

Company Registration No. 02757055
Registered Charity No. 1016630 and SC046263

Foundation for Credit Counselling
(A Company Limited by Guarantee)

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 December 2015

Foundation for Credit Counselling

OFFICERS AND PROFESSIONAL ADVISERS (continued)

DIRECTORS AND TRUSTEES

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end are listed below.

Key management personnel of Foundation for Credit Counselling:

Trustees

Chair: Sir Hector Sants	(appointed 1 July 2015)
Chair: Lord Wilf Stevenson	(until 31 March 2015)
Sir Geoffrey Mulcahy	(also interim Chair 1 April - 30 June 2015)
Suzanna Taverne	
David Coates	
Susan Lewis	
Otto Thoresen	
Danielle Walker Palmour	(resigned 9 June 2015)
Rt. Hon. Alun Michael	
Dame Suzi Leather	
John Fingleton	(appointed 10 March 2015)
Gillian Thompson	(appointed 8 January 2016)
Andrew Hill	(appointed 1 July 2016)
Christopher Stern	(appointed 1 July 2016)
Kenny MacLeod	(appointed 1 July 2016)

Executive team

Mike O'Connor	Chief Executive Officer
Steve Nicholson	Chief Financial Officer (resigned 31 October 2015)
Richard Shannon	Director of Finance (appointed 29 March 2016)
Fiona Megaw	Chief Operating Officer
Francis McGee	Director of External Affairs
Anne Somers	Director of Business Development
Charlie Stewart	Director of Corporate Services (appointed 1 September 2015)
Richard McKenzie	Director of Risk and Compliance (appointed 16 August 2016)

REGISTERED OFFICE

Wade House
Merrion Centre
Leeds
LS2 8NG

AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
2 Whitehall Quay
Leeds
LS1 4HG

Foundation for Credit Counselling

OFFICERS AND PROFESSIONAL ADVISERS (continued)

BANKERS

Barclays Bank
PO Box 190
2nd Floor
1 Park Row
Leeds
LS1 5WU

SOLICITORS

Wrigleys Solicitors LLP
19 Cookridge Street
Leeds
LS2 3AG

Foundation for Credit Counselling

CHAIRMAN'S STATEMENT

I took on the role of Chairman at the start of July 2015. I would like to pay tribute to our former Chair, Lord Wilf Stevenson, and to Sir Geoff Mulcahy who served in an interim capacity. Under Lord Stevenson's stewardship the number of people helped by the charity increased by 82%. During this period, the charity also grew to become an influential voice on how problem debt and its impact can be reduced.

Our vision is to create a society free of problem debt. While this is an ambitious goal, it continues to inspire me, my fellow trustees and all our colleagues across the organisation to help those who are struggling today and to help prevent the same fate from affecting others in the future. Over the past five years, the number of people to whom we have provided advice has increased by 58%. This is a significant achievement but many, many others need our help.

There are 2.6 million people struggling in severe problem debt out of a total of 8.8 million people in financial difficulty. Too many of them are not seeking the help they need. Too many of those who do seek our help delay doing so for up to a year and this makes their financial difficulty more intractable. In 2015, almost 550,000 people contacted us for help and in the first half of 2016, the number coming to us was 11% above the same period last year. We supported our clients with solutions that helped them pay back £400m of debt and for those who could not manage to make debt repayments saw over £70m of debt written off. In the same year, more than 16,000 clients became debt free.

We are very proud of what we have achieved but we know we cannot rest upon our laurels and that we must prepare for future challenges. The UK's economic outlook is more uncertain following the decision to leave the European Union. We cannot predict the economic future, but there are some identifiable relevant trends which are informing our strategic planning. Consumer credit held by households remains high. It fell from a peak of £230 billion in 2008 to £184 billion in 2012 but by the end of last year it had risen to £212 billion. Consumer credit lending is now growing at an annual rate of over 10%, the fastest rate for a decade. Wages have not kept pace with the cost of living. The amount of surplus income which people have to pay their debts is being squeezed. This is reflected in what we see with our clients. These trends suggest the number of people who need our help is likely to increase.

The debt advice world in which the charity works is undergoing significant change. This follows the Financial Conduct Authority (FCA) taking over the regulation of debt advice bodies in both the fee charging and charitable debt advice agencies from the Office of Fair Trading (OFT). We welcome the higher standards of debt advice which are being put in place through regulation. It has led to higher costs for those who provide debt advice adding at least 7% directly to our cost base. After several years of reducing unit costs, we have seen an increase in recent times. It is widely believed that many fee charging debt advice agencies will not attain authorisation, or that they will voluntarily leave the market. If this happens, people in need of debt advice will be more dependent on the free debt advice sector than before. Thus we expect to see increasing demand for free debt advice. Our concern is that there will be insufficient funding to meet the demand for free debt advice.

In order to meet that demand and to do more for the people who contact us, we need to raise more funds and invest in improvements that will strengthen and streamline our systems to make us even more efficient and effective. We have started a comprehensive transformation programme which is improving our processes and technology to enhance our ability to make a difference to more people in or at risk of problem debt.

We will continue to influence public policy and private sector practice to decrease the flow of people into problem debt as well as reduce the harmful impact of being in debt. In 2015, ahead of the General Election, we published our Action Plan on Problem Debt to show the new Government how they should tackle problem debt to reduce the £8.3 billion cost to the UK economy and the harm it inflicts on people's lives. We secured influential support for our

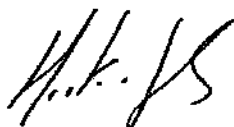
Foundation for Credit Counselling

CHAIRMAN'S STATEMENT

Breathing Space proposals which seek to provide relief from interest and charges to people who take action to deal with their problem debt, putting it firmly on the agenda. Such a scheme would introduce a statutory requirement for creditors to pause interest charges and enforcement action where those in debt are taking active responsibility to address their financial problems. Improving people's financial resilience is an important way of avoiding problem debt and we were pleased to see our campaign for more support for people to save reflected in the former Prime Minister's "Life Chances Strategy" which has been continued by the present government. We were pleased to see the Scottish Parliament debate problem debt and StepChange's work was praised by all parties. We were also invited to provide a service to people struggling with debt in the Republic of Ireland, the first time we have extended our services beyond the UK.

We are grateful to all those who support the charity, by referring people in need to us, making people aware that we can help them or by providing funding. The majority of our funding continues to come from the creditors whose clients we advise and we have also been successful in obtaining donations from utility companies. While we do not receive ongoing funding from the Money Advice Service, we were pleased to receive a grant from them to enable us to help clients from any fee charging debt management companies which failed to secure FCA authorisation.

The charity has a committed Board of Trustees with a broad range and depth of experience and we have further widened our capability and knowledge base. I would like to thank all my colleagues at StepChange Debt Charity for all their hard work throughout another busy year as well as the trustees for their ongoing support for our efforts to bring our vision of a society free of problem debt a little closer.



Sir Hector Sants
Chairman

Date:

13 July 2011

Foundation for Credit Counselling

TRUSTEES' REPORT

The trustees are pleased to present their annual report together with the consolidated financial statements of the charity and its subsidiaries for the year ending 31 December 2015 which have been prepared to meet the requirements for a Directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

These consolidated accounts are for the Foundation for Credit Counselling (FCC), its trading subsidiaries, Consumer Credit Counselling Service Voluntary Arrangements Limited (CCCS VA Ltd) and Consumer Credit Counselling Service (Equity Release) Limited (CCCS ER Ltd) and Consumer Credit Counselling Service (Scotland), a Scottish registered charity under common control.

REFERENCE AND ADMINISTRATION

NAME AND REGISTRATION

The Foundation for Credit Counselling is a company limited by guarantee (number 2757055) and a registered charity (number 1016630). The company also holds interim permissions with the Financial Conduct Authority (number 349053). The charity trades as StepChange Debt Charity.

REGISTERED AND PRINCIPAL OFFICE

Wade House, Merrion Centre, Leeds, LS2 8NG

Foundation for Credit Counselling

TRUSTEES' REPORT

COUNCIL OF MANAGEMENT AND THEIR INTERESTS

The following members of the Council of Management have held office since 1 January 2015:

Chair: Sir Hector Sants	(appointed 1 July 2015)
Chair: Lord Wilf Stevenson	(until 31 March 2015)
Sir Geoffrey Mulcahy	(also interim Chair 1 April - 30 June 2015)
Suzanna Taverne	
David Coates	
Susan Lewis	
Otto Thoresen	
Danielle Walker Palmour	(resigned 9 June 2015)
Rt. Hon. Alun Michael	
Dame Suzi Leather	
John Fingleton	(appointed 10 March 2015)
Gillian Thompson	(appointed 8 January 2016)
Andrew Hill	(appointed 1 July 2016)
Christopher Stern	(appointed 1 July 2016)
Kenny MacLeod	(appointed 1 July 2016)

These individuals constitute Directors of the company for the purposes of the Companies Act 2006 and are the charity's trustees. As the company is limited by guarantee, the trustees have no interests in the company.

SENIOR STAFF

Mike O'Connor	Chief Executive Officer
Steve Nicholson	Chief Financial Officer (resigned 31 October 2015)
Richard Shannon	Director of Finance (appointed 29 March 2016)
Fiona Megaw	Chief Operating Officer
Francis McGee	Director of External Affairs
Anne Somers	Director of Business Development
Charlie Stewart	Director of Corporate Services (appointed 1 September 2015)
Richard McKenzie	Director of Risk and Compliance (appointed 16 August 2016)

PRINCIPAL ADVISORS

Auditors	-	RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP)
Solicitors	-	Wrigleys Solicitors LLP Leeds

STRUCTURE, GOVERNANCE AND MANAGEMENT

CONSTITUTION

The governing document of the Foundation for Credit Counselling is its Memorandum and Articles of Association. Under those Articles the members of the Board of Trustees are empowered at any time to appoint any person to be a member of the Board.

Foundation for Credit Counselling

TRUSTEES' REPORT

TRUSTEE SELECTION, RECRUITMENT AND INDUCTION

APPOINTMENT OF TRUSTEES

When vacancies arose in 2015, a review of the competences and expertise required on the board in relation to the strategic plan was carried out; trustees may be recruited through open advertisement or use of an Executive Search firm. Suitable candidates are interviewed by the Nomination Committee and appointed by the Board. New trustees are elected for a term of three years which may be extended by a further three years. A trustee may in exceptional circumstances be appointed for a third three year term where the Board determines that it is in the best interest of the Company. Third party indemnity provision is in place for the benefit of all the trustees of the charity.

TRUSTEE INDUCTION AND TRAINING

The induction of a new trustee is facilitated by the Company Secretary.

Trustees receive a comprehensive induction pack comprising a booklet providing reference information covering the background of the charity, its structure and status, its method of operation, its finances and the environment in which it operates.

Governance information is provided by including *Good Governance: A Code for the Voluntary and Community Sector* and the Charity Commission's booklets, *The Hallmarks of an Effective Charity* and *The Effective Trustee*.

ORGANISATION

The Board of Trustees administers the charity. The Board meets a minimum of six times a year in order to discuss performance, policy and strategic planning. In addition, the Audit and Risk Committee, Remuneration Committee and Nomination Committee meetings are held throughout the year as required.

A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including policy development, service delivery, business development, people matters, IT and finance.

The charity has a dedicated executive team responsible for the day to day running of the organisation ensuring the charity's strategy and objects are achieved.

The charity's executives and relevant senior management may attend Board and Committee meetings by invitation.

OUR PURPOSE AND ACTIVITIES

We want to create a society free from problem debt. Problem debt is not just an issue for individuals. It damages families and communities and leads to wider social impact, costing the UK an excess of £8 billion each year. By assisting individuals in debt, getting them back on their feet, and by campaigning for policies that aim to prevent or address problem debt, we help overcome the difficulties that debt creates for our society in the 21st century.

Foundation for Credit Counselling

TRUSTEES' REPORT

StepChange Debt Charity is dedicated to providing free independent debt advice to financially distressed individuals in the UK and to campaigning for positive change to prevent problem debt and to help people recover from problem debt. As the UK's largest debt charity, with over 1,400 staff and with offices in England, Scotland, Wales and Northern Ireland, we are at the forefront of providing advice and solutions. Our objectives are to:

- provide and create greater awareness of free debt advice and solutions;
- champion the cause of people who are in, or at risk of, problem debt by influencing public and private policymakers and campaigning for change; and
- enhance people's financial understanding and capability so that they can better manage their money and debts, and recover from problem debt.

When reviewing the charity's aims and objectives the trustees have referred to the Charity Commission's general guidance on public benefit and the supplementary guidance for charities whose aims include preventing or relieving poverty. Using this guidance the trustees consider how planned activities contribute to the set aims and objectives and we are satisfied that, in 2015, we have carried out our charitable objectives for the public benefit.

The charity aims to achieve its objectives, in collaboration with its partners, through its principal activities:

- the provision of free debt advice to clients in problem debt, either over the telephone or online via our market leading online advice tool, Debt Remedy. Following the debt advice process, we provide a range of debt management solutions to meet client needs, such as debt management plans and a range of insolvency solutions under the different legal systems in England and Scotland;
- campaigning for change in public policy and private sector practice;
- the principal activity of the charity's trading subsidiary, CCCS VA Ltd, is that of arranging and supervising Individual Voluntary Arrangements;
- the principal activity of the charity's trading subsidiary, CCCS ER Ltd, is that of equity release advice, mortgage advice and the arranging of equity release plans.

In addition, the charity and its trading subsidiaries provide a range of services beyond public policy development and our core debt advice and supported debt management solutions. For example, we have developed our Cardiff centre of 30 colleagues to support the most vulnerable of our clients. Our online services allow our clients to gain the support and advice they need at a time to suit them. Our *7 Days, 7 Ways* programme includes practical tips on the benefits of mindfulness, provided by our friends at the Mental Health Foundation. Our clients and the general public can access free money advice including the latest developments, regular blogs, the use of a benefit checker tool, and access to MoneyAware.co.uk.

The charity has partnered with Irish financial institutions to launch a new debt advice service to people in problem debt in the Republic of Ireland. The service commenced in November 2015.

Following a review of the charity's governance, the Board of Trustees decided to put its Scottish subsidiary, Consumer Credit Counselling Service (Scotland), into Members Voluntary Liquidation (MVL) during 2016. The MVL was concluded on 13 July 2016.

Foundation for Credit Counselling

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Although the company registered in Scotland will no longer exist, the work carried out by the Scottish office will be unaffected and the charity will continue to use StepChange Debt Charity Scotland as one of its trading names. To ensure we comply with Scottish legislation, the charity is registered with the Scottish Charity Regulator. There is no impact on the day-to-day operations, staffing or the assistance we give to the people of Scotland.

Central to the culture of the charity is the commitment to treat our clients fairly and this is reflected in our fairness statements to our clients:

“As the UK’s leading free debt advice charity, we will work with you to resolve the debt problems that you face. We make no judgement on the causes of your debt problems and will work with you in a sympathetic and supportive manner.

We will undertake a comprehensive examination of clients’ financial position, discuss all available solutions and recommend the most appropriate course of action.

Where clients can afford to repay their debts over a reasonable period, we will set up a repayment plan. Where they cannot, we provide advice and if appropriate, support clients through a process leading to debt relief. Where we support clients with the administration of a long term plan we will review their situation at least annually.

We will not charge clients for the advice we provide.

We communicate with clients in a clear, honest, accurate, regular and timely manner.”

STRATEGIC REPORT

REGULATION

From 1 April 2014, the regulation for the debt management sector transferred from the Office of Fair Trading to the Financial Conduct Authority. The Foundation for Credit Counselling has been granted Interim Permissions prior to gaining full authorisation. The FCC applied for authorisation on 10 December 2015 and the trustees are confident that FCC will gain authorisation.

StepChange Debt Charity campaigned for a change in the way the debt advice market was regulated and the trustees welcome the change in regulatory oversight and believe that it will lead to better client outcomes. Inevitably higher standards in the regulation of the debt advice market leads to higher costs for those who provide debt advice. After several years of reducing unit costs, we have seen an increase in recent times. It is expected that many companies who charge consumers for debt advice will leave the market. It will fall to the free advice sector to play a larger role in debt advice in the future. We are concerned that that there may not be sufficient funding available to meet the demand

FUNDING

The FCC’s primary source of funding is donations by creditors (i.e. a contribution towards all advice, debt management administration and all the other services provided by the charity). The primary form of donation is known as a Fair Share Contribution and is calculated as a % of the monies disbursed back to creditors on Debt Management Plans. All the contributions made by clients go towards paying off their debts. In addition, the FCC receives one-off

Foundation for Credit Counselling

TRUSTEES' REPORT

donations from creditors and utility companies. In 2015, the Board also agreed to accept funding from the Money Advice Service to provide a safe harbour for the clients of fee charging debt management companies which it was expected would not be authorised by the Financial Conduct Authority. The charity receives funding from Irish financial institutions for its services to clients in the Republic of Ireland. The charitable activities of FCC are also funded by the gift aid distribution of profits from its trading subsidiaries, CCCS VA Limited and CCCS ER Limited. The application of this revenue towards FCC's charitable activities is shown in the Statement of Financial Activities and the accompanying notes.

ACHIEVEMENTS AND PERFORMANCE

The charity is the largest provider of free debt advice in the UK. In 2015, the charity was contacted by 549,053 people seeking to resolve their debt problems, a 5% decrease on 2014. We provided clients with 270,000 free debt advice sessions by telephone or online (2014: 310,000) and set up 61,811 supported solutions in 2015 (2014: 65,672). A majority of people prefer to receive their debt advice by telephone, but online increased its share to 48%.

The charity supported its clients in repaying £390 million (2014: £364 million) of their debts and put in place insolvency solutions which should lead to a further £70 million (2014: £80 million) of debt being written off. 16,149 clients became free of problem debt in 2015.

The charity's website plays an important role in providing financial education. The website has seen a continued growth in the number of people seeking information on debt and debt solutions. Our websites attracted 3.2m visits in 2015, a 12% increase on 2014. This includes 1.1m visitors to our MoneyAware website, which provides advice and practical tips to help people avoid debt, save money and budget.

All operational departments operate ongoing quality standards reviews to ensure services to beneficiaries are consistent, measured and of a high standard. Monthly management reports convey the latest information to senior management and trustees.

FINANCIAL REVIEW

The overall financial results for the year show net income for the year before taxation of £886,177 based on income of £46.3m (2014: £39.8m). The net surplus on restricted funds of £863,282 reflects the application of the Charities Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) FRS 102 and the advance invoicing of costs in respect of our contract to supply debt advice to the Republic of Ireland market and through the MAS contract.

The underlying result, however, is £22,895 as represented by the unrestricted net income surplus before tax. Unrestricted income rose by 9.7% against 2014 and resources expended increased by 4.3% over the same period. Whilst, this is a positive outcome for the FCC to move from a deficit of (£2.0m) in 2014 to a small, unrestricted, surplus in 2015, this was made possible by donations from the utility companies of £1.0m not received in 2014. There is a structural challenge for the charity to meet the costs of providing its charitable activities.

The deferred tax asset of £18,000 reflects the benefits of losses built up within CCCS ER Limited. As the result, the reserves remain largely unchanged at £22.2 million (2014: £21.5

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TRUSTEES' REPORT

million). This surplus will enable future development and investment in the transformation programme, whilst maintaining high standards of service to clients and creditors.

RISK REVIEW

A continuous risk management process has been established. Key elements of the process include:

1. Maintenance of a risk register.
2. Regular review of risks by senior management, the Executive Team, the Audit Committee and the Board of Trustees.
3. The establishment of systems, policies and procedures designed to minimise identified risks.
4. The implementation of policies and procedures designed to minimise any potential impact on the charity should any of the risks materialise.

The Board and senior management review the most significant risks facing the business and ensure appropriate controls are in place and further management action is taken, where required.

This work has identified that financial sustainability is the major financial risk for the charity. In response, we are seeking to diversify our funding sources away from the Fair Share Contribution model. Our financial controls, including quarterly reforecasting, ensure that relevant risks are identified early and that mitigating actions taken.

The primary non-financial risk is compliance with the regulatory regime as set out in the FCA Handbook for debt management firms. A significant investment has been made to ensure that our systems and controls provide the governance and oversight required by the senior management team and Board of Trustees. The appointment of a permanent Risk and Compliance Director in August 2016 reflects this ongoing commitment.

RESERVES POLICY

The charity's free reserves (i.e. reserves after taking account of net tangible fixed assets and restricted funds) must be maintained at a level which allows the charity to effect an orderly run-off of its existing client portfolio should the situation ever arise where the charity has to cease offering services to new clients. This scenario takes into account expected income reductions and any redundancy costs associated with implementing this course of action.

This level of reserves must also cover any prudential resources requirement (PRR) under the FCA debt management rules as calculated by CONC 10.2.5, plus any ongoing requirement to fund working capital assets.

Following review in November 2015, the charity's policy, given its reasonable expectations of the persistence of its funding model, is to maintain a minimum level of reserves of £12.1m which equates to just over three months of planned operational expenditure in 2016. The reserves at 31 December 2015 were £22.2m, of which £0.9m are restricted in nature. The level of free reserves is £20.0m and £7.9m in excess of the minimum reserves set out

Foundation for Credit Counselling

TRUSTEES' REPORT

within the charity's reserves policy. The excess reserves have been set aside for the investment in the transformation programme as it is important for the charity not to use its reserves to fund operating activities.

INVESTMENT PERFORMANCE

The charity's investment policy is subject to an annual review by the Audit and Risk Committee. In 2015, the policy of investing the majority of surplus liquid funds in a staggered mix of fixed term deposits met current requirements. With minimal risk an average return of 1.2% (2014: 1.4%) was achieved and considered acceptable in the current environment.

FUTURE PLANS

The main aim of the charity remains to assist as many families and individuals as possible who may require its services and to help prevent problem debt or reduce the harm it causes.

Demand for the charity's services is increasing in 2016 and we expect this trend to continue within the free sector of debt management firms. This is a direct consequence of the FCA's regulatory position either by authorising fewer commercial debt management firms or by requiring commercial firms to inform clients of their right to seek free debt counselling.

The trustees are aware of this and the need to manage the demand without affecting the quality of services to beneficiaries. The successful diversification of the funding model will allow the charity to meet the increasing demand for our services. The trustees and management are also aware of the ever changing nature of consumer debt problems and the need to be adaptable to the needs of beneficiaries. Appropriate new services will be provided whenever possible.

During 2016, we are hoping to gain full authorisation from the FCA.

The trustees recognise the value of using every pound as effectively as possible, to be able to help more clients out of problem debt and demonstrate value for money to its funders. Hence, in 2016, the charity has initiated a programme to transform the way that we work and serve our clients. Its objectives are to improve the client experience and outcomes, allow our colleagues to spend more time supporting our clients and improve the long-term resilience and flexibility of our IT systems. Any financial commitments made will be judged against the charity's reserves policy and three year financial plan.

RELATED PARTIES AND CO-OPERATION WITH OTHER ORGANISATIONS

The trading subsidiaries of the FCC are set out on page 5. None of our trustees receives remuneration or other benefit from their work with the charity.

In order to fulfil its charitable objectives, FCC co-operates with creditors, who donate the majority of funding for the charity. FCC collaborates with the Money Advice Service, which has provided funding in 2015 to provide debt advice for clients whose debt management providers have not received FCA authorisation.

Foundation for Credit Counselling

TRUSTEES' REPORT

PAY POLICY FOR SENIOR STAFF

The directors consider the board of directors, who are the charity's trustees, and the senior management team to comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses are disclosed in note 12 to the accounts.

The pay of the senior management team is reviewed annually on the same basis as all other colleagues. A review of data is conducted prior to the annual financial planning cycle for pay which includes the following: national minimum wage and living wage; pay award trends; inflation rates; UK and local labour markets and a report is prepared as guidance. Findings from these data and or job role changes may prompt an external benchmarking exercise which involves an independent agency that specialises in pay benchmarking. Performance of senior managers is reviewed regularly throughout the year as part of the performance management process. These data is used to support the pay award for the coming year. Based on this system the Chief Executive Officer ("CEO") makes a recommendation to the Remuneration Committee on the pay of the senior management team, excluding their role. The Remuneration Committee makes a recommendation to the Chair on the pay of the CEO.

DISABLED EMPLOYEES

The charity has an anti-discrimination policy which specifically covers unfair treatment of any service user, employee or prospective employee on the grounds of disability. The policy is available to all employees via a network based communication system and covers responsibility, employment, access, complaints, training and monitoring.

EMPLOYEE INVOLVEMENT AND TRAINING

The charity recognises the importance of internal communications to promote employee engagement and as such has a policy of ensuring all employees are kept informed of developments within the organisation. The policy sets out the belief that teamwork through communication will lead to a more efficient and effective service to both staff and beneficiaries.

This is achieved through passing on information at regular team briefs and one-to-one reviews, via designated departmental employees or through the fortnightly online newsletter to all employees "The Vine Online". A quarterly magazine version of The Vine is also distributed throughout the organisation.

The charity's training team continues to work in partnership with the Chartered Institute of Credit Management (CICM) in promoting the Diploma in Money and Debt Advice. In 2016, we had 33 colleagues starting the qualification with 22 other colleagues completing the diploma in March. The CICM qualifications are accredited by Ofqual and aligned to the Money Advice Services individual quality framework, demonstrating that they meet the recognised standards of the industry.

We have also embedded the first unit of the diploma into the training and probation period. This means new starters in helpline and debt advice roles can gain an award in money and debt advice when they complete their probation.

Foundation for Credit Counselling

TRUSTEES' REPORT

DONATIONS

During 2015, the charity made charitable donations of £6,920 (2014: £20,195).

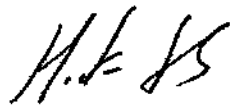
AUDITORS

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Chartered Accountants, have indicated their willingness to be appointed as auditors for another term.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITORS

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

The trustees in their capacity as directors hereby approve the Trustees' Annual Report and the incorporated strategic report.



Sir Hector Sants
Chair

13th Sept 2015

Date:

Foundation for Credit Counselling

TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The trustees (who are also directors of Foundation for Credit Counselling for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for the financial year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF FOUNDATION FOR CREDIT COUNSELLING

We have audited the group and parent charity financial statements of Foundation for Credit Counselling ("the financial statements") for the year ended 31 December 2015 on pages 18 to 41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 15 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2015 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

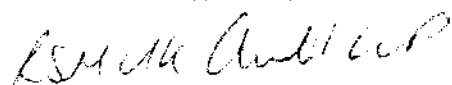
In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF TRUSTEES OF
FOUNDATION FOR CREDIT COUNSELLING *(continued)*

Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly BAKER TILLY UK AUDIT LLP), Statutory Auditor

Chartered Accountants

2 Whitehall Quay

Leeds

LS1 4HG

Date *21 September* 2016

Foundation for Credit Counselling
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
year ended 31 December 2015

	<i>Notes</i>	Restricted Funds 2015 £	Unrestricted Funds 2015 £	Total funds 2015 £	Total funds 2014 £
INCOME AND ENDOWMENTS FROM:					
Donations	2	79,661	1,014,459	1,094,120	90,533
Charitable activities	3	2,692,520	37,801,840	40,494,360	34,995,662
Other trading activities	4	-	4,084,266	4,084,266	3,716,432
Investments	5	-	165,103	165,103	339,562
Other	6	-	468,962	468,962	629,621
TOTAL INCOME		2,772,181	43,534,630	46,306,811	39,771,810
EXPENDITURE ON:					
Raising funds: other trading activities	7	-	3,583,050	3,583,050	3,423,819
Charitable activities					
- Charitable activities	8	1,908,899	39,742,266	41,651,165	37,320,943
- Monies paid to trust account	8	-	179,645	179,645	1,055,952
Other		-	6,774	6,774	20,195
TOTAL EXPENDITURE		1,908,899	43,511,735	45,420,634	41,820,909
NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS FOR THE YEAR BEFORE TAXATION		863,282	22,895	886,177	(2,049,099)
Taxation on other trading activities	13	-	18,000	18,000	-
NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS FOR THE YEAR		863,282	40,895	904,177	(2,049,099)
RECONCILIATION OF FUNDS					
TOTAL FUNDS BROUGHT FORWARD		-	21,333,740	21,333,740	23,382,839
TOTAL FUNDS CARRIED FORWARD	20/21	863,282	21,374,635	22,237,917	21,333,740

The notes on pages 22 to 41 form part of these financial statements

Foundation for Credit Counselling

Company Registration No. 2757055

CONSOLIDATED STATEMENT OF FINANCIAL POSITION Registered Charity No. 1016630

31 December 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	14	1,362,426	1,362,535
		<u>1,362,426</u>	<u>1,362,535</u>
CURRENT ASSETS			
Debtors	16	8,669,263	5,499,413
Investments	17	7,088,974	13,266,231
Cash at bank and in hand		8,485,814	4,148,960
		<u>24,244,051</u>	<u>22,914,604</u>
Creditors: Amounts falling due within one year	18	(3,368,560)	(2,943,399)
NET CURRENT ASSETS		<u>20,875,491</u>	<u>19,971,205</u>
TOTAL NET ASSETS		<u>22,237,917</u>	<u>21,333,740</u>
THE FUNDS OF THE CHARITY			
Unrestricted funds	20	21,374,635	21,333,740
Restricted funds	21	863,282	-
TOTAL CHARITY FUNDS		<u>22,237,917</u>	<u>21,333,740</u>

The financial statements on pages 18 to 41 were approved by the board of trustees and authorised for issue on 13th 12 2016 and are signed on its behalf by:


 Sir Hector Sants
 Chairman

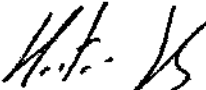
The notes on pages 22 to 41 form part of these financial statements

Foundation for Credit Counselling
STATEMENT OF FINANCIAL POSITION
31 December 2015

Company Registration No. 2757055
Registered Charity No. 1016630

	Notes	2015 £	2014 £
FIXED ASSETS			
Tangible assets	14	1,277,419	1,225,941
Investments	15	5,001	5,001
		<u>1,282,420</u>	<u>1,230,942</u>
CURRENT ASSETS			
Debtors due within one year	16	8,248,309	5,168,698
Debtors due after more than one year	16	400,000	400,000
Investments	17	7,088,974	13,266,231
Cash at bank and in hand		8,322,378	4,084,920
		<u>24,059,661</u>	<u>22,919,849</u>
Creditors: Amounts falling due within one year	18	(3,121,739)	(2,685,262)
NET CURRENT ASSETS		<u>20,937,922</u>	<u>20,234,587</u>
TOTAL NET ASSETS		<u>22,220,342</u>	<u>21,465,529</u>
THE FUNDS OF THE CHARITY			
Unrestricted funds	20	21,357,060	21,465,529
Restricted funds	21	863,282	-
TOTAL CHARITY FUNDS		<u>22,220,342</u>	<u>21,465,529</u>

The financial statements on pages 18 to 41 were approved by the board of trustees and authorised for issue on 13th Jan 2016 and are signed on its behalf by:


Sir Hector Sants
Chairman

The notes on pages 22 to 41 form part of these financial statements

Foundation for Credit Counselling

STATEMENT OF CASH FLOWS

year ended 31 December 2015

	Notes	Consolidated		Company	
		2015	2014	2015	2014
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	23	(1,246,364)	(306,294)	(1,371,040)	(253,342)
Net cash used in operating activities		(1,246,364)	(306,294)	(1,371,040)	(253,342)
Investing activities					
Purchase of tangible fixed assets		(759,142)	(374,527)	(744,616)	(357,162)
Net cash flow from current asset investments		6,177,257	1,941,491	6,177,257	1,941,491
Interest received		165,103	339,562	175,857	367,262
Net cash (used in)/ from investing activities		5,583,218	1,906,526	5,608,498	1,951,591
Net increase in cash and cash equivalents		4,336,854	1,600,232	4,237,458	1,698,249
Cash and cash equivalents at the beginning of the year		4,148,960	2,548,728	4,084,920	2,386,671
Total cash and cash equivalents at the end of the year	24	8,485,814	4,148,960	8,322,378	4,084,920

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

CHARITY INFORMATION

Foundation for Credit Counselling is a company limited by guarantee domiciled and incorporated in England and Wales. The registered office is Wade House, Merrion Centre, Leeds, LS2 8NG.

The group consists of Foundation for Credit Counselling and all of its subsidiaries.

Foundation for Credit Counselling meets the definition of a public benefit entity under FRS 102. The charity exists for the benefit of the public through the provision of services to members of the public suffering with problem debt, which are detailed in the charities' principal activities.

The charity's and the group's principal activities are described in detail on page 11 along with the nature of the charity's operations and the group's operations. The company has adopted the following principal accounting policies which should be read in conjunction with the financial statements set out on pages 18 to 41.

ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Charities Statement of Recommended Practice, Accounting and Reporting by Charities ("SORP") FRS 102 and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The consolidated financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

These financial statements are the first financial statements of Foundation for Credit Counselling prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities Statement of Recommended Practice, Accounting and Reporting by Charities (SORP) FRS 102. The financial statements of Foundation for Credit Counselling for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

GOING CONCERN

The financial statements have been prepared on the going concern basis which assumes that the group will continue in operation for the foreseeable future. Details of company activities, risk review procedures, financial performance, reserves and funding are noted on pages 5 to 14 of these financial statements.

The company has strong financial resources invested with minimal risk and no borrowings. On this basis the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence. They therefore consider it appropriate to prepare the financial statements on the going concern basis.

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

GROUP FINANCIAL STATEMENTS AND SUBSIDIARY COMPANIES

These financial statements consolidate on a line by line basis the results of the company and its wholly-owned subsidiaries, Consumer Credit Counselling Service Voluntary Arrangements Limited (CCCSVA Ltd) and Consumer Credit Counselling Service (Equity Release) Limited (CCCS(ER) Ltd), as well as the financial statements for Consumer Credit Counselling Services (Scotland) (CCCS Scotland), which is a sister charity of FCC, under common control. A separate Statement of Financial Activities ("SOFA") (incorporating an income and expenditure account) for the company itself is not presented because the company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

The incoming resources for the company during the year ended 31 December 2015 were £42,488,464 (2014: £35,984,808). After expenditure of £41,733,651 (2014: £37,792,383) a net surplus of £754,813 (2014: deficit of £1,807,575) was generated for Foundation for Credit Counselling, as an individual company.

The shares held in CCCSVA Ltd and CCCS(ER) Ltd, for which there is no readily ascertainable market value, are valued at cost.

INCOMING RESOURCES

Investment income and counselling and debt management contributions are credited to the accounts in the accounting period in which they are receivable.

Income from insolvency services is credited to the SOFA in the accounting period in which it is receivable.

Income from grants, where entitlement is not conditional on the delivery of a specific performance by the charity, is recognised when the charity becomes unconditionally entitled to the grant.

Income from donations is recognised when the charity becomes unconditionally entitled to the monies.

RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all costs related to that activity.

Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity.

Support costs are allocated between expense headings on the basis of employee numbers.

Governance costs are those incurred in connection with organisational administration and compliance with constitutional and statutory requirements.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Fixtures, fittings and equipment - 20% - 33.3% on a straight line basis

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

INVESTMENTS

Long term investments are classified as fixed assets.

Short term investments are classified as current assets.

Fixed asset investments are stated at cost in the company balance sheet.

Provision is made for any impairment in the value of fixed asset investments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

LEASING

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities on an accruals basis.

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

UNRESTRICTED FUNDS

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purposes and are available as general funds.

RESTRICTED FUNDS

These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

1 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily a parent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no areas of estimation uncertainty.

2 DONATIONS	Restricted Funds	Unrestricted Funds	2015 £	2014 £
Donations from the utility sector	-	999,999	999,999	-
Other donations	79,661	14,460	94,121	90,533
	<u>79,661</u>	<u>1,014,459</u>	<u>1,094,120</u>	<u>90,533</u>
	<u><u>79,661</u></u>	<u><u>1,014,459</u></u>	<u><u>1,094,120</u></u>	<u><u>90,533</u></u>
3 CHARITABLE ACTIVITIES	Restricted Funds	Unrestricted Funds	2015 £	2014 £
Debt management	2,692,520	37,801,840	40,494,360	34,995,662
	<u>2,692,520</u>	<u>37,801,840</u>	<u>40,494,360</u>	<u>34,995,662</u>
	<u><u>2,692,520</u></u>	<u><u>37,801,840</u></u>	<u><u>40,494,360</u></u>	<u><u>34,995,662</u></u>
4 OTHER TRADING ACTIVITIES	Restricted Funds	Unrestricted Funds	2015 £	2014 £
Insolvency service	-	3,318,070	3,318,070	3,256,921
Equity release services	-	766,196	766,196	459,511
	<u>-</u>	<u>4,084,266</u>	<u>4,084,266</u>	<u>3,716,432</u>
	<u><u>-</u></u>	<u><u>4,084,266</u></u>	<u><u>4,084,266</u></u>	<u><u>3,716,432</u></u>

Foundation for Credit Counselling
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 year ended 31 December 2015

5 INVESTMENTS

	2015 £	2014 £
Bank interest	165,103	339,562

6 OTHER

	Unrestricted Funds	2015 £	2014 £
Income from mortgage advisors and insolvency practitioners	358,200	358,200	453,615
Other	110,762	110,762	176,006
	<u>468,962</u>	<u>468,962</u>	<u>629,621</u>

7 EXPENDITURE ON RAISING FUNDS: OTHER TRADING ACTIVITIES

	Staff costs £	Other direct costs £	Support costs £	Governance £	Total 2015 £	Total 2014 £
Unrestricted funds						
Insolvency service	1,628,735	272,510	1,032,930	-	2,934,175	2,942,389
Equity release services	541,800	1,667	105,408	-	648,875	481,430
	<u>2,170,535</u>	<u>274,177</u>	<u>1,138,338</u>	<u>-</u>	<u>3,583,050</u>	<u>3,423,819</u>

Foundation for Credit Counselling
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
year ended 31 December 2015

8 EXPENDITURE ON CHARITABLE ACTIVITIES

Unrestricted funds	Staff costs £	Other Direct costs £	Support costs £	Governance £	Total 2015 £	Total 2014 £
Counselling costs	14,666,513	16,038	13,556,249	238,062	28,476,862	25,821,511
Debt management costs	4,419,079	752,114	2,471,730	43,225	7,686,148	6,872,912
Promotion of services to beneficiaries	1,558,860	1,534,460	476,440	9,496	3,579,256	4,535,987
Monies paid to trust account	-	179,645	-	-	179,645	1,055,952
Total	20,644,452	2,482,257	16,504,419	290,783	39,921,911	38,286,362
Restricted funds	Staff costs £	Other Direct costs £	Support Costs £	Governance £	Total 2015 £	Total 2014 £
Counselling costs	1,089,962	49,467	440,206	-	1,579,635	90,533
Debt management cost	184,812	9,049	80,526	-	274,387	-
Promotion of services to beneficiaries	36,962	1,810	16,105	-	54,877	-
Total	1,311,736	60,326	536,837	-	1,908,899	90,533
Total expenditure on charitable activities					41,830,810	38,376,895

Foundation for Credit Counselling
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
year ended 31 December 2015

8 EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

During the prior year, the Charity included as an exceptional item within resources expended the sum of all amounts that have been transferred out of the Trust accounts and into the Charity's bank account and recognised as income since 2003. This treatment has been the case in those instances where client funds are returned by creditors without sufficient information to identify the original client or where cheques have remained uncashed for a number of years. A line by line review of the transactions moved to Trust in the prior year has identified some instances of netting which require further funding and these additional monies have been placed in a client Trust account, outside of the Charity's reserves, since the year end.

9 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS ON CHARITABLE ACTIVITIES

Unrestricted funds	Counselling costs £	Debt management costs £	Promotion of services to beneficiaries £	Total 2015 £	Total 2014 £
Staff costs	7,019,059	1,298,230	241,729	8,559,018	7,212,557
Training and recruitment	439,322	64,946	12,990	517,258	255,555
Travel and subsistence	193,671	35,429	7,084	236,184	182,112
Premises	2,208,993	406,374	81,276	2,696,643	2,688,738
Communications and IT	1,737,236	317,788	63,564	2,118,588	1,561,041
Printing and postage	671,972	122,920	24,587	819,479	757,931
Consultancy and professional	691,585	123,252	24,649	839,486	602,250
Depreciation	594,411	102,791	20,561	717,763	797,007
Total support costs	13,556,249	2,471,730	476,440	16,504,419	14,057,191
Governance	238,062	43,225	9,496	290,783	241,901
Total support and governance costs	13,794,311	2,514,955	485,936	16,795,202	14,299,092

Foundation for Credit Counselling
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
year ended 31 December 2015

9 ANALYSIS OF SUPPORT AND GOVERNANCE COSTS ON CHARITABLE ACTIVITIES
(continued)

Restricted funds	Counselling costs £	Debt management costs £	Promotion of services to beneficiaries £	Total 2015 £	Total 2014 £
Travel and subsistence	14,710	2,691	538	17,939	-
Communications and IT	86,071	15,745	3,148	104,964	-
Printing and postage	2,225	407	82	2,714	-
Consultancy and professional	337,200	61,683	12,337	411,220	-
Total support costs	440,206	80,526	16,105	536,837	-

10 ANALYSIS OF GOVERNANCE COSTS

	Total 2015 £	Total 2014 £
Audit and accountancy fees	28,032	55,455
Internal audit fees	26,248	21,985
Legal and professional fees	107,484	62,035
Apportionment of support costs	129,019	102,426
	290,783	241,901
Fees payable to the group's auditor and its associates:		
For audit services		
Audit of company's financial statements	19,500	19,000
For other services		
Accountancy	2,600	2,555

Foundation for Credit Counselling
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 year ended 31 December 2015

11 EMPLOYEES	2015 No.	2014 No.
The average monthly number of persons employed by the group during the year was:		
Promotion of services to beneficiaries	28	38
Counselling	720	678
Debt Management	131	122
Insolvency Services	90	94
Client services and administrative support	312	255
	<u>1,281</u>	<u>1,187</u>
	2015 £	2014 £
Staff costs for above persons:		
Wages and salaries	26,873,160	26,542,709
Social security costs	2,365,575	2,394,998
Other pension costs	926,801	947,175
	<u>30,165,536</u>	<u>29,884,882</u>

The number of employees whose emoluments were in excess of £60,000 during the year, excluding pension contributions, fell within the following ranges:

	2015 No.	2014 No.
£60,001 - £70,000	8	6
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	1
£140,001 - £150,000	1	1
£150,001 - £160,000	1	1
£200,001 - £210,000 ¹	1	-
	<u>16</u>	<u>13</u>
Total	16	13

A total of 16 (2014: 13) of these employees had retirement benefits accruing under a defined contribution pension scheme.

¹ Included within the above amounts is a termination payment of £82,992.

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

12 TRUSTEES

None of the Trustees (or any persons connected with them) received any remuneration during the year. Four of the Trustees were reimbursed for out of pocket expenses totalling £2,602 (2014: 4 Trustees reimbursed for expenses totalling £5,097).

Indemnity insurance is taken out to cover losses arising from neglect or default by any charity trustee, employee or officer. The costs of providing this insurance is £17,301 (2014: £14,707).

13 DEFERRED TAXATION

As a charity, the company is exempt from tax on income falling within Part II of the Corporation Tax Act 2010 and on gains falling within S.256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives. No tax charges have arisen in the charity. The deferred tax asset relates to deferred tax arising on losses in Consumer Credit Counselling Service (Equity Release) Limited, a trading subsidiary.

	Total 2015 £	Total 2014 £
Analysis of charge in the year:		
Deferred tax on trading losses	18,000	-

No provision was made in 2014 for the deferred tax asset of £102,877 in Consumer Credit Counselling Service (Equity Release) Limited due to the uncertainty that existed over recoverability of the asset.

Foundation for Credit Counselling
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 year ended 31 December 2015

14 TANGIBLE FIXED ASSETS	Fixtures, fittings and equipment £
<i>CONSOLIDATED</i>	
Cost	
At 1 January 2015	7,870,653
Additions	759,142
Disposals	(79,182)
	<hr/>
At 31 December 2015	8,550,613
	<hr/>
Depreciation	
At 1 January 2015	6,508,118
Charge for the year	751,391
Disposals	(71,322)
	<hr/>
At 31 December 2015	7,188,187
	<hr/>
Net book value	
At 31 December 2015	1,362,426
	<hr/> <hr/>
At 31 December 2014	1,362,535
	<hr/> <hr/>
	*
<i>COMPANY</i>	
Cost	
At 1 January 2015	6,857,131
Additions	744,616
Disposal	(78,626)
	<hr/>
At 31 December 2015	7,523,121
	<hr/>
Depreciation	
At 1 January 2015	5,631,190
Charge for the year	685,278
Disposal	(70,766)
	<hr/>
At 31 December 2015	6,245,702
	<hr/>
Net book value	
At 31 December 2015	1,277,419
	<hr/> <hr/>
At 31 December 2014	1,225,941
	<hr/> <hr/>

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

15 FIXED ASSET INVESTMENTS	2015	2014
	£	£
Subsidiary undertakings	5,001	5,001

The company has a 100% holding (1 share with nominal value of £1) in Consumer Credit Counselling Service Voluntary Arrangements Limited, Company Registration Number - 05659160. The principal activity is the provision of insolvency services.

The company has a 100% holding (5,000 shares with nominal value of £5,000) in Consumer Credit Counselling Service (Equity Release) Limited, Company Registration Number - 06741879. The principal activity is the provision of equity release loan advice and referral services.

Foundation for Credit Counselling has historically operated through a sister charity, Consumer Credit Counselling Service (Scotland), Registered Charity Number - SC024413. During the year, the Trustees took the decision to start the process to put Consumer Credit Counselling Service (Scotland) into Members Voluntary Liquidation and to apply to register the Foundation for Credit Counselling as a charity in Scotland. The Office of the Scottish Regulator (OSCR) accepted the application and registered the Foundation for Credit Counselling on 15th January 2016, Registered Charity Number -- SC046263. Consumer Credit Counselling Services (Scotland) was put into Members Voluntary Liquidation on 13 July 2016.

Foundation for Credit Counselling also has a 100% holding (1 share with normal value of £1) in each of the following dormant entities: Debt Remedy Limited, Company Registration Number - 07869502; Stepchange Equity Release Limited, Company Registration Number - 08056301; Stepchange Financial Solutions Limited, Company Registration Number -- 08561006 and Stepchange Voluntary Arrangements Limited. Company Registration Number - 08056168.

Foundation for Credit Counselling
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
year ended 31 December 2015

15 FIXED ASSET INVESTMENTS *(continued)*

A summary of the results and balance sheet of the subsidiaries are given below:

Consumer Credit Counselling Service Voluntary Arrangements Limited

	2015 £	2014 £
Turnover	3,318,070	3,256,921
Costs of sales	(1,873,274)	(1,926,661)
	<u> </u>	<u> </u>
Gross profit	1,444,796	1,330,261
Administrative expenses	(1,060,901)	(1,032,165)
	<u> </u>	<u> </u>
Operating profit	383,895	298,095
Taxation	-	-
	<u> </u>	<u> </u>
Profit for the financial year	383,895	298,095
	<u> </u>	<u> </u>
Assets	724,498	784,534
Liabilities	(349,302)	(472,941)
	<u> </u>	<u> </u>
Shareholder's funds	375,196	311,593
	<u> </u>	<u> </u>

Consumer Credit Counselling Service (Equity Release) Limited

	2015 £	2014 £
Turnover	766,196	475,976
Operating Expenses	(648,875)	(495,409)
	<u> </u>	<u> </u>
Operating profit/(loss)	117,321	(19,433)
Interest payable	(650)	(27,754)
Taxation	18,000	-
	<u> </u>	<u> </u>
Profit/(loss) for the financial year	134,671	(47,187)
	<u> </u>	<u> </u>
Assets	143,527	18,935
Liabilities	(518,892)	(528,971)
	<u> </u>	<u> </u>
Shareholder's deficit	(375,365)	(510,036)
	<u> </u>	<u> </u>

Foundation for Credit Counselling
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 year ended 31 December 2015

15 FIXED ASSET INVESTMENTS (continued)

Consumer Credit Counselling Service (Scotland)

	2015 £	2014 £
Total incoming resources	631,062	541,538
Total resources expended	(679,972)	(590,756)
Net (outgoing) resources	(48,910)	(49,218)
Assets	109,400	159,269
Liabilities	(86,655)	(87,614)
Unrestricted funds	22,745	71,655

16 DEBTORS

	Consolidated		Company	
	2015	2014	2015	2014
	£	£	£	£
Due within one year:				
Trade debtors	6,906,935	4,252,528	6,322,049	3,589,976
Prepayments and accrued income	1,522,192	1,134,264	1,522,192	1,060,407
Other debtors	222,136	112,621	96,040	89,166
Amounts owed by group undertakings	-	-	308,028	429,149
	8,651,263	5,499,413	8,248,309	5,168,698
Deferred tax asset (note 12)	18,000	-	-	-
	8,669,263	5,499,413	8,248,309	5,168,698

	Consolidated		Company	
	2015	2014	2015	2014
	£	£	£	£
Due after more than one year:				
Amounts owed by group undertaking	-	-	400,000	400,000

Included in the above is a loan of £400,000 (2014: £400,000) made to Consumer Credit Counselling Service (Equity Release), a trading subsidiary of Foundation for Credit Counselling. Interest is charged at a rate of 1% and is subject to annual review. The loan is repayable on any date agreed in writing between the parties or within 30 days of receipt of a written request from the Lender (which the Lender agrees it will only serve on the Borrower if, in the reasonable opinion of the Lender, the Borrower has financial resources available to it to repay the Loan at that time). The Trustees do not currently envisage either event to crystallise within 12 months of the balance sheet date.

Foundation for Credit Counselling
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
year ended 31 December 2015

17 CURRENT ASSET INVESTMENTS

	Consolidated		Company	
	2015	2014	2015	2014
	£	£	£	£
Unlisted investments	7,088,974	13,266,231	7,088,974	13,266,231

18 CREDITORS: Amounts falling due within one year

	Consolidated		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	528,765	395,466	490,660	375,514
Other taxes and social security costs	709,586	2,352	709,586	2,352
Accruals and other creditors	2,130,209	2,545,581	1,921,493	2,307,396
	<u>3,368,560</u>	<u>2,943,399</u>	<u>3,121,739</u>	<u>2,685,262</u>

19 OPERATING LEASE COMMITMENTS

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and Buildings	
	2015	2014
	£	£
Expiry date:		
Within one year	1,520,787	1,126,277
Between one and five years	6,462,702	5,788,156
After five years	480,528	1,445,541
	<u>8,464,017</u>	<u>8,359,974</u>
Net income/(expenditure) and net movement in funds for the year before taxation is stated after charging:		
Operating lease charges	<u>1,189,139</u>	<u>1,144,136</u>

Foundation for Credit Counselling
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 year ended 31 December 2015

20 MOVEMENTS IN UNRESTRICTED FUNDS

	At 1 January 2015	Incoming Resources	Outgoing Resources	At 31 December 2015
	£	£	£	£
CONSOLIDATED				
General reserves	21,333,740	43,534,630	(43,493,735)	21,374,635
	<u>21,333,740</u>	<u>43,534,630</u>	<u>(43,493,735)</u>	<u>21,374,635</u>
	<u><u>21,333,740</u></u>	<u><u>43,534,630</u></u>	<u><u>(43,493,735)</u></u>	<u><u>21,374,635</u></u>
COMPANY				
General reserves	21,465,529	39,716,283	(39,824,752)	21,357,060
	<u>21,465,529</u>	<u>39,716,283</u>	<u>(39,824,752)</u>	<u>21,357,060</u>
	<u><u>21,465,529</u></u>	<u><u>39,716,283</u></u>	<u><u>(39,824,752)</u></u>	<u><u>21,357,060</u></u>

Foundation for Credit Counselling
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 year ended 31 December 2015

21 MOVEMENTS IN RESTRICTED FUNDS

CONSOLIDATED	At 1 January 2015	Incoming Resources	Outgoing Resources	At 31 December 2015
	£	£	£	£
MAS Grant	-	1,755,156	(1,279,274)	475,882
Ireland – Advice	-	937,364	(549,964)	387,400
SLAB	-	79,661	(79,661)	-
	-	2,772,181	(1,908,899)	863,282

COMPANY	At 1 January 2015	Incoming Resources	Outgoing Resources	At 31 December 2015
	£	£	£	£
MAS Grant	-	1,755,156	(1,279,274)	475,882
Ireland – Advice	-	937,364	(549,964)	387,400
SLAB	-	79,661	(79,661)	-
	-	2,772,181	(1,908,899)	863,282

MAS Grant FCC received funding from the Money Advice Service to make advice available to people impacted by the exit of their debt management company from the market. The funding initially covered the period from 1st August 2015 to 31st July 2016 and has since been extended to 28th February 2017.

Ireland – Advice FCC received funding from a number of Irish institutions to provide debt advice to financially distressed people resident in the Republic of Ireland for a 3 year period commencing on the 1st October 2015.

SLAB FCC received funding from the Scottish Legal Aid Board, on behalf of the Scottish Government and Money Advice Service, under the Making Advice Work programme in Scotland. This provides advice to people who have been impacted by the Welfare Reforms and those who are struggling with problem debt. The funding initially covered the period from 1st October 2013 to 30th September 2016 and has since been extended to 31st March 2017.

Foundation for Credit Counselling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

year ended 31 December 2015

22 RELATED PARTY DISCLOSURES

The remuneration of key management personnel, who are members of the executive team, is as follows:

	2015 £	2014 £
Aggregate compensation	926,269	791,176

23 RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Consolidated		Company	
	2015 £	2014 £	2015 £	2014 £
Net movement in funds	904,177	(2,049,099)	754,813	(1,807,575)
Investment income	(165,103)	(339,562)	(175,857)	(367,262)
Depreciation charge	751,391	885,778	685,278	797,006
Loss on disposal	7,860	-	7,860	-
(Increase)/ decrease in debtors	(3,169,850)	1,330,942	(3,079,611)	1,080,024
Increase/(decrease) in creditors	425,161	(134,353)	436,477	44,465
	<u>(1,246,364)</u>	<u>(306,294)</u>	<u>(1,371,040)</u>	<u>(253,342)</u>

24 ANALYSIS OF CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2015 £	2014 £	2015 £	2014 £
Cash in hand	8,485,814	4,148,960	8,322,378	4,084,920
Total cash and cash equivalents	<u>8,485,814</u>	<u>4,148,960</u>	<u>8,322,378</u>	<u>4,084,920</u>

25 PENSION COSTS

The charity operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies as per the employee's instructions. The pension cost charge represents contributions payable by the charity to the funds and amounted to £926,801 (2014: £947,175). At the year end the pension creditor amounted to £155,300 (2014: £nil).