



**Scott-Moncrieff**  
business advisers and accountants

**THE POVERTY ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**COMPANY REGISTRATION NUMBER SC136689**

**REGISTERED CHARITY NUMBER SC019926**

# THE POVERTY ALLIANCE

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## THE POVERTY ALLIANCE

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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The directors have pleasure in presenting their report and the financial statements of the charitable company for the year ended 31 March 2019.

The financial statements comply with the current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

#### Objectives and activities

The Objectives of The Poverty Alliance are set out in our Articles of Association:

- To promote the alleviation of poverty and to assist the work of voluntary organisations, statutory authorities and others engaged in the relief of poverty and or other charitable purposes; and
- To promote and organise cooperation in the achievement of the above purposes or any of them and to improve the level of public knowledge and awareness of poverty issues.

The Board and staff team of The Poverty Alliance undertake work to apply these objectives to the social, political and economic context in which we operate. In 2018-19 five areas of activity that would help us fulfil our objectives. These five areas of activity were:

1. Supporting the development of policies and practices that promote social justice and combat poverty;
2. Working with people and communities experiencing poverty to help them to challenge poverty;
3. Building a strong anti-poverty network in Scotland;
4. Raising awareness about poverty and changing attitudes; and
5. Providing high quality research and knowledge about poverty in Scotland

A wide range of activities are carried out by the staff team with our members and many others in each of these areas. In each of the areas the main activities have included:

1. We have focused on following up aspects of the key legislative changes that took place in 2017-18, most notably in relation to the Child Poverty Act and the Social Security Act. In addition to the implementation of aspects of these two new Acts we have also been actively engaged in other areas that are of importance to our members, including the Transport (Scotland) Bill and the Fuel Poverty (Targets, Definitions, Strategy) Bill and the Local Governance Review. As part of this work we have had regular meetings with Scottish Government officials, MSPs and with our own members. We have also produced responses to consultations on policy on a wide range of policy issues.

Our focus on practice change has remained on employers – particularly in relation to low pay – and on the local provision of emergency food aid. Over the last year we have reached more employers than ever through the expansion of our Living Wage Scotland work. We have also continued to work with our partners in the delivery of the Menu for Change project.

2. Working with community based organisations and with people with direct experience of poverty is a key part of The Poverty Alliance's work. In 2018-19 we carried revised our approach to direct work with community organisations, developing and launching the get Heard Scotland programme, which allowed a more focused and strategic engagement with community based organisations. We have also continued to work with our Community Activist Advisory Group (CAAG), ensuring that their views were fed into relevant policy processes, ensuring that there were opportunities for members to feed into our work around transport poverty in particular. Finally, we once again supported members of our CAAG to attend the annual European Meeting of People with experience of Poverty In Brussels in November 2018.

## THE POVERTY ALLIANCE

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Objectives and activities (continued)

3. Central to the work of the Poverty Alliance is building our network of supporters in the community, voluntary and statutory sectors. This including providing regular information to our members, but it also entails having an active management board drawn from our membership and being involved in the boards of other key organisations in the voluntary sector.

We delivered a range of networking event that allowed people to come together to discuss key poverty issues and identify priorities for working together. This included a conference on stigma, the development of a new programme of members meetings, our annual conference, and a programme of activities around our Challenge Poverty Week initiative.

4. Awareness Raising: We produced a range of publications, including the Scottish Anti-Poverty Review, leaflets, briefing sheets and toolkits. We also produced a number of parliamentary briefings and evidence papers on fuel poverty, child poverty, and transport amongst others.

A key part of our awareness work is our work with the media. We have continued to undertake a wide range of media work, with a particular focus on our activity around Challenge Poverty Week. We have also continued to develop and maintain a strong online presence, operating four twitter accounts and three facebook pages, as well as our main website and Scottish Living Wage accreditation website.

The focus of our campaigning and awareness raising work has shifted to Challenge Poverty Week, with a clearer goal of using this initiative to help change the public narrative around poverty. We have also played an active part in other campaigning work, most notably the Give Me Five campaign.

5. Research and Evidence: Our research and evidence work continued across a broad range of topic areas in 2018-19. We have continue to work on the research elements of the Menu for Change project. We have also continued to work with the Scottish Community Development Centre to develop a support programme for community organisations wishing to undertake participatory research in Scotland. We have also carried out research into employability programmes with Fife Gingerbread. We also continued our research with ASH Scotland on issues related to smoking and poverty.

We have also organised research seminars arising out of our contribution to the European research project 'Reinvest'. These seminars were delivered as part of our partnership with the Scottish Poverty and Inequality Research Unit at Glasgow Caledonian University. In addition we have also initiated research, funded by the Joseph Rowntree Foundation, with Professor Sharon Wright at the University of Glasgow in Universal Credit in Glasgow.

#### Achievements and performance

As can be seen from the summary above The Poverty Alliance carries out a very wide range of activities. All of these activities are designed to help contribute to our overall objective of influence policy and practice to reduce poverty. Some of the key highlights over the last year have included:

1. Influencing policy and practice: After the significant policy achievements of 2017-18, the passing of the Child Poverty (Scotland) Act and the Social Security (Scotland) Act. As outlined above, a key task was following up this new legislation in 2018-19. We have continued to play a key role in efforts to ensure that all aspects of the new Social Security legislation are implemented by Scottish Government, including the power to top up reserved benefits. The announcement in the Child Poverty Delivery Plan that a new Income Supplement was to be introduced was therefore an important step forward. We have maintained dialogue with Scottish Government throughout the year on this important policy. The outcome of this lobbying will not be known until 2019-20.

## THE POVERTY ALLIANCE

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Achievements and performance (continued)

We have also managed to ensure that the Living Wage remains a central part of the Scottish Government's Fair Work Action Plan, ensuring that the accreditation scheme that we operate continues to reach more employers and therefore help more workers.

Over the last year we increased the number of accredited Living Wage employers by 329, far exceeding our target of 120. Finally, we secured another important milestone in the development of our work around addressing in-work poverty with the announcement in March 2019 that Dundee was to become the first of our 'Making Living Wage Places'.

2. **Community Engagement:** Our community engagement work continues was enhanced by our work on the Get Heard Scotland programme. This has helped us create new resources to help support community engagement, including a new toolkit and briefing papers. In addition, we organised 29 community discussions as part of the programme.

These discussions have been used to help feed into our policy influencing work, particularly around issues of transport and poverty. We have also worked with the Poverty and Inequality Commission on this issue, based on the evidence we gathered through our Get Heard Scotland programme.

3. **Networking:** We successfully refocused our engagement with members over the last year. A key part of this has been the development of new members meetings. These allowed for focused discussion around key issues, on the new Income Supplement and on proposals for a Universal Basic Income. These meetings were a very successful way of networking for members, which we will continue to develop in the future.

We also organised a number other events during the year including awareness raising seminars for our Get Heard Scotland programme in Edinburgh and Glasgow, a conference on Stigma and poverty in Glasgow, events at party political conferences, two seminars on low pay, a Living Wage Expo at Hearts Football Club in Edinburgh, a conference on self-directed support and poverty. These events are essential to maintain our engagement with our members and with all those who want to be active in tackling poverty.

4. **Awareness raising:** We have continued to build our work on awareness raising on issue of poverty. A key focus for this work has been our *Challenge Poverty Week* initiative, which in 2018-19 saw more than 110 organisations involved than ever before and with almost 200 distinct activities taking place. This is now a key part of our work to help change the narrative on poverty in Scotland. A measure of the success of this work is that the model has now been adopted by a group of campaigning organisations in England who launched the first London Challenge Poverty Week in October 2018.

There were more than 80 pieces of media coverage during *Challenge Poverty Week*. This was part of a more focused approach to media work and to involving people with lived experience of poverty in this coverage. We were also successful in securing coverage for our work around the visit of the UN Rapporteur on Extreme Poverty in November 2018.

5. **Research:** Much of our research work in 2018-19 was on-going. We completed our contribution to the fieldwork for the research on experiences of food insecurity in Scotland. This research will be published later in 2019. The evidence from this research was used as the basis of a play highlighting the issues of food insecurity 'Foodbank As It Is', which was performed in Glasgow and at the Scottish Parliament.

The other important development over the last year was the publication of the research report 'We need to talk about smoking and poverty'. This was the outcome of work with ASH Scotland looking at how anti-poverty organisations engage in issues related to smoking cessation. This is important work that we plan to follow up with ASH in the coming year.

## THE POVERTY ALLIANCE

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Financial Review

The Poverty Alliance's financial position has been stable over the last year. Our core grant from the Scottish Government remains critical for our financial stability, while their continued support for our Living Wage Scotland (LWS) enables us to maintain a greatly enhanced level of activity there. In 2018-19 we were in the first year of an indicative three year agreement with the Scottish Government for both our core activity and the LWS work.

We have continued to operate a reserves policy that aims for between 3 to 6 months operating costs.

There are no doubts about the Poverty Alliance being a going concern. The Poverty Alliance currently has unrestricted funds of £281,071 (2018: £231,043) and restricted funds of £20,164 (2018: £59,778).

#### Structure, Governance and Management

The Poverty Alliance is a registered charity and a company limited by guarantee. The Memorandum of Association of The Poverty Alliance allows for an Executive Committee (also known as the Board) of up to 15 members. Full board members are elected for a period of three years. In addition the Board may also co-opt members to fill vacancies and may also co-opt up to five additional members.

Members of the Board are recruited from within the ordinary membership of The Poverty Alliance. Prior to the Annual General Meeting of the organisation all members receive nomination forms entitling them to nominate one individual to the Board. If the number of nominations exceeds the number of vacancies then the election is made by secret ballot.

The first meeting following the AGM is an induction meeting for new members. This induction outlines the roles and responsibilities of Board members, the current and future activities and an overview of the financial position of the organisation. Finally, board members elect officers of the board (Convenor, Vice Convenor and Treasurer), each of which serves for three years.

Day to day management of the budget and resources of The Poverty Alliance are delegated by the Board to the Secretary. The Secretary is responsible for reporting back to the Board on a regular basis, for ensuring that the policies of the Alliance are up to date and meet with best practice and for ensuring that the staff team receive appropriate support and supervision. The pay and benefits package for management staff in the Poverty Alliance is set up the Board, with advice from the Finance and General Purposes Group of the Board. Any changes in management gradings are agreed by the board and pay is then set in line with Scottish Joint Council (SJC) salary scales.

#### Managing Risk

In the Poverty Alliance's most recent redrafting of our Risk Register we have identified lack of clear strategic approach, loss of key personnel and failure to sustain funding or identify new sources as amongst the key risks. In relation to the strategy, the Board has initiated a review of our current strategic plan well in advance of its expiration in 2021. The process of reviewing will involve the board, staff team, members and key stakeholders and will ensure that we have a clear strategy and means for delivering on it. In relation to staffing, the staff team at the Poverty Alliance is relatively stable with acceptable levels of staff turnover. We keep the pay and conditions of the staff team under review and seek to ensure that we provide amongst the best pay and conditions in our sector, and within the current resourcing boundaries. Finally, we have maintained in 2018-19 a diverse portfolio of funders and, in line with our Funding Strategy, have been establishing relationships with new potential funders. We have continued to maintain a close relationship with our core funder and will continue to develop new streams of earned income.

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## THE POVERTY ALLIANCE

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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#### Reference and administrative details

##### The Board of Directors

Mary MacLean  
John Dickie  
Nick Bailey  
David Liddell  
David Moxham  
Irena Paterson  
Anela Anwar  
Hugh Foy  
Fiona Garven  
Rachel McEwen  
Emma Richardson  
William Scott  
Nuala Watt  
Jill Wood  
Peter Kelly

##### Company Secretary

##### Registered Office

Standard Building, 3rd Floor Front, 102 Hope Street, Glasgow,  
G2 6PH

##### Auditor

Scott-Moncrieff  
Statutory Auditor & Chartered Accountants  
25 Bothwell Street  
Glasgow  
G2 6NL

##### Banker

Bank of Scotland  
167-201 Argyle Street  
Glasgow  
G2 8BU

##### Solicitors

T C Young & Son  
7 West George Street  
Merchants House  
Glasgow  
G2 1BA

##### Website address

[www.povertyalliance.org](http://www.povertyalliance.org)

#### Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). 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 charitable company and of the surplus or deficit of the charitable 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 methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent; 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 POVERTY ALLIANCE**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2019**

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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**Disclosure of information to the auditor**

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- So far as the directors are aware, there is no relevant information of which the charitable company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information, and to establish that the company's auditor is aware of the information.

**Auditor**


Scott-Moncrieff will be proposed for reappointment at the Annual General Meeting in accordance with Section 485 of the Companies Act 2006.

**Small company exemptions**

The report has been prepared in accordance with the special provisions for small companies under Section 419(2) of the Companies Act 2006

**Approval**

This report was approved on behalf of the directors and signed on their behalf by:



**Director**

Dated: 26/9/19



## THE POVERTY ALLIANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

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#### Opinion

We have audited the financial statements of The Poverty Alliance (the charitable company) for the year ended 31 March 2019 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
  - the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.
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## THE POVERTY ALLIANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

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#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

## THE POVERTY ALLIANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

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#### Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors (who are the directors for the purposes of company law and trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

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 and to the charitable company's directors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's directors, as a body, 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, the charitable company's members, as a body, and the charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

*Michael Harkness*

**Michael Harkness, Senior Statutory Auditor**

For and on behalf of

**Scott-Moncrieff, Statutory Auditor**

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

25 Bothwell Street

Glasgow

G2 6NL

Date: *26 September 2019*

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THE POVERTY ALLIANCE

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £
Income							
Donations	4	1,411	-	1,411	1,828	-	1,828
Charitable activities	5	379,143	367,279	746,422	385,715	347,004	732,719
Other trading activities	6	37,325	-	37,325	40,448	-	40,448
Other income	7	77	-	77	41	-	41
<b>Total income</b>		<b>417,956</b>	<b>367,279</b>	<b>785,235</b>	<b>428,032</b>	<b>347,004</b>	<b>775,036</b>
Expenditure							
Charitable activities	8	(355,319)	(419,502)	(774,821)	(400,769)	(303,491)	(704,260)
<b>Total expenditure</b>		<b>(355,319)</b>	<b>(419,502)</b>	<b>(774,821)</b>	<b>(400,769)</b>	<b>(303,491)</b>	<b>(704,260)</b>
<b>Net income/(expenditure)</b>		<b>62,637</b>	<b>(52,223)</b>	<b>10,414</b>	<b>27,263</b>	<b>43,513</b>	<b>70,776</b>
Transfers between funds		(12,608)	12,608	-	-	-	-
Net movements in funds		50,029	(39,615)	10,414	27,263	43,513	70,776
Reconciliation of funds							
Total funds brought forward		231,042	59,779	290,821	203,779	16,266	220,045
<b>Total funds carried forward</b>		<b>281,071</b>	<b>20,164</b>	<b>301,235</b>	<b>231,042</b>	<b>59,779</b>	<b>290,821</b>

The notes on pages 13 to 22 form part of these financial statements

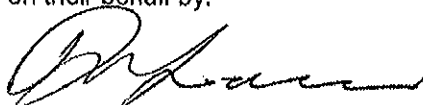
THE POVERTY ALLIANCE

BALANCE SHEET  
AS AT 31 MARCH 2019

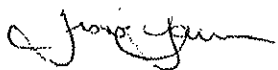
	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	12	12,331	13,671
<b>Current assets</b>			
Debtors	13	133,051	41,880
Cash and cash equivalents		185,112	250,490
		<u>318,163</u>	<u>292,370</u>
<b>Creditors: amounts falling due within one year</b>	14	(29,259)	(15,220)
<b>Net current assets</b>		<u>288,904</u>	<u>277,150</u>
<b>Net assets</b>		<u><u>301,235</u></u>	<u><u>290,821</u></u>
<b>Reserves</b>			
Unrestricted funds	16,18	281,071	231,042
Restricted funds	16,17	20,164	59,779
<b>Members funds</b>		<u><u>301,235</u></u>	<u><u>290,821</u></u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard 102.

These financial statements were authorised for issue by the directors on 26/9/19 and are signed on their behalf by:



David Liddell - Director



Fiona Garven - Director

Company number: SC136689

Charity number: SC019926

The notes on pages 13 to 22 form part of these financial statements

THE POVERTY ALLIANCE

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Net income for the reporting period	10,414	70,776
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	6,068	5,123
(Increase)/decrease in debtors	(91,171)	1,783
Increase in creditors	14,039	7,230
Loss on disposal of tangible fixed assets	-	228
<b>Net cash (used in)/generated from operating activities</b>	<b>(60,650)</b>	<b>85,140</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(4,728)	(13,992)
<b>Net cash used in investing activities</b>	<b>(4,728)</b>	<b>(13,992)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>(65,378)</b>	<b>71,148</b>
Cash and cash equivalents at the beginning of the year	250,490	179,342
<b>Cash and cash equivalents carried forward</b>	<b>185,112</b>	<b>250,490</b>

The notes on pages 13 to 22 form part of these financial statements

## THE POVERTY ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 1. General Information

The financial statements are prepared in Pounds Sterling (GBP) as that is the currency in which the charitable company's transactions are denominated. These financial statements represent the results of the charitable company only. The object of the charitable company is to promote the alleviation of poverty.

The Poverty Alliance is a charitable company limited by guarantee, incorporated in the United Kingdom and registered in Scotland. The charitable company's registered number is SC136689. The address of the charitable company's registered office is:

Standard Building 3rd Floor Front  
102 Hope Street  
Glasgow  
G2 6PH

The charitable company is defined as a public benefit entity and this complies with all disclosure requirements relating to public benefit entities. The registered charity number is SC019926 and it is registered with the Office of the Scottish Charity Regulator (OSCR).

#### 2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented, in dealing with items which are considered material in relation to the charitable company's financial statements unless otherwise stated.

##### Basis of Accounting

The financial statements have been prepared under the historical cost convention unless otherwise specified within the accounting policies and, in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Policies), the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)", the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The preparation of financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

## THE POVERTY ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Principal accounting policies (continued)

##### **Going concern**

As discussed in the Directors' Report, the charity has secured sufficient funding for the year to 31 March 2020, albeit at a reduced level compared to the year to 31 March 2019. There are no borrowings and net unrestricted funds of £213,236 as at 31 March 2019 and therefore the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

##### **Income**

Income is recognised and included in the financial statements when all of the following criteria are met:

- The charitable company has entitlement to the funds;
- Any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity;
- There is sufficient certainty that receipt of the income is considered probable; and
- The amount can be measured reliably.

##### *Donations*

Donations are recognised when the charitable company is entitled to the income, receipt is probable and the amount can be measured reliably.

##### *Charitable activities*

Grant income received from funders in relation to the projects undertaken in the year. These are recognised as income in the period in which the performance conditions of the project are met.

##### *Other trading activities*

Monies received to cover the cost of expenses in relation to the projects undertaken in the year. These are recognised as income in the period in which they are receivable.

##### *Other income*

Bank interest received is credited in full as income in the period to which it relates.

##### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

##### *Charitable activities*

These comprise those costs incurred by the charitable company in the delivery of its charitable activities and services.



## THE POVERTY ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Principal accounting policies (continued)

##### Expenditure (continued)

###### *Allocation of support costs*

Support costs are those functions that assist the work of the charitable company but do not directly undertake charitable activities. Support costs include office running costs, payroll and governance costs. These costs are allocated to expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 9.

##### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment – 20% on cost

##### Debtors

Trade debtors and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

##### Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

##### Creditors

Creditors are recognised where the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

##### Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

##### Operating leases

The charitable company classifies the lease of premises as operating leases; the title to the property remains with the lessor. Costs in respect of operating leases are charged on a straight line basis over the lease term.

##### Pension costs

The charitable company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charitable company. The annual contributions payable are charged to the income and expenditure account.

## THE POVERTY ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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#### 2. Principal accounting policies (continued)

##### Taxation

As a charity, The Poverty Alliance is exempt from tax on income and gains falling within sections 478-489 of the Corporation Tax Act 2010 to the extent that these are applied to its charitable objects. No tax charges have arisen in the charity.

##### Unrestricted funds

Unrestricted funds are available for use at the discretion of the members in furtherance of the general objectives of the charitable company.

##### Restricted funds

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or grant provider.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Board is satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied in determining the depreciation rates which have been based on the expected useful lives of the fixed assets, and the basis of apportionment of support costs which is deemed to be reasonable based on directors' knowledge of the operations of the charitable company.

	2019	2018
	£	£
4. Donations		
Donations received in year	<u>1,411</u>	<u>1,828</u>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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<b>5. Income from charitable activities</b>	<b>2019</b>	<b>2018</b>
	£	£
CORE – unrestricted	379,143	385,715
Living Wage Accreditation	291,500	292,836
Reinvest	17,208	-
Menu for Change	58,571	54,168
	<u>746,422</u>	<u>732,179</u>
	<u><u>746,422</u></u>	<u><u>732,179</u></u>
<b>6. Income from other trading activities</b>	<b>2019</b>	<b>2018</b>
	£	£
Room hire	-	-
Reimbursement of expenses	8,569	3,481
Miscellaneous income	28,756	36,967
	<u>37,325</u>	<u>40,448</u>
	<u><u>37,325</u></u>	<u><u>40,448</u></u>
<b>7. Income from other sources</b>	<b>2019</b>	<b>2018</b>
	£	£
Bank interest received	77	41
	<u>77</u>	<u>41</u>
	<u><u>77</u></u>	<u><u>41</u></u>

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**THE POVERTY ALLIANCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**8. Expenditure on charitable activities**

	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	2019 Total £	2018 Total £
Printing, stationery and postage	14,499	23,633	-	809	38,941	25,986
Consultancy	2,886	1,989	-	-	4,874	34,692
Management fees	-	-	-	-	-	-
Venue hire and conference costs	11,967	587	1,146	-	13,700	11,023
Sessional payments	709	2,831	500	-	4,040	15,265
Equipment	229	389	-	59	677	-
Development	295	-	-	-	295	673
Bank charges	57	-	-	-	57	92
Subscriptions	1,601	3,402	-	275	5,278	8,777
Participation	5,852	97	-	-	6,842	3,756
IT support	5,301	8,863	893	-	15,112	17,543
Miscellaneous	22,368	11,250	-	948	37,203	33,672
Governance costs (note 9)	15,303	3,175	586	2,999	19,078	21,820
Support costs (note 9)	274,252	270,977	28,829	600	628,723	530,961
	<u>355,319</u>	<u>327,193</u>	<u>31,954</u>	<u>60,355</u>	<u>774,821</u>	<u>704,260</u>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

9. Analysis of governance and support costs

The charitable company initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Governance costs and other support costs are apportioned separately between the five key charitable activities undertaken in the year (see note 8). Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	General support £	Governance function £	2019 Total £	2018 Total £	Basis of apportionment
Catering and venue hire for directors and other business meetings	42,956	4,073	47,029	76,239	Involved events
Salaries, wages and related costs (note 11)	585,767	-	585,767	470,248	Allocated on time
Audit and accounting fees	-	15,005	15,005	6,294	Governance
	<u>628,723</u>	<u>19,078</u>	<u>647,801</u>	<u>552,781</u>	

10. Net income for the year

This is stated after charging:

	2019 £	2018 £
Depreciation	6,068	5,123
Auditor's fees - audit	6,425	6,294
Auditor's fees - non-audit fees	8,580	-
	<u>21,073</u>	<u>11,417</u>

11. Staff costs

The aggregate payroll costs were:

	2019 £	2018 £
Wages and salaries	509,021	409,564
Social security costs	46,183	36,178
Other pension costs	30,563	24,506
	<u>585,767</u>	<u>470,248</u>

No employee earned more than £60,000 per annum.

During the year, a total of £817 (2018: £979) was reimbursed to one board member (2018: three) for travel expenses. The trustees did not receive any remuneration in the year (2018: £nil).

The Poverty Alliance has a stakeholder pension scheme in place, which is administered by Scottish Widows. The scheme is a Personal Pension Scheme whose assets are held separately from that of the charitable company.

The key management personnel are deemed to be the management team at The Poverty Alliance. They received emoluments (including employers NI) of £247,914 (2018: £177,192) and pension contributions of £13,373 (2018: £9,626).

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

11. Staff costs (continued)

Particulars of employees:

The average number of staff employed by the charitable company during the financial year was:

	2019 No.	2018 No.
Number of Head Office staff	6	6
Number of Project staff	11	8
	<u>17</u>	<u>14</u>

12. Tangible fixed assets

Equipment  
£

**Cost**

At 1 April 2018	25,613
Additions	4,728
Disposals	-
At 31 March 2019	<u>30,341</u>

**Depreciation**

At 1 April 2018	11,942
Charge for the year	6,068
Eliminated on disposals	-
At 31 March 2019	<u>18,010</u>

**Net book value**

At 31 March 2019	<u>12,331</u>
At 31 March 2018	<u>13,671</u>

13. Debtors

	2019 £	2018 £
Trade debtors	127,428	35,628
Prepayments and accrued income	5,623	6,252
	<u>133,051</u>	<u>41,880</u>

14. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	8,031	5,469
Other creditors	-	3,152
Tax and social security	14,629	-
Accruals and deferred income	6,599	6,599
	<u>29,259</u>	<u>15,220</u>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

15. Financial Instruments	2019 £	2018 £
Cash and cash equivalents	185,112	250,490
Financial assets measured at amortised cost	127,428	35,628
	<u>14,630</u>	<u>15,220</u>

Financial assets measured at amortised cost comprise trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors and accrued expenses.

16. Analysis of net assets between funds	Tangible Fixed Assets £	Other Net Assets £	Total 2019 £	Total 2018 £
Restricted Funds	-	20,164	20,164	59,779
Unrestricted Funds	12,331	268,740	281,071	231,042
	<u>12,331</u>	<u>288,904</u>	<u>301,235</u>	<u>290,821</u>

17. Restricted funds	At 1 April 2018 £	Income £	Expenditure £	Transfers	At 31 March 2019 £
Living Wage Accreditation	51,252	291,500	(327,193)	-	15,559
Reinvest	2,138	17,208	(31,954)	12,608	-
Menu for Change	6,389	58,571	(60,355)	-	4,605
	<u>59,779</u>	<u>367,279</u>	<u>(419,502)</u>	<u>12,608</u>	<u>20,164</u>

Living Wage Accreditation – This is an initiative funded by the Scottish Government to encourage employers in Scotland to become accredited Living Wage employers.

Reinvest – This project is funded through the European Commission's Horizon 2020 research funding stream. The Poverty Alliance, one of a total of 19 project partners, will carry out research into the impact of poverty on economic crisis.

Menu for Change – A Menu for Change will provide intensive support to public and third sector actors in three local authorities – Dundee, East Ayrshire and Fife - to review and improve the support provided to people in crisis. The Project will be delivered in collaboration with Oxfam Scotland, CPAG Scotland and Nourish Scotland. It is being funded by the Big Lottery Fund for three years.

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

	<i>At 1 April 2018</i>	Income £	Expenditure £	Transfer £	<i>At 31 March 2019</i>
18. Unrestricted funds	£	£	£	£	£
Unrestricted funds	<u>231,042</u>	<u>417,956</u>	<u>(355,319)</u>	<u>(12,608)</u>	<u>281,071</u>

19. Operating lease commitments

At 31 March 2019 the charitable company had total revenue commitments as set out below:

	2019 Property £	2018 Property £
Operating leases which expire:		
Within 1 year	24,000	24,000
Between 1 – 5 years	96,000	96,000
More than 5 years	78,000	102,000
Total lease commitments	<u>198,000</u>	<u>222,000</u>

20. Accounts preparation

In common with many other charitable companies of our size we use our auditor to assist in the preparation of the financial statements.

21. Related party transactions

There were no transactions with related parties during the year. No amounts were due to or from the directors as at 31 March 2019 (2018: £nil).



THE POVERTY ALLIANCE

DETAILED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2019

	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	Total £
<b>Income</b>					
Grants	253,812	291,500	17,208	58,571	621,091
Donations	1,411	-	-	-	1,411
Membership	4,196	-	-	-	4,196
Earned income*	131,435	-	-	-	131,435
Bank interest receivable	77	-	-	-	77
Other income	27,025	-	-	-	27,025
	<u>417,956</u>	<u>291,500</u>	<u>17,208</u>	<u>58,571</u>	<u>785,235</u>
<b>Expenditure</b>					
Rent and rates	10,110	15,601	-	1,797	27,508
Light and heat	787	4,174	-	795	5,756
Insurance	89	1,000	-	260	1,349
Repairs and maintenance	87	2,649	-	560	3,296
Telephone	582	2,382	-	523	3,487
Cleaning	451	990	-	119	1,560
Wages and salaries	227,577	212,593	24,754	44,097	509,021
Employers NIC	20,855	18,870	2,590	3,868	46,183
Staff pension contributions	13,714	12,718	1,485	2,646	30,563
Stationery	106	1,600	-	279	1,985
Printing and design	14,794	18,962	-	-	33,756
Photocopying	(122)	572	-	259	709
Postage	(279)	2,499	-	271	2,491
	<u>288,751</u>	<u>294,610</u>	<u>28,829</u>	<u>55,474</u>	<u>667,667</u>
Carried forward					

This page does not form part of the audited financial statements.

THE POVERTY ALLIANCE  
 DETAILED INCOME AND EXPENDITURE ACCOUNT (CONTINUED)  
 FOR THE YEAR ENDED 31 MARCH 2019

Expenditure (continued)	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	Total £
Brought forward	288,751	294,610	28,829	55,474	667,664
Venue hire and conference costs	11,967	587	1,146	-	13,699
Sessional payments	709	2,831	500	-	4,040
Participation	5,852	97	893	-	6,842
Board expenses	816	-	-	-	816
AGM costs	3,207	-	-	-	3,207
Lawyer fees	50	-	-	-	50
Audit and accountancy	11,230	3,175	-	600	15,005
IT support	5,301	8,863	-	948	15,112
Depreciation	6,068	-	-	-	6,068
Staff training	174	539	-	-	713
Recruitment	1,010	-	-	-	1,010
Travel and subsistence	14,486	9,102	586	2,910	27,084
Payroll costs	547	617	-	89	1,253
Childcare voucher scheme	-	992	-	-	992
Development EAPN	295	-	-	-	295
Bank charges	57	-	-	-	57
Carried forward	350,520	321,413	31,954	60,021	763,908

This page does not form part of the audited financial statements.

THE POVERTY ALLIANCE

DETAILED INCOME AND EXPENDITURE ACCOUNT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019

Expenditure (continued)	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	Total £
Brought forward	350,520	321,413	31,954	60,021	763,908
Subscriptions	1,601	3,402	-	275	5,278
Journals and publications	83	-	-	-	83
Loss on disposal	-	-	-	-	-
Equipment	229	389	-	59	677
Consultancy	2,886	1,989	-	-	4,874
	<u>355,319</u>	<u>327,193</u>	<u>31,954</u>	<u>60,355</u>	<u>774,821</u>
(Deficit)/Surplus	<u>62,637</u>	<u>(35,693)</u>	<u>(14,746)</u>	<u>(1,784)</u>	<u>10,414</u>

This page does not form part of the audited financial statements.

\* Earned income contains a sum of £48,500 from the Scottish Government and £4,800 from the Big Lottery Fund. These sums are in respect of management fees paid to The Poverty Alliance as part of funding provided. However, due to the nature of this income these amounts are shown as Core instead of project specific income.

