The Money Advice Service has two primary work streams, being Money Advice and Debt Advice. These work streams can be further analysed as 5 core business units, the principal activities of which are as follows;

Money Advice

Customer – This area is responsible for all customer engagement and service delivery activities including face-to-face sessions, Money Advice line (webchat and telephony), partnership delivery, printing and distribution of user-guides, communications campaigns, development and digital services.

Executive Office – This area includes the chair, board of directors, executive leadership team, and support services.

Corporate Services – This area is responsible for facilities, information systems, finance, procurement, human resources, programme management office, data security, governance and company secretarial activities.

UK Financial Capability – This area includes financial capability & strategic alliances, policy & propositions, corporate communications and insight & evaluation.

UK Debt Advice

UK Debt Advice – This activity includes the co-ordination and provision of Debt Advice in the UK.

We have provided details of the expenditure incurred by each business unit and we have also split Revenue by business unit proportionally to expenditure.

We have not segmented our balance sheet because we do not do this for management accounts purposes.

Geographic analysis

The statutory objectives of the Money Advice Service relate to those domiciled within the UK and the Money Advice Service has no foreign operations. No further geographical analysis is presented.

4. Analysis of Expenditure by Business Unit

Segmental information about the Money Advice Service is presented below;

Year ended 31 March 2015	Customer £'000	Executive Office £'000	Corporate Services £'000	UK Financial Capability £'000	UK Debt Advice £'000	Total £'000
Fees	26,640.7	1,326.7	9,695.8	4,876.0	38,091.6	80,630.9
Expenses	(28,170.7)	(1,402.9)	(10,252.7)	(5,156.1)	(36,590.6)	(81,573.0)
Segmental surplus/ (deficit)	(1,530.0)	(76.2)	(556.8)	(280.0)	1,501.0	(942.0)
Investment Income						194.8
Surplus/ (deficit) before tax						(747.2)
Corporation tax expense						(39.0)
Surplus/ (deficit) for year						(786.2)

Year ended 31 March 2014	Customer £'000	Executive Office £'000	Corporate Services £'000	UK Financial Capability £'000	UK Debt Advice £'000	Total £'000
Fees	27,185.8	1,145.7	9,744.9	6,194.0	34,484.2	78,754.6
Expenses	(27,138.9)	(1,143.7)	(9,728.0)	(6,183.3)	(34,345.2)	(78,539.1)
Segmental surplus/ (deficit)	47.0	2.0	16.8	10.7	139.0	215.5
Investment Income						343.2
Surplus/ (deficit) before tax						558.8
Corporation tax expense						(67.7)
Surplus/ (deficit) for year						491.1

In February 2015 the Money Advice restructured its business units, which resulted in the following changes to our directorates. The Customer Engagement & Service Delivery directorate became our Customer directorate. The CEO's Office & Chair became our Executive Office. The Strategy & Innovation directorate became our UK Financial Capability directorate.



5. Surplus / (Deficit) before taxation for the year

The surplus / (Deficit) for the year has been arrived at after charging the following, which are included in administration costs;

	Note	Year Ended 31-Mar-15 £'000	Year Ended 31-Mar-14 £'000
Depreciation of property, plant and equipment	11	322.6	313.3
Amortisation of intangible Assets	10	938.2	1,016.2
External Auditors Remuneration		27.5	25.0
External Auditors' Non Audit Fee		7.0	
Employment costs	8	14,857.4	12,852.4
Operating lease rental		574.8	403.0

In accordance with our accounting policy, we review the carrying value of intangible assets to determine whether there has been any impairment loss, and if so, the extent. There was no impairment loss for the year ended 31 March 2015 (2014 £5,200).

6. Expenditure

	Notes	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
Cost of Services – Money Advice			
Front-line Delivery		8,169.3	7,399.8
Digital Service Delivery		2,767.0	683.4
Staff and Associated Costs	8	13,861.6	12,178.3
Support Services		3,020.1	2,573.7
Consumer Engagement		10,533.9	14,863.0
Financial Capability	A	666.2	-
Proposition and Product Development		53.7	1,691.3
IT Hosting and support services		2,504.6	1,626.2
Consumer Insight and Research		2,138.9	1,842.4
Total Cost of Services – Money Advice		43,715.3	42,858.1
Cost of Services - UK Debt Advice			
Front line Delivery	B	34,515.9	32,838.0
Support Services		946.8	551.4
Staff and Associated Costs	8	995.7	674.1
Research and Evaluation		132.2	281.6
Total Cost of Services – UK Debt Advice		36,590.6	34,345.1
Depreciation and amortisation	10 & 11	1,264.9	1,328.7
Write-down of non-current assets	11	2.1	6.9
Investment income		(194.8)	(343.2)
Total Expenditure before tax		81,378.1	78,195.6

A. Financial Capability

In 2014 we published a Draft Financial Capability Strategy for the UK; and in March 2015 we published Financial Capability Strategy for the UK: the Consultation Response and Next Steps. The final strategy will be published later in 2015. This work has resulted in external expenditure in 2014/15. In 2013/14 our Financial Capability work was delivered by our staff and we did not incur external expenditure.

B. UK Debt Advice – Front line Delivery

In October 2014 the Money Advice Service signed three year funding agreements in England and Wales with our lead organisations for free debt advice, which puts our work with them on a strategic footing rather than the previous year-by-year approach.

The above disclosures are consistent with our published business plan which has been consulted on publically and 'authorised by Financial Conduct Authority.

7. Income

	Notes	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
Levy income – Money Advice			
Budget for year		43,016.0	43,762.0
Funds received for 2011/12 (in excess of budget)		13.5	680.4
Funds received for 2012/13 (in excess of budget)		18.3	346.7
Funds received for 2013/14 (in excess of budget)		221.5	331.3
Funds received for 2014/15 (in excess of budget)		75.0	
Reduction of levy income due to underspend in previous financial year		(805.0)	(850.0)
Total levy income – Money Advice		42,539.3	44,270.4
Levy income – Debt Advice			
Budget for year		38,075.0	34,478.0
Funds received for 2012/13 (in excess of budget)		–	6.2
Funds received for 2013/14 (in excess of budget)		–	–
Funds received for 2014/15 (in excess of budget)		16.6	–
Total levy income – Debt Advice		38,091.6	34,484.2
Total levy income		80,630.9	78,754.6

The Money Advice Service did not have an underspend in 2014/15 and therefore will not be returning any underspend to levy payers in 2015/16. We returned £0.8m to levy payers in 2014/15, this related to an underspend from 2013/14.



8. Staff Costs

The average number of full-time equivalent employees (including executive directors) during the year was 111.9 (2014 97.2). The average number of full time equivalent employees in each function during the current year was as follows:

Directorate	Notes	Year ended 31-Mar-15 Average no of FTE	Year ended 31-Mar-14 Restated Average no of FTE
Customer		46.8	40.8
Executive Office		6.8	7.6
UK Financial Capability		31.7	28.6
Corporate Services		17.6	15.1
UK Debt Advice		9.0	5.1
Average number of full time equivalent employees		111.9	97.2

In February 2015 the Money Advice Service restructured its business units, which resulted in the following changes to our directorates. The Customer Engagement & Service Delivery directorate became our Customer directorate. The CEO's Office & Chair became our Executive Office. The Strategy & Innovation directorate became our UK Financial Capability directorate. Corporate Services and Development became Corporate Services. Debt Advice became UK Debt Advice. The year ended 31 March 2014 figures have been restated to reflect the restructured business units.

Employment costs (including executive directors) comprise:	Notes	Year Ended 31-Mar-15 £'000	Year Ended 31-Mar-14 £'000
Core Operations:			
Gross salary and taxable benefits		5,921.0	5,147.6
Contract and temporary staff		6,636.9	6,169.3
Redundancy costs		147.2	-
Employer's National Insurance costs		705.9	554.8
Defined contribution pension costs		450.6	306.6
Total employee costs	6	13,861.6	12,178.3
UK Debt Advice:			
Gross salary and taxable benefits		484.6	306.4
Contract and temporary staff		410.8	311.2
Employer's National Insurance costs		58.2	33.5
Defined contribution pension costs		42.2	23.0
Total employee costs	6	995.7	674.1

Reporting of compensation scheme – exit packages

There was one payment of compensation scheme exit packages at the Money Advice Service in the year ended 31 March 2015 (2013/14 none).

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total Number of exit packages by cost band	
	Financial Year 2014/15	Financial Year 2013/14	Financial Year 2014/15	Financial Year 2013/14	Financial Year 2014/15	Financial Year 2013/14
<£10,000	-	-	-	-	-	-
£10,000-£25,000	-	-	-	-	-	-
£25,000-£50,000	-	-	-	-	-	-
£50,000-£100,000	-	-	-	-	-	-
£100,000-£150,000	-	-	1	-	1	-
£150,000-£200,000	-	-	-	-	-	-
Total number of exit packages by type	-	-	1	-	1	-
Total resource cost/£'000	-	-	147	-	147	-

9. Taxation

The tax charge on ordinary activities is:	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
Current tax on continuing operations	39.0	67.7
Income tax expense for the year	39.0	67.7

Corporation tax for 2014/15 is calculated at a rate of 20% of the estimated assessable surplus for the year. The total charge for the year can be reconciled to the accounting surplus as follows:

Surplus / (Deficit) before tax on continuing operations	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
Surplus before tax on continuing operations	(750.7)	558.9
Tax at 20% thereon	–	111.8
Effects of:		
Adjustment for activities not subject to corporation tax	–	(44.1)
Current tax charge for the year	39.0	67.7
Effective tax rate for the year	20.0%	12.1%

The Money Advice Service is not liable for corporation tax on its statutory activities. The tax charge arises solely on net interest receivable of £194,799 (£343,220- 2013/14).

The Money Advice Service calculates corporation tax at the small profits rate of 20% (2014 20%).

10. Non Current Assets – Intangibles

Cost	Software £'000	Website £'000	Total £'000
At 1 April 2013	181.3	2,631.6	2,812.9
Additions	76.2	–	76.2
Write-down	–	(5.2)	(5.2)
As at 31 March 2014	257.5	2,626.4	2,883.9
At 1 April 2014	257.5	2,626.4	2,883.9
Additions	57.6	–	57.6
Write-down	(4.2)	–	(4.2)
As at 31 March 2015	311.0	2,626.4	2,937.4
Accumulated amortisation and impairment			
At 1 April 2013	40.2	511.7	551.9
Charge for year	141.8	874.4	1,016.2
Write-down		(2.5)	(2.5)
At 31 March 2014	182.0	1,383.6	1,565.6
At 1 April 2014	182.0	1,383.6	1,565.6
Charge for year	62.8	875.4	938.2
Write-down	(2.0)		(2.0)
At 31 March 2015	242.7	2,259.0	2,501.8
Carrying Amount			
At 31 March 2015	68.2	367.4	435.6
At 31 March 2014	75.5	1,242.8	1,318.3

11. Non Current Assets – Tangibles

Cost	Leasehold Property Improvements £'000	Furniture & Fittings £'000	IT Equipment £'000	Total £'000
At 1 April 2013	16.6	18.3	856.1	891.0
Additions	739.0	298.8	131.8	1,169.6
Write-down	(16.6)	(18.3)	(4.2)	(39.1)
As at 31 March 2014	739.0	298.8	983.7	2,021.5
At 1 April 2014	739.0	298.8	983.7	2,021.5
Additions	45.4	2.5	49.5	97.2
Write-down	–	–	(529.5)	(529.5)
As at 31 March 2015	784.4	301.3	503.7	1,589.2
Accumulated amortisation and impairment				
At 1 April 2013	9.3	7.6	383.0	399.9
Charge for year	6.7	10.7	295.8	313.2
Write-down	(16.6)	(18.3)	(0.8)	(35.7)
At 31 March 2014	(0.6)	–	678.0	677.4
At 1 April 2014	(0.6)	–	678.0	677.4
Charge for year	76.1	59.8	186.6	322.6
Write-down	–	–	(529.5)	(529.5)
At 31 March 2015	75.5	59.8	335.1	470.5
Carrying Amount				
At 31 March 2015	708.8	241.5	168.6	1,118.8
At 31 March 2014	739.6	298.8	305.7	1,344.0

12. Trade and other receivables

(i) Analysis by type	As at 31-Mar-15 £'000	As at 31-Mar-14 £'000
Staff receivables	48.9	41.8
Prepayments	3,233.3	807.9
Trade and other receivables	3,282.2	849.7
(ii) Analysis by relationship with HM Government	As at 31-Mar-15 £'000	As at 31-Mar-14 £'000
Balances with central government bodies	–	–
Balances with local authorities	–	–
Intra-government balances	–	–
Balance with bodies external to government	3,282.2	849.7
Trade and other receivables	3,282.2	849.7
Cash deposits	10,950.8	14,282.3
Total trade, other receivables, cash and cash equivalents	14,233.0	15,132.0

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Prepayments and accrued income

As part of our three year Debt Advice grant agreements entered into in October 2014 we have provided the lead organisations with one month's cashflow which has been prepaid and included in prepayments and accrued income.



13. Financial Instruments

a Credit risk

The Money Advice Service's credit risk falls into two main categories:

- (i) the collection of fees from the financial services industry. The FCA collects fees on behalf of the Money Advice Service and transfers collected fees on a weekly basis. The FCA has a strong record in terms of collecting fees with bad debt experience averaging at less than 0.3% of fees receivable over the last three years; and
- (ii) the placement of those fees as deposits with various counter-parties: the Money Advice Service only invests with those financial institutions that meet its minimum credit rating as assigned by credit rating agencies. The Money Advice Service also spreads its deposits across a number of counter-parties in order to avoid concentration of credit risk.

b Interest rate risk

Other than cash held in bank accounts, all of the Money Advice Service's cash and cash equivalents are fixed-rate fixed term deposits and are not sensitive to variations in interest rates.

c Liquidity risk

The Money Advice Service manages its liquidity by carefully monitoring the projected income and expenditure related to its day-to-day business. The Money Advice Service also has an overdraft facility with HSBC for £5M to mitigate liquidity risk.

14 Trade and other payables

(i) Analysis by type	As at 31-Mar-15 £'000	As at 31-Mar-14 £'000
Trade payables and accruals	4,881.9	7,423.9
Deferred Income	1,303.7	–
Other taxation and social security	248.6	206.6
Total trade and other payables	6,434.2	7,630.5
Current tax liabilities	39.0	66.6

Trade payables and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade payables is 30 days. Directors consider the carrying amount of trade payables approximate to their fair value.

In accordance with IFRS 7 trade payables and accruals are classified as financial liabilities measured at amortised cost.

(i) Analysis by relationships with HM Government	As at 31-Mar-15 £'000	As at 31-Mar-14 £'000
Intra-government balances: balances with other central government bodies	248.6	206.6
Balance with Public Corporations	1,303.7	
Balance with bodies external to government	4,882.0	7,423.9
Total trade and other payables	6,434.3	7,630.5

15. Provisions

	Dilapidation £'000	Total £'000
At 1 April 2014	134.9	134.9
Unwinding of discount	3.1	3.1
Provision utilised in the year	–	–
Balance at 31 March 2014	138.0	138.0
Analysis of expected timing of cash flow		
Not later than one year	–	–
Later than one year and not later than 5 years	–	–
Later than 5 years	138.0	138.0
Balance at 31 March 2015	138.0	138.0

On 7 March 2014 our lease of 120 Holborn expired and we entered into a new lease on 8 March 2014 for a period of ten years. We removed the existing provision and replaced it with a new provision for the dilapidation of the office at the end of our current lease (7 March 2024). We have provided for £165,000 of dilapidation costs in relation to our lease of 120 Holborn, London. Our lease agreement clause 4(m) states that at the end of the term the Money Advice Service shall return the demised premises to the landlord in the repair and condition required by the lease. We have detailed the expected timing of cash flows in the note above. In 2013/14 we provided for a net present value of £135,000. We arrived at this value by discounting the present value of £165,000 by 2% for 10 years. At 31 March 2015, we have unwound 1 year's discount (2%) and now have a provision of £138,000.

16. Reconciliation of operating surplus to net cash inflow from operating activities

Cash flows from operating activities	Notes	Year ended 31-Mar-15 £'000	Year ended 31-Mar-14 £'000
Surplus for the year from continuing operations		(786.2)	491.2
Interest received on bank deposits		(194.8)	(343.2)
Corporation tax expense	9	39.0	67.7
Adjustments for non-cash items			
Depreciation of property, plant & equipment	11	322.6	313.3
Write-down of intangibles	10	2.1	2.7
Write-down of tangibles	11	–	3.4
Amortisation of intangibles	10	938.2	1,016.2
Increase/(decrease) in provisions	15	3.2	94.8
Operating cash flows before movements in working capital		324.1	1,646.1
Adjustments for movements on working capital			
(Increase) / decrease in trade and other receivables falling due within one year	12	(2,435.6)	544.9
Increase/(decrease) in trade and other payables falling due within one year	14	(1,196.2)	3,438.5
Net cash inflows/(outflows) from operating activities		(3,304.8)	5,629.5

17. Financial Commitments

The Money Advice Service has no other significant financial commitments other than the ones noted in note 18 & 19.

18. Operating lease commitments

At 31 March 2015 the Money Advice Service had outstanding commitments for the future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Year ended 31-Mar-15	Year ended 31-Mar-14
	£'000	£'000
Not later than 1 year	544.0	502.7
later than 1 year but not later than 5 years	2,455.0	2,356.4
later than 5 years	2,712.2	3,354.8
	5,711.2	6,213.9

The above operating lease relates to the Money Advice Service office at 120 Holborn. We entered into the lease on 8 March 2014 for a 10 year period, ending 7 March 2024. We have been granted a 24 month rent free period at the start of the operating lease (March 14 - February 16). In accordance with IAS 17 leases we are amortising the rent free period over the duration of the lease. We received £225,000 from the landlord as contribution towards renovations of the office, this is also amortised over the duration of the lease.

19. Contingent Liabilities

On 1 April 2012 the Money Advice Service took on grant agreements previously managed by the Department for Business, Innovation and Skills for the provision of Debt Advice in the UK. This transferred any employee related liabilities accrued at the date of termination of these grant agreements to the Money Advice Service.

The FCA funding for the year ended 31 March 2013 provides cover for inherited redundancy liabilities (£1.75M), up to 31 March 2012. For the year ended 31 March 2014 the lead organisations estimated the total redundancy liability up to 30 September 2014 at a maximum of £2.5m. In 2013/14 we transferred £0.8m from our Debt Advice general reserve to our Debt Advice special reserve (which are ring fenced funds) to cover the expected increased redundancy liability. The £2.5m was due to be transferred to lead organisations effective October 2014, after which any changes in the value of the liability will be met by those organisations, not by the Service.

Since 2013/14 we have worked with the lead organisations to finalise the potential redundancy liability as at 30 September 2014, we have now agreed £2.0m. As this is less than the amount we had provided for at 31 March 2014 we have reduced the Debt Advice Special Reserve by £0.5m and transferred the amount to the Debt Advice General Reserve. We have agreed to transfer the agreed potential redundancy liability to the lead organisations in the first quarter of 2015/16 financial year.



20. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel of the Money Advice Service is set in our remuneration report (page 79). The individuals identified in the remuneration report are the key management personal as defined by IAS. This includes our Chair and Board of executive and non-executive directors.

Significant transactions with the Financial Conduct Authority (FCA)

Under statute (Financial Services Act 2010) the FCA approves our budget but does not have influence over the operations of the Money Advice Service. Accordingly, the FCA does not control the Money Advice Service, but does consider it to be a related party.

During the year, the FCA provided an invoicing and fees collection service to the Money Advice Service.

The FCA charged the Money Advice Service an amount of £95,000 excluding VAT for the provision of this service for the year ended 31 March 2014 (2013/14 £95,000 excluding VAT).

Consolidation into HM Treasury

The Office for National Statistics (ONS) classified the Money Advice Service (formerly CFEB) on 26 August 2010 as an unclassified public body. As part of 'Clear line of sight' government bodies are consolidated into department accounts and budgets.

Therefore the Money Advice Service will be consolidated into Treasury's accounts.

We have provided our year end 31 March 2015 figures for consolidation.

We received £0.8m from HM Treasury in the year ended 31 March 2015.

This was a reimbursement of Money Advice staff on secondment to the Pension Wise programme.



21. Losses and special payments

There were no losses or special payments during the current period or prior year.

22. Special severance payments

There was one special severance payment made during the current year and there was no payment made in the prior year.

23. Sickness Absences

For the year ended 31 March 2015 the average absence rate was 1.3% of total staff.

24. Events after the reporting period

The Money Advice Service Directors' Report and Financial Statements for the year ended 31 March 2015 were approved by the board of Directors on 10 June 2015.

There were no significant events after the reporting period.

25. Accounts Direction from HM Treasury

Our accounts direction from HM Treasury for the financial year ended 31 March 2015 is on page 122. As directed we have followed the principles identified in the Government Financial Reporting Manual issued by HM Treasury to produce our financial statements for the year ended 31 March 2015. On 16 April 2015 the GGC Baseline Panel confirmed the exemption of the Money Advice Service from Sustainability reporting. The exemption was granted because we did not meet the minimum requirement for the disclosure due to our size.

Accounts direction from HM Treasury

Money Advice Service
Holborn Centre
120 Holborn
London
EC1N 2TD

18 December 2014

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 5(2) OF THE GOVERNMENT RESOURCES AND ACCOUNTS ACT 2000

1. This direction applies to Money Advice Service (MAS).
2. MAS shall prepare accounts for the financial year ended 31 March 2015 and future years in compliance with the accounting principles and disclosure requirements of and in accordance with the Companies Act 2006 and International Financial Reporting Standards as adopted by the EU.
3. In addition to compliance with the Companies Act, MAS shall also have regard for the requirements and principles identified in the Government Financial Reporting Manual issued by HM Treasury (“the FReM”) for the financial year for which the accounts are being prepared to the extent that they clarify or build on the requirements of the Companies Act. This includes in the following areas:
 - a) Governance Statement
 - b) Remuneration Report
 - c) Fair Pay Disclosure
 - d) Exit Packages
 - e) Balances with other government bodies
 - f) Losses and Special Payments
 - g) Special Severance Payments
 - h) Sickness absences (for 2014-15 only)
4. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs at 31 March 2015, and subsequent financial year-ends, and the result, changes in tax payer’s equity and cash flows for the financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

Kate Ivers
Deputy Finance Director
Her Majesty’s Treasury



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Information correct at time of printing (July 2015)



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