



THE POVERTY ALLIANCE

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 2020

The directors have pleasure in presenting their report and the financial statements of the charitable company for the year ended 31 March 2020.

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 2019-20 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. In relation to policy development and parliamentary activity we have focused a good deal of our activity on following up key areas of legislation around social security in Scotland and on local and national developments on child poverty. This has included in particular a focus on the development and implementation of the new Scottish Child Payment, and well as continuing to contribute to local child poverty policy development activity in North Ayrshire, Highland and Midlothian. As part of this work we have engaged with policy makers and politicians at local and national levels and have also worked with our members in responding to a wide range of consultation processes.

We have continued to expand our work with employers in the private, public and voluntary sectors as we developed our Living Wage Scotland initiative. This work took forward new place-based work and well as sector focused activity, reaching many more new employers across Scotland. Our practice change project focusing on food insecurity, Menu for Change, was completed in February 2020. Working with our partners in our project we ensure that there was a strong legacy in terms of local activity, policy engagement and research.

2. We have continued to put our work with community-based organisations and with people with direct experience of poverty at the heart of our approach to making change. Get Heard Scotland, now in its second year of work, was a key means for engaging with grassroots organisations and for people with experience of poverty. This project worked in Highland, North Ayrshire and Midlothian. Our Community Activist Advisory Group (CAAG) has continued to strengthen its role ensuring that people with experience of poverty had opportunities to feed into policy. 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 2019.

Objectives and activities (continued)

3. Engaging the members of our network has been a central concern for us over the last year. We have continued to provide regular information bulletins to our members and opportunities to engage in our work through events and training. Vital to our strengthening of our network has been the maintenance of an active management board drawn, as well as engaging in the boards and similar forums in other key organisations in the voluntary sector.

Our programme of networking events for members continued over the last year, as did our programme of training associated with Challenge Poverty Week. Our 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 continue to produce a range of publications, including the Scottish Anti-Poverty Review, leaflets, briefing sheets and toolkits.

A key part of our awareness work is our work with the media. We have continued to undertake a wide range of media work and have significantly increased our capacity to deliver more media activity around Challenge Poverty Week.

Social media is increasingly important for all of our awareness raising work and we have further developed our websites and social media channels over the last year.

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 has focused on the delivery of a number of key pieces of work. This has included our contribution to the research of the Menu for Change project, our involvement in the Knowledge is Power programme with the Scottish Community Development Centre, which is supporting the development participatory research in Scotland.

Over the last year we have also carried out research on Universal Credit with colleagues at the University of Glasgow and have delivered a research to support the work of the Edinburgh Poverty Commission.

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: A key goal for our network was to see the implementation of key commitments in the Child Poverty Delivery Plan that would lead to an ultimate reduction in child poverty. Central to these efforts was our work on the proposed Income Supplement from Scottish Government. Working in partnership with key Poverty Alliance members and others helped ensure that an important new Scottish social security benefit was created – the Scottish Child Payment. We worked closely with Scottish Government official throughout the year to ensure that this new benefit was as robust as possible.

Our work on the real Living Wage remains of critical importance in delivering real change for low paid workers in Scotland. During 2019-20 we increased the number of accredited Living Wage employers by 419, once again exceeding our target for the year. More than 4,000 workers have had a pay increase as a result of their employer becoming accredited over the last year.

Achievements and performance (continued)

2. Community Engagement: The Get Heard Scotland programme worked more intensively with communities and organisations this year. We worked intensively in Highland, North Lanarkshire and Midlothian, delivering more than 30 discussions involving more than 200 people who have had experience of poverty.

This work led to the publication of the report 'Our Lives, Our Solutions.' This report, and the three local reports, actively involved people with direct experience of poverty in their production and have since been used to influence the development of Local Child Poverty Action Reports in the three local authorities. These reports will be published in 2020. This work has also led to direct engagement of people with experience of poverty with the Cabinet Secretary for Communities and Local Government.

3. Networking: We held number of members meetings to allow closer engagement with our work over the last year. In these meetings we discussed a range of issues on topics such as the Scottish Child Payment, Basic Services, the economy. These meetings were a very successful way of networking for members, as well as providing important feedback on the development of the Poverty Alliance's work.

We also organised a range of other events during the year including awareness raising seminars for our Get Heard Scotland programme in Inverness, Livingston and Irvine, hearing as part of the work on the Edinburgh Poverty Commission, as well as events at party political conferences, and an awards event as part of Living Wage Week. More than 70 organisations took part in media training as part of our work on developing Challenge Poverty Week.

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: Challenge Poverty Week is now the key focus for our awareness raising activity during the year. In 2019-20, 361 organisations took part, more than double the target with more than 450 events taking place across Scotland. We also secured cross party support for the week and also brought Scotland's faith leaders together for a supportive joint statement during the week. Challenge Poverty Week also provided an opportunity to increase media coverage, with more than 40 'top tier' pieces of media coverage for the week, and more than 50 pieces of local media coverage. The short animation produced for the week had more than 30,000 views during the week.
5. Research: There were a number of significant developments in our research work during the year. Our joint research on food insecurity, carried out in partnership with Oxfam, CPAG and Nourish Scotland, was launched at a large scale event in Glasgow. We have also continued to develop the Knowledge is Power project with the Scottish Community Development Centre, moving onto providing direct support to community organisations. We have also started important new research projects during the year, in particular our work as part of the Edinburgh Poverty Commission, and research to develop new guidance on participation for the Poverty and Inequality Commission.

THE POVERTY ALLIANCE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Financial Review

The Poverty Alliance's financial position has been stable over the last year. We were at the mid point of three year funding agreements for our both core (Get Heard Scotland) support from the Scottish Government and for the support we receive for the Living Wage Scotland (LWS) programme from Scottish Government. Both these programmes provide significant security for the organisation. Our income from the LWS programme also allows greater flexibility in the development of other activities and to support the wider work of the Poverty Alliance.

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 £388,092 (2019: £281,071) and restricted funds of £15,659 (2019: £20,164).

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. The review of the organisation's strategic plan has been initiated, and a new plan will be launched in March 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 2019-20 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.

THE POVERTY ALLIANCE

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

Reference and administrative details

The Board of Directors

Mary MacLean
John Dickie
David Liddell
David Moxham
Irena Paterson
Anela Anwar
Hugh Foy
Fiona Garven
Rachel McEwen
Emma Richardson (resigned 2 October 2020)
William Scott (resigned 26 July 2019)
Nuala Watt (resigned 25 October 2019)
Eilidh Dickson (appointed 26 July 2019)
Marie Ward (appointed 11 October 2019)
Jimmy Wilson (appointed 11 October 2019)
Susan Lyons (appointed 2 December 2019)

Company Secretary

Peter Kelly

Registered Office

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

Auditor

Azets Audit Services
Statutory Auditor
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

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 2020

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

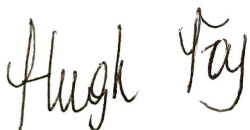
Following the acquisition of Scott-Moncrieff Chartered Accountants by Azets, Scott-Moncrieff Chartered Accountants resigned as auditor and were replaced by Azets Audit Services Limited, trading as Azets Audit Services, a company owned by Azets. Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for re-appointment at the Annual General Meeting

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: Hugh Foy

Dated: 26 November 2020

THE POVERTY ALLIANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of The Poverty Alliance (the charitable company) for the year ended 31 March 2020 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 2020 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.

THE POVERTY ALLIANCE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

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 2020

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. 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, Senior Statutory Auditor

For and on behalf of

Azets Audit Services, 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: 27 November 2020

THE POVERTY ALLIANCE

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £
Income							
Donations	4	1,019	-	1,019	1,411	-	1,411
Charitable activities	5	508,685	399,920	908,605	379,143	367,279	746,422
Other trading activities	6	47,339	-	47,339	37,325	-	37,325
Other income	7	80	-	80	77	-	77
Total income		557,123	399,920	957,043	417,956	367,279	785,235
Expenditure							
Charitable activities	8	(472,520)	(382,007)	(854,527)	(355,319)	(419,502)	(774,821)
Total expenditure		(472,520)	(382,007)	(854,527)	(355,319)	(419,502)	(774,821)
Net income/(expenditure)		84,603	17,913	102,516	62,637	(52,223)	10,414
Transfers between funds		22,418	(22,418)	-	(12,608)	12,608	-
Net movements in funds		107,021	(4,505)	102,516	50,029	(39,615)	10,414
Reconciliation of funds							
Total funds brought forward		281,071	20,164	301,235	231,042	59,779	290,821
Total funds carried forward	16,17	388,092	15,659	403,751	281,071	20,164	301,235

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

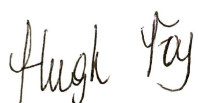
THE POVERTY ALLIANCE

**BALANCE SHEET
AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	16,770	12,331
Current assets			
Debtors	13	72,735	133,051
Cash and cash equivalents		360,815	185,112
		<u>433,550</u>	<u>318,163</u>
Creditors: amounts falling due within one year	14	(46,569)	(29,259)
Net current assets		386,981	288,904
Net assets		403,751	301,235
Reserves			
Unrestricted funds	15,17	388,092	281,071
Restricted funds	15,16	15,659	20,164
Members funds		403,751	301,235

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 26/11/2020 and are signed on their behalf by:



Director : Hugh Foy



Director : Jimmy Wilson

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 2020

	2020 £	2019 £
Cash flows from operating activities		
Net income for the reporting period	102,516	10,414
Adjustments for:		
Depreciation of tangible fixed assets	5,540	6,068
Decrease/(increase) in debtors	60,316	(91,171)
Increase in creditors	17,310	14,039
Net cash (used in)/generated from operating activities	185,682	(60,650)
Cash flows from investing activities		
Purchase of tangible fixed assets	(9,979)	(4,728)
Net cash used in investing activities	(9,979)	(4,728)
Change in cash and cash equivalents in the year	175,703	(65,378)
Cash and cash equivalents at the beginning of the year	185,112	250,490
Cash and cash equivalents carried forward	360,815	185,112

i) Analysis of changes in net debt	At 1 April 2019 £	Cash flows £	Other non- cash changes £	At 31 March 2020 £
Cash and cash equivalents				
Cash	185,112	175,703	-	360,815
Total	185,112	175,703	-	360,815

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 2020

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.

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 2021, albeit at a reduced level compared to the year to 31 March 2020. There are no borrowings and net unrestricted funds of £378,397 as at 31 March 2020 and therefore the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

This assessment of going concern includes the expected impact of COVID-to the entity in the 12 months following the signing of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

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.

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.

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.

	2020	<i>2019</i>
4. Donations	£	£
Donations received in year	1,019	<i>1,411</i>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5. Income from charitable activities	2020	2019
	£	£
CORE – unrestricted	508,685	379,143
Living Wage Accreditation	331,500	291,500
Reinvest	21,518	17,208
Menu for Change	46,902	58,571
	908,605	746,422
	<hr/> <hr/>	<hr/> <hr/>
6. Income from other trading activities	2020	2019
	£	£
Reimbursement of expenses	8,450	8,569
Miscellaneous income	38,889	28,756
	47,339	37,325
	<hr/> <hr/>	<hr/> <hr/>
7. Income from other sources	2020	2019
	£	£
Bank interest received	80	77
	<hr/> <hr/>	<hr/> <hr/>

THE POVERTY ALLIANCE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

8. Expenditure on charitable activities

	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	2020 Total £	2019 Total £
Printing, stationery and postage	12,781	10,233	-	624	23,638	38,941
Consultancy	15,000	2,000	-	-	17,000	4,874
Venue hire and conference costs	19,498	6,488	-	-	25,986	13,700
Sessional payments	15,435	170	-	-	15,605	4,040
Equipment	-	-	-	-	-	677
Development	-	-	-	-	-	295
Bank charges	57	-	-	-	57	57
Subscriptions	1,162	2,711	-	191	4,064	5,278
Participation	9,977	56	-	-	10,033	6,842
IT support	3,572	9,291	-	730	13,593	15,112
Miscellaneous	26,946	11,332	-	3,581	41,859	37,203
Governance costs (note 9)	17,486	4,161	-	686	22,333	19,078
Support costs (note 9)	350,606	284,958	-	44,795	680,359	628,723
	472,520	331,400	-	50,607	854,527	774,821

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 £	2020 Total £	2019 Total £	Basis of apportionment
Catering and venue hire for directors and other business meetings	43,208	13,158	56,366	47,029	Invoiced events
Salaries, wages and related costs (note 11)	637,151	-	637,151	585,767	Allocated on time
Audit and accounting fees	-	9,175		15,005	Governance
	<u>680,359</u>	<u>22,333</u>	<u>702,692</u>	<u>647,801</u>	

10. Net income for the year

2020
£

2019
£

This is stated after charging:

Depreciation	5,540	6,068
Auditor's fees - audit	6,620	6,425
Auditor's fees – non-audit fees	2,555	8,580
	<u>14,715</u>	<u>21,073</u>

11. Staff costs

2020
£

2019
£

The aggregate payroll costs were:

Wages and salaries	552,987	509,021
Social security costs	51,087	46,183
Other pension costs	33,077	30,563
	<u>637,151</u>	<u>585,767</u>

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

During the year, a total of £490 (2019: £817) was reimbursed to two board members (2019: one) for travel expenses. The trustees did not receive any remuneration in the year (2019: £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 £226,092 (2019: £247,914) and pension contributions of £12,568 (2019: £13,373).

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

11. Staff costs (continued)

Particulars of employees:

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

	2020 No.	2019 No.
Number of Head Office staff	7	6
Number of Project staff	9	11
	<u>16</u>	<u>17</u>

12. Tangible fixed assets

Cost

At 1 April 2019	30,341
Additions	9,979
Disposals	-
At 31 March 2020	<u>40,320</u>

Depreciation

At 1 April 2019	18,010
Charge for the year	5,540
Eliminated on disposals	-
At 31 March 2020	<u>23,550</u>

Net book value

At 31 March 2020	<u>16,770</u>
At 31 March 2019	<u>12,331</u>

Equipment
£

13. Debtors

	2020 £	2019 £
Trade debtors	49,344	127,428
Prepayments and accrued income	23,391	5,623
	<u>72,735</u>	<u>133,051</u>

14. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	10,832	8,031
Tax and social security	18,053	14,629
Accruals and deferred income	17,684	6,599
	<u>46,569</u>	<u>29,259</u>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

	<i>At 1 April 2019</i>	Income	Expenditure	Transfer	At 31 March 2020
	£	£	£	£	£
17. Unrestricted funds					
Unrestricted funds	<u>281,071</u>	<u>557,123</u>	<u>(472,520)</u>	<u>22,418</u>	<u>388,092</u>

18. Operating lease commitments

At 31 March 2020 the charitable company had total revenue commitments as set out below:

	2020	<i>2019</i>
	Property	<i>Property</i>
	£	£
Operating leases which expire:		
Within 1 year	24,000	<i>24,000</i>
Between 1 – 5 years	96,000	<i>96,000</i>
More than 5 years	54,000	<i>78,000</i>
Total lease commitments	<u>174,000</u>	<u><i>198,000</i></u>

19. 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.

20. 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 2020 (*2019: £nil*).

THE POVERTY ALLIANCE

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	Total £
Income					
Grants	449,047	331,500	21,518	46,902	848,967
Donations	1,019	-	-	-	1,019
Membership	7,138	-	-	-	7,138
Earned income*	57,767	-	-	-	57,767
Bank interest receivable	80	-	-	-	80
Other income	42,072	-	-	-	42,072
	<u>557,123</u>	<u>331,500</u>	<u>21,518</u>	<u>46,902</u>	<u>957,043</u>
Expenditure					
Rent and rates	7,695	15,950	-	1,387	25,032
Light and heat	1,024	4,385	-	612	6,021
Insurance	46	1,051	-	201	1,298
Repairs and maintenance	3,522	1,957	-	301	5,780
Telephone	783	2,402	-	302	3,487
Cleaning	458	1,040	-	92	1,590
Wages and salaries	292,399	224,379	-	36,209	552,987
Employers NIC	26,940	20,573	-	3,574	51,087
Staff pension contributions	17,739	13,221	-	2,117	33,077
Stationery	115	1,687	-	215	2,017
Printing and design	12,895	5,780	-	-	18,675
Photocopying	(375)	601	-	200	426
Postage	146	2,165	-	209	2,520
	<u>363,387</u>	<u>295,191</u>	<u>-</u>	<u>45,419</u>	<u>703,997</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 2020**

Expenditure (continued)	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	Total £
Brought forward	363,387	295,191	-	45,419	703,997
Venue hire and conference costs	19,498	6,488	-	-	25,986
Sessional payments	15,435	170	-	-	15,605
Participation	9,977	56	-	-	10,033
Board expenses	490	-	-	-	490
AGM costs	12,618	-	-	-	12,618
Lawyer fees	50	-	-	-	50
Audit and accountancy	4,328	4,161	-	686	9,175
IT support	3,572	9,291	-	730	13,593
Depreciation	5,540	-	-	-	5,540
Staff training	2,872	1,060	-	-	3,932
Recruitment	1,745	1,010	-	-	2,755
Travel and subsistence	16,044	8,773	-	3,505	28,322
Payroll costs	705	649	-	76	1,430
Childcare voucher scheme	-	(160)	-	-	(160)
Development EAPN	-	-	-	-	-
Bank charges	57	-	-	-	57
Carried forward	456,318	326,689	-	50,416	833,423

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THE POVERTY ALLIANCE

DETAILED INCOME AND EXPENDITURE ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Expenditure (continued)	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	Total £
Brought forward	456,318	326,689	-	50,416	833,423
Subscriptions	1,162	2,711	-	191	4,064
Journals and publications	40	-	-	-	40
Loss on disposal	-	-	-	-	-
Equipment	-	-	-	-	-
Consultancy	15,000	2,000	-	-	17,000
	<u>472,520</u>	<u>331,400</u>	<u>-</u>	<u>50,607</u>	<u>854,527</u>
Surplus/(deficit)	<u>84,603</u>	<u>100</u>	<u>21,518</u>	<u>(3,705)</u>	<u>102,516</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 £3,600 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.