



**THE POVERTY ALLIANCE**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**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 2021

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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 2021.

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 2020-21 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. Due to the impact of the Covid-19 pandemic in 2020-21, the nature of these activities had to change and be more response to the new context. 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 ensuring that our social security systems and other forms of income maintenance were sufficient to deal with the consequences of the pandemic. This meant continuing to press for the implementation of key pieces of social security legislation at the Scottish level, but also maintaining a focus on important areas of UK policy on social security. We also continued to work on local policy development, particularly in relation to the development of Local Child Poverty Action Reports as well as on the delivery of emergency local support.

Despite the impact of the pandemic on patterns of employment and economic activity generally, we continued to expand our work with employers in the private, public and voluntary sectors as we developed our Living Wage Scotland initiative. In particular, we focused our activity on celebrating and supporting the work of Living Wage employers during the pandemic.

2. Our work with community-based organisations and with people with direct experience of poverty was crucial during the pandemic. Our Get Heard Scotland programme was central to our efforts to engage with community based organisations and people with experience of poverty, although it was necessary to significantly amend the delivery of this programme of work. Our work with Get Heard Scotland focused on Renfrewshire and Inverclyde during 2020-21. Our Community Activist Advisory Group (CAAG) met regularly during the past year, making the shift to online meetings, and were supported to engage in a range of policy, research and campaigning actions. We also began work on supporting the End Poverty Edinburgh group, made up of community activists from Edinburgh.

**Objectives and activities (continued)**

3. Over the course of the pandemic, engagement with the members of our network has been a priority for the Poverty Alliance. During the last year we have provided regular information bulletins to our members and opportunities to engage in our work through events and members meetings. A revised membership recruitment strategy was implemented during the year to ensure that we increased the range and participation of members in our work.

With the onset of the pandemic we made a shift to online events for our networking and training. The online format allowed us to increase the number of type of members meetings as well as continuing to deliver training associated with Challenge Poverty Week. Despite the restrictions we had a full programme of events to allow the engagement of our members, including an annual conference, AGM, webinars and training.

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 developed our own additional campaigns activity, including launching the Everyone Aboard transport 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 working as part of the Get Heard Scotland team to deliver 1-2-1 interviews as part of this work, our involvement in the Knowledge is Power programme with the Scottish Community Development Centre, which is supporting the development participatory research in Scotland.

We have also undertaken several pieces of commissioned research work including work on poverty in Edinburgh for the Edinburgh Poverty Commission, research on participation for the Poverty and Inequality Commission and an evidence review of research on education inequalities for the Robertson Trust.

**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: Our influencing goals shifted during the course of the pandemic, initially focusing on ensuring that individuals and families had what they needed to get through the worst of the crisis. With our key members we lobbied Scottish Government to increase emergency payments and called on the UK Government to increase support. We were pleased that our calls and those of our members were listened to in many cases. We have also continued to work closely through a number of forums and stakeholder groups in Scottish Government, which have helped put key ideas such as the Minimum Income Guarantee on the political agenda.

**Achievements and performance (continued)**

Our work on the real Living Wage was more important than ever during the last year as the pandemic tightened the grip of poverty. The number of Living Wage accredited employers continued to increase throughout the pandemic, and we were delighted to pass the important threshold of 2,000 accredited employers. This practice change project continues to deliver real change to real change for low paid workers in Scotland.

2. **Community Engagement:** The Get Heard Scotland programme significantly changed the approach to engaging with people with experience of poverty. With no prospect of face to face group work we decided to carry out 1-2-1 interviews. We were pleased that almost 40 people took part in these in-depth discussions. We also engaged with around 30 organisations as part of the process this year.

Two short reports from Inverclyde and Renfrewshire were published in February 2021, which were intended to influence the future development of the Local Child Poverty Action Reports in both areas. Additional reports focusing on lived experience and participation will be published in 2021-22.

3. **Building a Strong Network:** Due to the pandemic we increased the number of members meetings to allow closer engagement with our members and a greater level of exchange. In these meetings we discussed how organisations were responding to the pandemic, and what different approaches they could take. These meetings also gave vital evidence which we used in our lobbying and engagement with local and national government.

We also organised a range of other events during the year including meetings with voluntary organisations in Inverclyde and Renfrewshire as part of the Get Heard Scotland programme. A number of events were also held during Living Wage Week, 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 60 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:** Our Challenge Poverty Week initiative moved to a fully online format in 2020. This was a significant undertaking but one that was very successful. More than 400 organisations supported the week in 2020-21, with at least 3015 undertaking some kind of action as part of the week. We were once again successful in securing cross party support for the week and also managed to bring Scotland's faith leaders together for a supportive joint statement during the week. The animation which is now at the centre of our Challenge Poverty Week awareness raising work has more than 58,000 views during the week. We also had more than 150 pieces of media coverage for the week.
5. **Research:** We published several pieces of important research during the course of the last year. Our research evidence to the Edinburgh Poverty Commission played an important role in influencing the thinking and final recommendations of the Commission, which is having a direct impact on decisions being made by the Edinburgh Partnership. We carried out a piece of research alongside people with direct experience of poverty to help inform the way that the Poverty and Inequality Commission in Scotland engages with people living on low incomes. This research has influenced the approach the Commission has taken in its latest strategic plan. We were also commissioned by Transport Scotland to carry out research on the links between transport and poverty, which will be used to influence future directions in policy.

## THE POVERTY ALLIANCE

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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#### Financial Review

The Poverty Alliance's financial position has been stable over the last year. We were at the end 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 the Scottish Government. Both these programmes provide significant security for the organisation, and were due to be extended into the next financial year. 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 £455,555 (2020: £397,909) and restricted funds of £5,842 (2020: £3,945).

#### 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 the need to maintain core funding and to diversify our income and ensuring the wellbeing of the staff team as amongst the key risks. The review of our strategy was delayed due to the onset of the covid pandemic. We will launch the new strategy in 2021-22. 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 continued to maintain 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 2021

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#### Reference and administrative details

##### The Board of Directors

Mary MacLean  
John Dickie  
David Liddell  
David Moxham (resigned 4 December 2020)  
Irena Paterson  
Anela Anwar (resigned 4 December 2020)  
Hugh Foy  
Fiona Garven  
Rachel McEwen  
Emma Richardson (resigned 2 October 2020)  
Eilidh Dickson  
Marie Ward  
Jimmy Wilson  
Susan Lyons  
Sharon Baldwin (appointed 4 December 2020)  
Emma Louise Jackson (appointed 4 December 2020)  
Innocent Jakisa (appointed 4 December 2020)  
Uzma Khan (appointed 4 December 2020)  
Trishna Singh (appointed 4 December 2020)

##### Company Secretary

Peter Kelly

##### Registered Office

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

##### Auditor

Azets Audit Services  
Statutory Auditor  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

##### 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.

## THE POVERTY ALLIANCE

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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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 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**

Azets Audit Services 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 Jimmy Wilson**

Dated 29/10/2021

## THE POVERTY ALLIANCE

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

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#### Opinion

We have audited the financial statements of The Poverty Alliance (the charitable company) for the year ended 31 March 2021 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 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **THE POVERTY ALLIANCE**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021**

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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.

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 2021

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#### **Responsibilities of the directors**

As explained more fully in the directors' responsibilities statement set out on pages 5 and 6, 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.

#### ***The extent to which the audit was considered capable of detecting irregularities including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the charitable company, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the charitable company that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with directors and other management, and from our knowledge and experience of the charity sector;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2021**

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- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), taxation legislation and data protection, anti-bribery, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the charitable company's legal advisors.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Use of our report**

This report is made solely to the charitable company's member, 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).

**THE POVERTY ALLIANCE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2021**

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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 member, 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**

**Azets Audit Services, Statutory Auditor**

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

Chartered Accountants

Titanium 1

King's Inch Place

Renfrew

PA4 8WF

Date: 1 November 2021

THE POVERTY ALLIANCE

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
<b>Income</b>							
Donations	4	11,137	-	11,137	1,019	-	1,019
Charitable activities	5	489,648	331,500	821,148	508,685	399,920	908,605
Other trading activities	6	31,254	-	31,254	47,339	-	47,339
Other income	7	53	-	53	80	-	80
<b>Total income</b>		<b>532,092</b>	<b>331,500</b>	<b>863,592</b>	<b>557,123</b>	<b>399,920</b>	<b>957,043</b>
<b>Expenditure</b>							
Charitable activities	8	(474,446)	(333,397)	(807,843)	(472,136)	(382,391)	(854,527)
<b>Total expenditure</b>		<b>(474,446)</b>	<b>(333,397)</b>	<b>(807,843)</b>	<b>(472,136)</b>	<b>(382,391)</b>	<b>(854,527)</b>
<b>Net income/(expenditure)</b>		<b>57,646</b>	<b>(1,897)</b>	<b>55,749</b>	<b>84,987</b>	<b>17,529</b>	<b>102,516</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>22,418</b>	<b>(22,418)</b>	<b>-</b>
<b>Net movements in funds</b>		<b>57,646</b>	<b>(1,897)</b>	<b>55,749</b>	<b>107,405</b>	<b>(4,889)</b>	<b>102,516</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		397,909	5,842	403,751	290,504	10,731	301,235
<b>Total funds carried forward</b>	16,17	<b>455,555</b>	<b>3,945</b>	<b>459,500</b>	<b>397,909</b>	<b>5,842</b>	<b>403,751</b>

The notes on pages 15 to 24 form part of these financial statements

**THE POVERTY ALLIANCE**

**BALANCE SHEET  
AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	12	17,259	16,770
<b>Current assets</b>			
Debtors	13	48,866	72,735
Cash and cash equivalents		541,859	360,815
		<u>590,725</u>	<u>433,550</u>
<b>Creditors: amounts falling due within one year</b>	14	<b>(148,484)</b>	<b>(46,569)</b>
<b>Net current assets</b>		<b>442,241</b>	<b>386,981</b>
<b>Net assets</b>		<b>459,500</b>	<b>403,751</b>
<b>Reserves</b>			
Unrestricted funds	15,17	455,555	397,909
Restricted funds	15,16	3,945	5,842
<b>Members funds</b>		<b>459,500</b>	<b>403,751</b>

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 29<sup>th</sup> October 2021 and are signed on their behalf by:

**Director:** Hugh Foy



**Director:** Jimmy Wilson



**Company number:** SC136689

**Charity number:** SC019926

The notes on pages 15 to 24 form part of these financial statements

THE POVERTY ALLIANCE

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Net income for the reporting period	55,749	102,516
<b>Adjustments for:</b>		
Depreciation of tangible fixed assets	7,739	5,540
Decrease in debtors	23,869	60,316
Increase in creditors	101,915	17,310
<b>Net cash generated from operating activities</b>	<b>189,271</b>	<b>185,682</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(8,228)	(9,979)
<b>Net cash used in investing activities</b>	<b>(8,228)</b>	<b>(9,979)</b>
<b>Change in cash and cash equivalents in the year</b>	<b>181,044</b>	<b>175,703</b>
Cash and cash equivalents at the beginning of the year	360,815	185,112
<b>Cash and cash equivalents carried forward</b>	<b>541,859</b>	<b>360,815</b>

i) Analysis of changes in net debt	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
<b>Cash and cash equivalents</b>				
Cash	360,815	181,044	-	541,859
<b>Total</b>	<b>360,815</b>	<b>181,044</b>	<b>-</b>	<b>541,859</b>

The notes on pages 15 to 24 form part of these financial statements

## THE POVERTY ALLIANCE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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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.

**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 2022, albeit at a reduced level compared to the year to 31 March 2021. There are no borrowings and net unrestricted funds of £434,431 as at 31 March 2021 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.

	<b>2021</b>	<i>2020</i>
<b>4. Donations</b>	<b>£</b>	<b>£</b>
Donations received in year	<b>11,137</b>	<i>1,019</i>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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<b>5. Income from charitable activities</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
CORE – unrestricted	<b>489,648</b>	508,685
Living Wage Accreditation	<b>331,500</b>	331,500
Reinvest	-	21,518
Menu for Change	-	46,902
	<b>821,148</b>	<b>908,605</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>6. Income from other trading activities</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Reimbursement of expenses	<b>304</b>	8,450
Miscellaneous income	<b>30,950</b>	38,889
	<b>31,254</b>	<b>47,339</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>7. Income from other sources</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank interest received	<b>53</b>	80
	<hr/> <hr/>	<hr/> <hr/>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

8. Expenditure on charitable activities

	Core £	Living Wage Accreditation £	Reinvest £	Menu for Change £	2021 Total £	2020 Total £
Printing, stationery and postage	20,454	12,674	-	-	33,128	23,638
Consultancy	9,944	13,500	-	-	23,444	17,000
Venue hire and conference costs	190	442	-	-	632	25,986
Sessional payments	6,633	1,275	-	-	7,908	15,605
Equipment	-	66	-	-	66	-
Bank charges	89	-	-	-	89	57
Subscriptions	5,179	3,579	-	-	8,758	4,064
Participation	5,577	-	-	-	5,577	10,033
IT support	1,913	10,319	-	-	12,232	13,593
Miscellaneous	14,868	3,863	-	-	18,731	41,859
Governance costs (note 9)	6,024	3,436	-	-	9,460	22,333
Support costs (note 9)	406,310	281,508	-	-	687,818	680,359
	<u>477,181</u>	<u>330,662</u>	<u>-</u>	<u>-</u>	<u>807,843</u>	<u>854,527</u>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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 £	2021 Total £	2020 Total £	Basis of apportionment
Catering and venue hire for directors and other business meetings	37,731	1,655	39,386	56,366	Invoiced events
Salaries, wages and related costs (note 11)	650,087	-	650,087	637,151	Allocated on time
Audit and accounting fees	-	7,805	7,805	9,275	Governance
	<u>687,818</u>	<u>9,460</u>	<u>697,278</u>	<u>702,692</u>	
<b>10. Net income for the year</b>				<b>2021</b> £	<b>2020</b> £
This is stated after charging:					
Depreciation				7,739	5,540
Auditor's fees - audit				6,599	6,620
Auditor's fees – non-audit fees				1,206	2,555
				<u>15,544</u>	<u>14,715</u>
<b>11. Staff costs</b>				<b>2021</b> £	<b>2020</b> £
The aggregate payroll costs were:					
Wages and salaries				563,805	552,987
Social security costs				52,216	51,087
Other pension costs				34,066	33,077
				<u>650,087</u>	<u>637,151</u>

No employees earned more than £60,000 per annum

During the year, a total of £nil (2020: £490) was reimbursed to no board members (2020: two) for travel expenses. The trustees did not receive any remuneration in the year (2020: £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 £255,510 (2020: £226,092) and pension contributions of £13,736 (2020: £12,568).

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

11. Staff costs (continued)

Particulars of employees:

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

	2021 No.	2020 No.
Number of Head Office staff	8	7
Number of Project staff	8	9
	<u>16</u>	<u>16</u>

12. Tangible fixed assets

**Cost**

At 1 April 2020	40,320
Additions	8,228
Disposals	-
At 31 March 2021	<u>48,548</u>

**Depreciation**

At 1 April 2020	23,550
Charge for the year	7,739
Eliminated on disposals	-
At 31 March 2021	<u>31,289</u>

**Net book value**

At 31 March 2021	<u>17,259</u>
At 31 March 2020	<u>16,770</u>

Equipment  
£

13. Debtors

	2021 £	2020 £
Trade debtors	43,525	49,344
Prepayments and accrued income	5,341	23,391
	<u>48,866</u>	<u>72,735</u>

14. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	45,053	10,832
Tax and social security	13,289	18,053
Accruals and deferred income	90,142	17,684
	<u>148,484</u>	<u>46,569</u>

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

		Tangible Fixed Assets £	Other Net Assets £	Total 2021 £	Total 2020 £
<b>15. Analysis of net assets between funds</b>					
Restricted Funds		5,475	(1,530)	3,945	5,842
Unrestricted Funds		11,784	433,954	455,555	397,909
		<u>17,259</u>	<u>442,241</u>	<u>459,500</u>	<u>403,751</u>
	<i>Restated as at 1 April 2020</i>				<b>At 31 March 2021</b>
<b>16. Restricted funds</b>	£	Income £	Expenditure £	Transfers £	£
Living Wage Accreditation	5,842	331,500	(333,397)	-	3,945
	<u>5,842</u>	<u>331,500</u>	<u>(333,397)</u>	<u>-</u>	<u>3,945</u>

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

THE POVERTY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

	<i>Restated as at 1 April 2020</i>	<b>Income</b>	<b>Expenditure</b>	<b>Transfer</b>	<b>At 31 March 2021</b>
	£	£	£	£	£
<b>17. Unrestricted funds</b>					
Unrestricted funds	397,909	532,092	(474,446)	-	455,555

**18. Operating lease commitments**

At 31 March 2021 the charitable company had total revenue commitments as set out below:

	<b>2021</b>	<i>2020</i>
	<b>Property</b>	<i>Property</i>
	£	£
Operating leases which expire:		
Within 1 year	<b>24,000</b>	24,000
Between 1 – 5 years	<b>96,000</b>	96,000
More than 5 years	<b>30,000</b>	54,000
Total lease commitments	<b>150,000</b>	174,000

**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 2021 (2020: £nil).

## THE POVERTY ALLIANCE

### DETAILED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Core £	Living Wage Accreditation £	Total £
<b>Income</b>			
Grants	426,747	331,500	758,247
Donations	11,137	-	11,137
Membership	14,401	-	14,401
Earned income*	51,850	-	51,850
Bank interest receivable	53	-	53
Other income	27,904	-	27,904
	<u>532,092</u>	<u>331,500</u>	<u>863,592</u>
<b>Expenditure</b>			
Rent and rates	12,309	15,986	28,295
Light and heat	(1,109)	4,516	3,407
Insurance	281	1,082	1,363
Repairs and maintenance	(2,150)	2,866	716
Telephone	839	1,521	2,360
Cleaning	518	1,072	1,590
Wages and salaries	344,366	219,439	563,805
Employers NIC	31,051	21,165	52,216
Staff pension contributions	20,205	13,861	34,066
Stationery	203	1,731	1,934
Printing and design	20,178	8,543	28,721
Photocopying	(376)	619	243
Postage	449	1,781	2,230
	<u>426,764</u>	<u>294,182</u>	<u>720,946</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 2021**

<b>Expenditure (continued)</b>	<b>Core £</b>	<b>Living Wage Accreditation £</b>	<b>Total £</b>
Brought forward	<b>426,764</b>	<b>294,182</b>	<b>720,946</b>
Venue hire and conference costs	190	442	632
Sessional payments	6,633	1,275	7,908
Participation	5,577	-	5,577
Board expenses	-	-	-
AGM costs	1,579	-	1,579
Lawyer fees	76	-	76
Audit and accountancy	4,369	3,436	7,805
IT support	1,913	10,319	12,232
Depreciation	5,004	2,735	7,739
Staff training	701	1,326	2,027
Recruitment	1,501	-	1,501
Travel and subsistence	3,633	1,996	5,629
Payroll costs	670	669	1,339
Childcare voucher scheme	-	(155)	(155)
Development EAPN	-	-	-
Bank charges	89	-	89
Carried forward	<b>458,669</b>	<b>316,225</b>	<b>774,924</b>

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 2021

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	Core £	Living Wage Accreditation £	Total £
<b>Expenditure (continued)</b>			
Brought forward	458,699	316,225	774,924
Subscriptions	5,179	3,579	8,758
Journals and publications	624	27	651
Equipment	-	66	66
Consultancy	9,944	13,500	23,444
	<u>474,446</u>	<u>333,397</u>	<u>807,843</u>
<b>Surplus/(deficit)</b>	<u>57,646</u>	<u>(1,897)</u>	<u>55,749</u>

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

\* Earned income contains a sum of £48,500 from the Scottish Government. 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.