

DRUGSCOPE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

DRUGSCOPE

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DRUGSCOPE

COMPANY INFORMATION FOR THE YEAR ENDED 31 MARCH 2008

DIRECTORS AND TRUSTEES

Dr S Pryce Chair
M R J Ives Treasurer (resigned as
Treasurer 12 December 2007)
Mr EDC Richards (appointed
Treasurer 12 December 2007)
Ms E Curtis
Mr J A Cooper
Dr A J Green
Mr B Greenwood (appointed 12
December 2007) (resigned 23
September 2008)
Mr S Navaratnarajah
Dr S Pushpanathan
Mr J Strachan
Ms T L Tozer (resigned 12
December 2007)
Mrs S Young

CHIEF EXECUTIVE

Martin Barnes

COMPANY SECRETARY

Christopher Hooker

REGISTERED OFFICES

40 Bermondsey Street, London SE1
3UD (until 6 June 2008)
Prince Consort House, Suite 204
(2nd floor), 109-111 Farringdon
Road, London EC1R 3BW

AUDITORS

Horwath Clark Whitehill LLP, St
Bride's House, 10 Salisbury Square,
London EC4Y 8EH (resigned in
August 2008)
Alliotts, Friary Court, 13-21 High
Street, Guildford, Surrey GU1 3DL
(appointed from August 2008)

BANKERS

NatWest Bank plc
PO Box 34
15 Bishopsgate
London EC2N 3NW

COMPANY NUMBER

926236

REGISTERED CHARITY NUMBER

255030

DRUGSCOPE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2008

The Directors, who are also Trustees for the charitable activities of the Company, present their report and the audited financial statements for the year ended 31 March 2008.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005).

OBJECTS

Drugscope is a company, limited by guarantee not having a share capital, formed for charitable purposes and registered with the Charity Commission, number 255030.

The Company's Memorandum of Association lays down the following principal objects of the organisation:

- The advancement of education of the public and organisations in drug policies and drug related issues
- To preserve and safeguard the interests of the public in connection with drug policies and drug related issues
- To help relieve and encourage others in cases of need, hardship or distressed groups or individuals with drug related problems
- To carry out and promote research into drug policies and drug related issues and to publish and disseminate the results of such research and other relevant information for the benefit of the public
- To give advice and assistance with respect to the formulation of drug policies and with respect to drug related issues
- To foster and encourage co-operation between individual voluntary organisations and/or public bodies, whether local, national or international, operating in connection with drug policies and drug related issues.

Drugscope Trustees consider its mission to inform policy and reduce drug related harms.

GOVERNANCE

DrugScope has a governing Board of no less than eight and no more than fifteen Trustees/Directors, up to seven of whom are elected by and from the DrugScope membership and up to eight appointed by the Board. Each has a tenure of three years which may be extended by re-election or by re-appointment for a further similar term. The Board elects the Chair, Treasurer and Vice Chair. The Board meets four or five times a year.

The Finance, Resources and Audit Committee oversees the organisation's physical and financial resources on matters delegated by the Board. This committee meets five to six times a year.

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The Chief Executive is responsible for the overall management of the organisation and at 31 March 2008 there were three Operational Directors responsible for strategic management and day-to-day management.

The Board continues to review governance of the charity with a view to ensure continuity, stability and effectiveness of the governing body. A governance working group met three times during the year and reviewed and made recommendations to the Board about role descriptions for the Chair and Treasurer, the terms of reference for the Finance and Resources Committee, matters delegated to the Chief Executive (reserved to the Board) and the skills of Board members.

OVERVIEW OF ACTIVITIES

After a number of years of financial uncertainty and significant change, DrugScope started the year with a new staff structure and a new direction, energy and purpose. The previous year DrugScope reviewed the charity's aims, activities and structure informed by an internal review and by the recommendations of a review of second-tier activity in the drugs sector, carried out on behalf of the Department of Health and the Home Office. The Government commissioned review, carried out by the social policy consultants Cordis Bright, included a survey of drug services across England and interviews with officials and senior staff in large or national organisations delivering drug services, membership functions or engaged in policy and campaigning. The report by Cordis Bright concluded that there was considerable agreement on the critical components of an effective sector tier for the drug sector - as the national membership organisation for the drug sector DrugScope worked during the year to deliver the key components, including: representing issues to the Government; analysing and commenting on policy; providing information, advice and support to members; developing an evidence base on best practice; and influencing public opinion and awareness about drugs.

The organisational priorities for the year were to strengthen DrugScope's membership and stakeholder engagement, increase our capacity to inform policy and practice and improve our information and communication roles, including with the media. Building on the year's achievements we appointed at year end a new Director of Policy and a new Membership Development Officer, enhancing further our activity and impact.

Raising the quality of drug interventions

DrugScope seeks to promote and support the delivery of effective drug services and good practice by facilitating effective dialogue, information exchange and partnership working within the drug sector and across related sectors. In addition to our participation in and facilitation of seminars, conferences and regional forums we continued to provide administrative secretarial support for a number of professional forums:

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2008

- The Drug Education Practitioners Forum aims to enhance and promote quality in drug education in schools by supporting drug education practitioners and membership is open to all those supporting and providing drug education. The introduction during the year of a membership fee resulted in a decline in membership as many members reported being unable to meet the cost. A grant towards the running costs of the Forum from the Department for Children, Schools and Families has meant that membership is free to practitioners from 2008/09.
- The Needle Exchange Forum is open to individuals and organisations in England and Wales working with injecting drug users and needle exchange projects. The forum aims to promote and support the provision of high quality, comprehensive needle exchange services. The forum meets between 2 and 4 times a year, alternating meeting venues between London and the North of England. Meetings are free and include presentations from invited speakers, updates from delegates and discussion.
- With contributions from Adfam and the Parenting Education Support Forum, DrugScope publishes an e-newsletter, *Working with Parents*, for those providing information, advice and support for parents and carers who use alcohol and other drugs. The newsletter network, with a membership of nearly 200 individuals and organisations, encourages the sharing of information and examples of good practice.

Drugscope works to ensure that our members and others in the drugs sector receive accurate, timely and accessible information about developments in research and practice. During the year the *Findings Magazine* project, a partnership between DrugScope, Alcohol Concern and the National Addictions Centre, launched a new 'Effectiveness Bank' providing an online resource of key research and practice materials on drug treatment, prevention and education.

STRADA

Scottish Training on Drugs and Alcohol (STRADA) is a partnership between DrugScope and the University of Glasgow's Centre for Drug Misuse Research (CDMR) and the Department for Adult and Continuing Education (DACE). The aims of STRADA include improving the skills of professional staff addressing drug and alcohol misuse throughout Scotland, ensuring that interventions are based on the evidence of what works. Supported by grant funding from the Scottish Government STRADA provides locally delivered training to professionals in health and social care, education, housing and criminal justice. DrugScope employs trainers who are seconded to STRADA and line managed on a day-to-day basis by STRADA managers.

In England and Wales DrugScope training and workforce development projects are delivered by a small team of highly skilled and experienced freelance associates. Although the net income to DrugScope through this activity is small, the training is highly regarded in the field and ensures that the charity has access to knowledge and information about training and workforce issues in the field.

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TRUSTEES' REPORT
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Informing drug policy development and public knowledge

Membership

As the national membership organisation for the drug sector DrugScope is uniquely placed to inform and influence drug policy and practice by drawing on the experience, expertise and knowledge of our membership. DrugScope's strength is that our members (individuals and organisations) reflect a broad range of interests, activities and services across the drug and related fields - in treatment, primary health, education and social care; police, probation and Drug Intervention Programme (DIP) projects; Drug and Alcohol Action Teams (D(A)ATs); campaign and advocacy groups; family support groups and many community and voluntary sector organisations.

DrugScope members receive a range of member benefits and services including *Druglink* magazine, a monthly *Member's Briefing* (with information about DrugScope's activities, latest reports, consultations and research, funding opportunities and events), priority access to DrugScope consultation events and seminars, discounts on publications and conferences and access to the member's only section of the DrugScope website. We continue to review the support and services we provide our members and will be introducing new services over the coming year.

During the year we delivered on our commitment to increase our engagement with members and other stakeholders and demonstrated how our role as the national voice for the sector can have a positive impact on policy and practice development.

Responding to concerns from our members, we highlighted a 10 per cent reduction in central government grant funding (the Young People Substance Misuse Grant) for young people's drug and alcohol services in England. Over 30 member organisations replied to a request for information about the impact of the cut and we raised the issue directly with Ministers and senior officials at the Home Office, Department for Health and the then Department for Education and Skills (the Department's responsibilities were taken over by the new Department for Children, Schools and Families in June 2007). DrugScope's lobbying and media work on the issue was a key factor in the government's decision to maintain the level of central funding from 2008/09.

A key event during the year was the publication in February 2007 of the UK government's new ten-year drug strategy. In the lead-up to publication of the government's consultation on the previous ten-year drug strategy (July 2007) we consulted widely with our members and others in the drug sector. We held nine regional consultation events between March and May 2007 - over 300 people attended events in London, Exeter, Birmingham, Sheffield, Newcastle, Manchester, Liverpool, Norwich and Cardiff. Over 200 people attended our successful two-day national conference in Cambridge in July 2007 which included contributions from leading practitioners, researchers and service user representatives.

In addition to regular meetings with officials across government to discuss the issues, we submitted a full and comprehensive response to the formal consultation reflecting the views and issues raised by

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our members. We were pleased that a number of key themes we highlighted were included in the new drug strategy, including: a greater emphasis on tackling poverty and social exclusion, better support and outcomes for problem drug users in or who have completed treatment, and more support and earlier intervention for young people and families.

Our Chief Executive attended a Downing Street seminar hosted by the Prime Minister to mark the publication of the new drug strategy (February 2008). DrugScope's views on the new strategy were widely reported in the national, regional and local media.

Throughout the year DrugScope staff met regularly with senior officials at the Home Office, Department of Health, the Department for Children Schools and Families and the National Treatment Agency to discuss a range of policy and practice issues and issues affecting our members and others in the drug sector. DrugScope continued to contribute to the Community and Voluntary Drugs Forum hosted by the Home Office and attended by representatives from other government departments and agencies.

Our Chief Executive continued to be a member of the Advisory Council on the Misuse of Drugs (ACMD), sitting in a personal capacity but able to contribute to and inform the work of the Council by drawing on DrugScope's policy expertise and the experiences and views of our membership. During the year our CEO was a member of the ACMD's Technical Committee and a working group to monitor and evaluate responses to the Council's report on hazardous drug and alcohol use by young people.

DrugScope is represented on the Criminal Justice Council, which advises government on policy and practice issues in the criminal justice system. During the year we contributed to the Council's discussions on youth justice, support for the victims of crime and responses to offenders with mental health and substance misuse problems.

DrugScope is also represented as a key stakeholder on the Drugs Committee of the Association of Chief Police Officers (ACPO) - our CEO spoke at the ACPO annual national drugs conference in November 2007 and highlighted some of the key issues arising from the consultation with DrugScope members. DrugScope also met with senior staff at the Serious Organised Crime Agency (SOCA) to discuss emerging trends in drug supply and availability.

DrugScope continued to provide secretarial support for the All Party Parliamentary Group on Substance Misuse; its membership includes MPs and Peers from across the party political spectrum in Westminster. During the year discussions and contributions from speakers covered a range of issues including presentations by the UK Drug policy Commission, on the RSA Commission on Illegal Drugs, Communities and Public Policy and by Mentor UK's Young People Reference Group. The Minister of State for Public Health, Dawn Primarolo spoke at a meeting and during the year the APPG launched an inquiry into the harms caused by prescription and over-the-counter drugs (the APPG is due to publish its report in late 2008 or early 2009).

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Drugscope held a number of one-to-one meetings with backbench MPs and members of the House of Lords to discuss drug policy and practice issues.

Drugscope staff are regularly invited to contribute to conference and seminars on a range of drug and drug related issues. We spoke at or chaired conferences and seminars organised by Mind, the Conference Consortium, Capita, Pavilion, the Federation of Drug and Alcohol Professionals (FDAP) and the International Harm Reduction Alliance (IHRA). Issues covered included complex needs, substance misuse and street sex workers, the criminal justice system, harm reduction strategies, drug availability and supply and supporting young people.

Our stand at the Drugs and Alcohol Today exhibition, which was attended by over 1,000 drug workers, was again extremely busy.

Media

The media can be influential in informing public understanding of drugs and related issues and in shaping the policy environment. We work to ensure that media coverage of drugs (national, regional, local and online) is as informed, accurate and balanced as possible - this is consistent with and supports our other activities, e.g., informing policy, raising public awareness and understanding and providing a voice for our membership.

During the year we responded to hundreds of enquiries from journalists, media researchers and TV and radio editorial staff. Responses to enquiries include providing on-the-record quotes, background information and briefings and advice on drug related story lines in drama and entertainment programmes. DrugScope was quoted extensively in the national and regional print and broadcast media and provided interviews for TV, radio and online videos and pod casts. DrugScope featured, for example, on BBC, ITN, Sky, Channel Four and Five televisions news, Newsnight, BBC radio (including interviews for the Today programme) and in all national newspapers.

During the year a number of BBC news reports were the catalyst for critical media coverage of the drug treatment system. While recognising and emphasising were drug treatment needed to improve, we highlighted the successes and progress that has been made not least by our members delivering treatment services. Other topics DrugScope commented on included our annual drug trends survey, the review of cannabis reclassification (announced by the Government in July 2007), the new drug strategy, the harms caused by cocaine use and concerns about increasing use of crystal meth.

Information, library and web services

Following the review of our aims and activities we decided to explore relocating the DrugScope physical library collection, a unique resource of over 100,000 books, journal articles and reports. The move to rented office space in November 2006 highlighted the associated costs of housing the library, particularly rental space. Despite an extensive search and enquiries - with academics, universities and

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research centres - it has to date not been possible to find a institution able to house the full library collection. Although the physical library went into storage in May 2008, we continue to provide a comprehensive information and enquiry service for our members and others, drawing on the expertise of our staff, key documents, web based information and the comprehensive materials and databases on our website.

Website

The DrugScope website is the most extensive online source of drug and drug related information based in the UK. We launched our new website (funded by a donation from the Brit Trust) at our national conference in Cambridge (June 2007). As well as having a brighter look and feel and a more intuitive and 'user friendly' interface, we introduced a new Druglink blog and online surveys. The website is regularly updated and contains an extensive range of information and material, including:

- DrugSearch, a directory of drugs information providing a popular and reliable resource for members, the media and the public.
- Helpfinder, a free directory of local drug services in England, Scotland and Wales. Helpfinder is an important resource for professionals seeking to refer clients as well as for members of the public seeking help and support for someone with a substance misuse problem.
- DrugData, an extensive database of drugs literature (e.g., reports, articles, journals).
- A comprehensive listing of conferences and training events.

During the year our information staff responded to over 1,000 enquiries by telephone, email and personal visit with the most frequent being about drug treatment, how to access services) and the effects of drugs. Most enquiries were from drug sector professionals (e.g., drug treatment workers, drug education practitioners) but we also received calls from health and social care workers, researchers and members of the public concerned about their drug use or the drug use of a family member. As well as providing direct support for our members and others, the enquiries we receive inform our work to inform policy and practice by helping to identify new and emerging issues, such as changes in funding for and access to local services.

Publications

DrugScope's bi-monthly magazine, *Druglink*, is a valued resource for those with a professional or occupational interest in drug problems and responses to them. Free to members or by an annual subscription *Druglink* features news, articles, factsheets, reviews and special report - the magazine was re-launched with a new design and content in July 2007. Complimented by our *Druglink* blog, the magazine keeps members and others informed of emerging issues, developments in research, drug policy and practice and provides a forum for debate and discussion. Our annual drug trends survey highlighted an emerging 'two-tier' market in powder cocaine - other subjects covered included a report

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on the prevalence of crystal meth, the potency of cannabis, the links between poverty and dependent drug use, drug use and crime and the provision of treatment services for stimulant drug users.

DrugScope publications are respected for their accuracy, accessibility and relevance. During the year we published a new addition to our *Essential* series - the *Essential Student Reader on Drugs*, aimed at students doing projects or research on drugs and drug use. During the year we secured funding from the Brit Trust and the Department for Children, Schools and Families for a new guide for working with young people on substance misuse issues - the guide was launched in November 2008.

FINANCIAL REPORT

The main financial impact continues to be the reduction of staff under the new management structure referred to in last years accounts. Staff costs have been reduced by £202,000 in this financial year. The full results for the year ended 31st March 2008 show a net decrease of £183,995 in the General Fund and a similar total in total funds. The General Reserve now stands at £1,948,364 (2007:£2,132,359).

Total incoming resources in the year were £1,268,000 (2007: £1,334,000), a decrease of £66,000 or 5% from last year. This figure includes income received for Scottish Training on Alcohol and Drugs (STRADA). Last years figures have been shown after deducting the profit from sale of Waterbridge House.

This net decrease includes a net fall in grant, project and contract funding of approximately £217,000 (21%). There was a reduction in the core Section 64 funding from the Department of Health of £70,000 (30% reduction). These results do not reflect the effort put into obtaining new contracts that ultimately were unsuccessful.

A number of areas contributed greater amounts to the total income this year than previous years with the largest being investment income of £114,000 (2007:£67,000) since the majority of the proceeds of the sale of Waterbridge House had been invested. Conference income was up this year by £32,000 following the very successful national conference held in Cambridge. Income of £66,254 was received from Phoenix Life Limited following a successful keyman critical illness insurance claim. A number of areas of income remained static despite great efforts to increase the income, these included the sales of publications at £129,000 and membership fee income at £64,000. Donations were slightly higher at £4,000.

Resources expended in furtherance of the Charity's objects are analysed in Note 3 to the Statement of Financial Activities and commented on in earlier sections of this Report.

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THE FUTURE

The new staff structure implemented in the previous financial year was informed by the findings of DrugScope's internal review and the recommendations of the government commissioned review of second-tier support for the drugs sector. At the start of the year there were continuing uncertainties about longer term funding, particularly government funding. However, to ensure that DrugScope delivered the activities endorsed by both reviews the Board of Trustees agreed in March 2007 to 'lock-in' the new staff structure for the following three years. This was only possible by drawing down on the cash funds realised by the disposal of the freehold interest in Waterbridge House. The Board balanced the need for stability (during a time of significant external policy change and development) to achieve the charity's new aims and objectives, against the likelihood of future budget deficits. The decision to part fund the charity's activities from the cash reserve has enabled DrugScope to significantly increase its impact, profile and effectiveness but, without sufficient 'core' or project funding, this activity - and the continuing progress being made - is not sustainable. Senior management and trustees continue to explore additional sources of funding but, as the government commissioned review concluded, a membership organisation has to be alert to achieving its aims and objectives without competing with its membership for funds, diluting its purpose (e.g., to represent a broad range of interests and stakeholders) or lose (or be perceived to lose) independence.

Options to use the cash funds will be explored when the charity's funding for the longer term is more secure and certain. The potential for partnerships with other organisations has been and will continue to be explored, including options for merger, joint projects and the sharing of premises.

RISK REVIEW

The Trustees have continued to review, on a quarterly basis at the Finance and Resources Committee, the major risks to which the charity may be exposed and in particular those relating to operational, legal and financial matters. The Trustees are satisfied that systems are in place that manage the charity's exposure to significant risks. The charity continues to be reliant on statutory funding, which together with other contract and project funding from the UK and Scottish governments has provided 62 per cent of its total incoming resources.

RESERVES POLICY

The current policy of the Trustees requires reserves to be maintained to cover a minimum of six months' expenditure. This is presently estimated at around £431,000. The free reserves at the 31st March 2008 were £1,886,000 - this represents the remaining proceeds from the sale of Waterbridge House, Loman Street, London.

DRUGSCOPE
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2008

DIRECTORS' INTERESTS

None of the directors has a financial interest in the company.

TRUSTEES RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors who are also the Trustees under charity law, to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the charity set up as a company as at the end of the financial year and of the surplus or deficit of the charitable company for that period in preparing those accounts, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable standards have been followed, subject to any materials departures disclosed and explained in the accounts
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with Companies Act 1985. 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.

The trustees' are responsible for the maintenance and integrity of the corporation and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware there is no relevant audit information of which the charity's auditors are unaware. The trustees have taken all the steps that we ought to have taken as trustees in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The report was approved by the Board on
and signed on its behalf by

DRUGSCOPE

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

We have audited the financial statements of Drugscope for the year ended 31 March 2008, which comprise the Company Statement of Financial Activities, the Company Balance Sheets, and the related Notes set out on pages 16 to 22. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 13 to 15.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 6 of the directors' report, the directors, who also act as trustees for the charitable activities of Drugscope are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

DRUGSCOPE

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion :

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charitable company as at 31 March 2008 and of the incoming resources and application of resources, including the income and expenditure for the year then ended; and
- the information given in the directors' report is consistent with the financial statements; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Alliotts

Chartered Accountants
Registered Auditor
Friary Court,
13-21 High Street
Guildford, Surrey, GU1 3DL

Dated:

DRUGSCOPE

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2008

	Notes	Unrestricted Funds		Total 2008	Total 2007
		General Fund £	Contract Fund £	£	£
Incoming Resources					
Donations		3,649		3,649	2,838
<u>Activities to further the Charity's objects</u>					
Grants, projects and contracts	2,10	230,000	602,829	832,829	1,050,398
Sales of publications		128,676	-	128,676	129,240
Conferences		-	32,798	32,798	608
Membership		63,745	-	63,745	65,893
Other		5,010	-	5,010	4,284
<u>Activities for generating funds</u>					
Rental Income		21,500	-	21,500	14,514
Investment Income		113,649	-	113,649	66,673
<u>Other Incoming Resources</u>					
Insurance		<u>66,254</u>	-	<u>66,254</u>	-
TOTAL INCOMING RESOURCES		632,483	635,627	1,268,110	1,334,448
RESOURCES EXPENDED					
<u>Charitable Expenditure</u>					
<u>Activities to further the Charity's objects</u>					
Helping individuals & community groups		-	-	-	54,723
Raising the quality of drug interventions		552,009	382,589	934,598	1,294,237
Informing drug policy development & public knowledge		291,182	208,227	499,409	275,368
Governance costs	4	<u>18,098</u>	-	<u>18,098</u>	<u>15,301</u>
TOTAL RESOURCES EXPENDED	3	861,289	590,816	1,452,105	1,639,629
NET OUTGOING RESOURCES before other recognized gains and losses		(228,806)	44,811	(183,995)	(305,181)
Restructuring costs					(52,112)
Profit from sale of assets					2,246,644
TRANSFER BETWEEN FUNDS	5	<u>44,811</u>	(44,811)	-	-
NET MOVEMENTS IN FUNDS		(183,995)	-	(183,995)	1,889,351
FUNDS BROUGHT FORWARD AT 1 APRIL 2007		<u>2,132,359</u>	-	<u>2,132,359</u>	<u>243,008</u>
FUNDS CARRIED FORWARD AT 31 MARCH 2008	12	<u>£1,948,364</u>	-	<u>£1,948,364</u>	<u>£2,132,359</u>

The Statement of Financial Activities includes all recognized gains and losses in the current and preceding year, including the income and expenditure relating to the DrugScope staff seconded to Scottish Training on Drugs and Alcohol (STRADA).
The notes on pages 16 to 22 form part of these financial statements

DRUGSCOPE

**BALANCE SHEET
AS AT 31 MARCH 2008**

	Notes	Total 2008 £	Total 2007 £
Fixed Assets			
Tangible assets	7	13,461	10,032
Current Assets			
Stocks		14,624	14,694
Debtors	8	152,236	220,269
Cash at bank and in hand		<u>2,012,812</u>	<u>2,183,955</u>
		2,179,672	2,418,918
Creditors			
Amounts falling due within one year	9	(244,769)	(296,591)
Net current assets/(Liabilities)		1,934,903	2,122,327
Net Assets		<u>1,948,364</u>	<u>2,132,359</u>
RESERVES			
Unrestricted funds			
General funds	11	<u>1,948,364</u>	<u>2,132,359</u>
		1,948,364	2,132,359

The notes on pages 16 to 22 form part of these financial statements

Approved by the Board on:

And signed on its behalf by:

Honorary Treasurer

DRUGSCOPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention, on a going concern basis, the Companies Act 1985 and in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005).

(b) Grants, donations and contract income

Grants that relate to specific projects are treated as restricted project funds and relevant expenditure is charged to each such fund as it is incurred on the project.

Contract income is recognised in full in the year of receipt as is the estimated expenditure to completion. The amount unspent at the year end is separately disclosed in creditors.

(c) Subscriptions

Subscriptions are invoiced on a calendar year basis, with the prepayment at the accounting year end recognised within creditors.

(d) Resources expended

In accordance with the Statement of Recommended (SORP) 'Accounting by Charities' issued in 2005, support costs have been allocated to each activity. The comparatives have been restated accordingly.

All expenses are accounted for on an accruals basis. Irrecoverable VAT is included with the item of expense to which it relates.

Charitable expenditure comprises all expenditure directly related to the objects of the charity including direct staff costs attributable to each activity also support costs and depreciation.

Support costs include the costs of publications, library, website, Druglink and membership which are allocated to individual activities on the basis of staff time spent on projects.

General overheads have been allocated between charitable activities on the basis of staff time spent on projects.

Governance costs are those incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements.

DRUGSCOPE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (Continued)

(e) **Pension costs**

The majority of employees are entitled to have a set percentage of their salary paid to their individual pension schemes.

The charity also participates in a multi employer pension scheme, the Superannuation Arrangements of the University of London (SAUL), for a member of staff. The pension liability is the responsibility of SAUL. As a result it is not possible to identify the assets and liabilities of the scheme, which are attributable to the charity. In accordance with FRS 17 the scheme has been accounted for as if it were a defined contribution scheme.

No further liability arises other than these payments.

(f) **Library stocks**

The cost of library acquisitions is charged to expenditure as incurred.

(g) **Stocks**

Stocks are stated at the lower of cost and net realisable value.

(h) **Leases**

Costs in respect of operating leases are charged to the statement of financial activities on a straight-line basis over the lease term.

(i) **Fixed assets**

Only purchases of assets over £500 are included within fixed assets. Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purposes are:

Freehold buildings	2%
Fixtures, fittings and equipment	20%
IT and telecommunications equipment	33%

(j) **Fund accounting**

General funds are available for use at the discretion of the Trustees in furtherance of the charity's general objectives.

Restricted funds are subject to specific restrictions imposed by the donors or by the purpose of the appeal. These funds are accounted for separately and are only available to be used for the specific purposes for which they were given.

(k) **Taxation**

The company is also a registered charity and its income except from taxation under Section 505 of the Income and Corporation Taxes Act 1988.

DRUGSCOPE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

		2008	2007		
		£	£		
2. GRANTS, PROJECT AND CONTRACT FUNDING RECEIVABLE					
Government Funding					
- Department of Health S64 Grant		230,000	300,000		
- Other UK Government Departments and Scottish Government and EU		503,027	710,629		
Charitable Projects and Grants		<u>99,802</u>	<u>39,769</u>		
		<u>832,829</u>	<u>1,050,398</u>		
3. TOTAL RESOURCES EXPENDED					
	Staff Costs	Depreciation	Other Costs	Total	Total
	£	£	£	2008	2007
				£	£
<u>Cost of Activities in furtherance of charity's objects</u>					
Helping individuals & community groups	-	-	-	-	54,723
Raising the quality of drug interventions	465,047	6,662	462,889	934,598	1,294,237
Informing drug policy development & public knowledge	183,005	2,721	313,683	499,409	275,368
Governance costs	-	-	18,098	18,098	15,301
	<u>648,052</u>	<u>9,383</u>	<u>794,670</u>	<u>1,452,105</u>	<u>1,639,629</u>
Other costs				2008	2007
				£	£
Other employment costs including temporary labour, recruitment & training				35,457	30,761
Operational costs including travel and subsistence				51,302	80,156
Project and contract delivery costs				464,542	393,979
Overheads including building maintenance, telephone, insurance, postage & stationery costs				<u>243,369</u>	<u>276,349</u>
				<u>794,670</u>	<u>781,245</u>
Staff costs				2008	2007
				£	£
Wages & Salaries				553,134	725,494
Social Security costs				59,527	77,105
Pension costs				<u>35,391</u>	<u>46,903</u>
				<u>648,052</u>	<u>849,502</u>
The number of employees whose emoluments exceed £60,000 excluding pension contributions were:					
		2008	2007		
		£	£		
£60,001 - £70,000		-	-		
£70,001 - £80,000		1	1		
£80,001 - £90,000		-	-		
		<u>1</u>	<u>1</u>		
Pension contributions of £4,367 were paid in the year in respect of higher paid employees.					
The average number of employees were:					
		2008	2007		
		No	No		
Charitable services		16	24		
Management and administration		<u>2</u>	<u>2</u>		
		<u>18</u>	<u>26</u>		

No director received any remuneration during the year. Seven directors were reimbursed a total of £ 5,796 for travel expenses in the year. (2007 eight directors total £3,289 for travel expenses). Trustees' indemnity insurance to the value of £3,000,000 was provided during the year at a total of £3,780 (2007 £3,525)

DRUGSCOPE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

4. GOVERNANCE COSTS	2008	2007
	£	£
Trustee Meetings	6,318	3,521
Companies House	30	30
Auditors' remuneration	11,750	11,750
	18,098	15,301

5. TRANSFERS

During the year the following took place

A surplus of £44,811 (2007: £72,764), on contracts for the year has been transferred to the General fund.

6. COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2008 annual commitments under non-cancellable operating leases were as follows:

	2008	2007
	£	£
Plant & Machinery	4,800	-
Buildings & property	52,250	-

7. TANGIBLE FIXED ASSETS

	Fixtures fittings & equipment	Total
	£	£
Cost		
At 1 April 2007	83,460	83,460
Additions	12,812	12,812
Disposals	-	-
At 31 March 2008	96,272	96,272
Depreciation		
At 1 April 2007	73,428	73,428
Charge for the year	9,383	9,383
Disposals	-	-
At 31 March 2008	82,811	82,811
Net Book Value		
At 31 March 2008	13,461	13,461
At 31 March 2007	10,032	10,032

The company's library has not been valued in the financial statements. The directors consider that the insurable value of the library at 31 March 2008 and 31 March 2007 was not less than £300,000.

All tangible fixed assets are used for direct charitable purposes.

DRUGSCOPE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

8. DEBTORS

	2008	2007
	£	£
Trade Debtors	74,497	155,219
Prepayments and accruals	75,910	63,068
Sundry debtors	1,829	1,982
	152,236	220,269

9. CREDITORS

	2008	2007
	£	£
Amounts falling due within one year		
Trade creditors	38,327	50,479
Taxation & social security costs	17,896	23,518
Pension contributions payable	37,952	43,196
Sundry creditors	17,685	17,695
Accruals	78,249	36,962
Deferred Income (note 10)	54,660	124,741
	244,769	296,591

Amounts falling due after more than one year

None	-	-
	-	-

10. DEFERRED INCOME

	2008	2007
	£	£
Grants, projects and contract income		
Total income received in year	762,748	1,124,961
Amount released to incoming resources	124,741	50,178
Deferred income in the year	(54,660)	(124,741)
	832,829	1,050,398

Deferred income is made up as follows:

Contract funds	39,810	110,641
DrugLink subscriptions	14,850	14,100
	54,660	124,741

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Net current Assets/(Liabilities)	Long Term Liabilities	Total £
	£	£	£	
General funds	13,461	1,934,903	-	1,948,364
Total (note 12)	13,461	1,934,903	-	1,948,364

12. MOVEMENT IN FUNDS

	Balance B/fwd at 1 April 2007	Income	Expenditure	Transfers	Balance C/fwd at 31 March 2008
	£	£	£	£	£
Unrestricted funds					
Contract funds	-	635,627	(590,816)	(44,811)	-
General funds	2,132,359	632,483	(861,289)	44,811	1,948,364
	2,132,359	1,268,110	(1,452,105)	-	1,948,364

DRUGSCOPE

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

13. LIABILITY OF THE MEMBERS

The company is limited by guarantee. The maximum liability of each member, in the event of the company winding up due to insufficient funds, is £1. The number of members is 702 (2007,671).

14. PENSION COSTS

The charity runs a scheme for its staff, which is a defined contribution scheme. The cost for the year represents the charity's contribution to the scheme.

The charity also participates in a multi employer pension scheme, the Superannuation Arrangements of the University of London (SAUL), for a member of staff. The pension liability is the responsibility of SAUL. As a result it is not possible to identify the assets and liabilities of the scheme which are attributable to the charity.

The charities contributions represent a minor proportion of the payments into the scheme. The Superannuation charge represents contributions payable to the fund.

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PRINCIPAL FUNDERS AND CONTRIBUTIONS

Government, EU and other official bodies

Department for Education and Skills
Department for International Development
Department of Health
Home Office - Drug Strategy Directorate
National Treatment Agency
Scottish Government
Youth Justice Board

Other main funders for projects and contracts

The Brit Trust
Schering Plough
The Robertson Trust
The Worshipful Company of Salters