

DRUG CONCERN

(A company limited by guarantee)

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LEGAL AND ADMINISTRATIVE INFORMATION

Directors

James Matthew Le Pelley (chairman)
David Frederick Leafe
Christopher Robin Sackett
Michael Edward Watson
Anne Catharine Walter (appointed 29 September 2017)

Treasurer

Christopher Robin Sackett

Registered Office

The Annexe
St Julians House
Les Vauxlaurens
St Peter Port
Guernsey

Auditor

Saffery Champness
La Tonnelle House
Les Banques
St Sampson
Guernsey

Association of Guernsey Charities Member:

Number: 153

DRUG CONCERN

(A company limited by guarantee)

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Principal activity

Drug Concern is a charity involved in the delivery of services for those whose lives are affected by drug misuse within the Bailiwick of Guernsey, through education, information, advice, support and counselling.

Directors' responsibilities

The directors' responsibilities are set out on page 4.

Organisation and management

The Board has responsibility for the organisation and management of the company.

At the year end, there were three full-time and one part-time paid members of staff: a full-time manager and three support workers.

Objects of the company

The objects of the company are the promotion of commerce, art, science, education, sport, religion, charity or any profession, and anything incidental or conducive to any of those objects.

Plans for future periods

The charity plans on continuing the activities outlined on page 2 in the forthcoming years subject to satisfactory funding arrangements.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 21 March 2003. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Results, performance and achievements

The Statement of Financial Activities is set out on page 8.

The financial position of the charity as at 31 December 2017 is set out on page 9.

Net income for the year was £63,667 (2016: net expenditure £41,373).

Information on the charity's activities may be found in Drug Concern's annual report on its website at www.drugconcern.org/.

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DIRECTORS' REPORT (continued)

Directors

The Directors of the company during the year and to the date of this report are listed on page 1.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each Director has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the financial statements give a true and fair view, are in accordance with United Kingdom accounting standards and comply with The Companies (Guernsey) Law, 2008.

Auditor

A resolution to re-appoint Saffery Champness as auditor will be put to the members at the Annual General Meeting.

By order of the Board



M E Watson

Date: *19 Nov* 2018



C R Sackett

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STATEMENT OF 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 Generally Accepted Accounting Principles (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("Charities SORP 2015"). 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 company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRUG CONCERN

Opinion

We have audited the financial statements of Drug Concern (the "company") for the year ended 31 December 2017 which comprise the Statement of Financial Activities (including Income and Expenditure Account), the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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 Principles).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Principles; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

This report is made solely to the company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 charity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other 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 opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRUG CONCERN (continued)

Other information (continued)

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

We have nothing to report in this regard.

Matters on which we have agreed to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records ; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the directors

As explained more fully in the Responsibilities Statement set out on page 4, the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DRUG CONCERN (continued)**

Use of our report

This report is made solely to the directors, as a body. Our audit work has been undertaken so that we might state to the directors 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 charity and the directors as a body, for our audit work, for this report, or for the opinions we have formed.



SAFFERY CHAMPNESS
CHARTERED ACCOUNTANTS
GUERNSEY

23rd November 2018

DRUG CONCERN

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**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

For the year ended 31 December 2017

	Notes	Unrestricted £	2017 Restricted £	Total funds	2016 £
INCOME FROM					
Donations by third parties	6	44,937	28,500	73,437	35,895
Fees received from the States of Guernsey	7	202,000	-	202,000	162,862
Bank interest received		207	-	207	514
Donated services	6	6,900	-	6,900	5,800
Donated goods		3,731	-	3,731	300
TOTAL INCOME		257,775	28,500	286,275	205,371
EXPENDITURE ON					
Compliance		1,572	-	1,572	984
Computing & website		85	-	85	620
Heat and cleaning		1,986	-	1,986	1,547
Insurance		675	-	675	675
Medical supplies		7,456	-	7,456	7,966
Office expenses		2,105	-	2,105	1,479
Postage & stationery		588	-	588	233
Recruitment costs		889	-	889	359
Rent		12,655	-	12,655	12,555
Salaries		146,362	20,432	166,794	196,420
Telephone		1,554	-	1,554	1,644
Training		13,098	4,005	17,103	11,003
Travel		243	-	243	188
Treatment programme expenses		2,632	-	2,632	1,740
Donated audit and payroll services		5,800	-	5,800	5,800
Refurbishment costs		471	-	471	3,531
TOTAL EXPENDITURE		198,171	24,437	222,608	246,744
NET INCOME/(EXPENDITURE)		59,604	4,063	63,667	(41,373)
TOTAL FUNDS BROUGHT FORWARD		177,556	-	177,556	218,929
TOTAL FUNDS CARRIED FORWARD		237,160	4,063	241,223	177,556

All items of incoming resources and resources expended arise from continuing operations.

The notes on pages 10 to 13 form an integral part of these financial statements.

DRUG CONCERN


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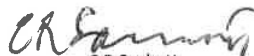
BALANCE SHEET

As at 31 December 2017

		2017	2016
	Notes	£	£
NON-CURRENT ASSETS			
Tangible fixed assets	5	3,430	-
CURRENT ASSETS			
Cash at bank and in hand			
Operating funds		130,291	99,411
Contingency fund	8	100,000	100,000
Debtors			
Bank interest receivable		168	337
Donations		16,100	-
Other		1,872	1,980
		<u>251,861</u>	<u>201,728</u>
CURRENT LIABILITIES			
Creditors	9	10,638	24,172
		<u>241,223</u>	<u>177,556</u>
TOTAL NET ASSETS			
		<u>241,223</u>	<u>177,556</u>
FUNDS OF THE CHARITY:			
Restricted income funds		4,063	-
Unrestricted funds		237,160	177,556
TOTAL FUNDS		<u>241,223</u>	<u>177,556</u>

Approved and authorised for issue by the Board of Directors on 19 NOV 2018
and signed on its behalf by:


M E Watson


C R Sackett

The notes on pages 10 to 13 form an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

Drug Concern is a registered Guernsey Charity, Charity number 153 and is a company limited by guarantee.

Drug Concern is classed as a public benefit entity, due to the services being provided to the general public of the Bailiwick of Guernsey.

The company is incorporated and domiciled in Guernsey. Its registered address is The Annexe, St Julian's House, Les Vauxlaurens, St Peter Port, Guernsey, GY1 1GP.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements give a true and fair view and comply with The Companies (Guernsey) Law, 2008.

These financial statements are prepared under the historical cost convention, the United Kingdom Accounting Standards (Generally Accepted Accounting Principles), Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ("Charities SORP 2015") and Charities SORP (FRS 102) - Update Bulletin 1 (2016).

Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Charities SORP 2015, Charities SORP (FRS 102) - Update Bulletin 1 (2016) and The Companies (Guernsey) Law, 2008.

Income

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- voluntary income is received by way of grant and donations and is included in full in the Statement of Financial Activities when receivable.
- donated services, goods and facilities are included at the value to the charity where this can be accurately quantified. The value to the charity is considered to be the cost that would be incurred by the charity to obtain a similar service in the external market. The value of services provided by volunteers has not been included in the Statement of Financial Activities, as permitted within the Charities SORP 2015.
- grants and donations are recognised in full in the Statement of Financial Activities in the period in which they are receivable. Bank interest is included when receivable. Incoming resources from grants, where related to performance and special deliverables, are accounted for as the charity earns the right to consideration by its performance

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. No depreciation has been charged this year due to the computer equipment being received at the end of the year but will be allocated as detailed below. Depreciation is provided at rates calculated to write off the cost less estimated residual value over the asset's expected useful life, as follows:

Computer equipment	25% straight line
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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

2. ACCOUNTING POLICIES (CONTINUED)

Resources expended

Resources expended are recognised in the period in which they are incurred.

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to strategic management of the charity.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include costs linked to the strategic management of the charity.

An expense is recognised in the Statement of Financial Activities for donated services, goods and facilities at the value to the charity, where this can be accurately quantified. The expense recognised will be equivalent to the income recognised for that donated service, good or facility.

Cash at bank and in hand

Cash at bank is held in current accounts with Lloyds Bank International Limited and Skipton International Limited.

An immaterial amount of cash is held onsite to meet day to day minor expenses as necessary.

Cash flow statement

Under Charities SORP (FRS 102) - Update Bulletin 1 (2016), the Company is not required to prepare a cash flow statement due to its size.

Debtors

Included in debtors is any portion of income relating to the current period which has not been received at the year end.

Creditors

Expenses relating to the accounting period but not paid at year end are included as creditors.

3. GOING CONCERN

These financial statements are prepared on a going concern basis. After making reasonable enquiries and assessing all data relating to the Company's liquidity, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

4. TAXATION

The company is exempt from tax on its charitable activities.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

5. TANGIBLE FIXED ASSETS

	Computer Equipment £
Cost	
At 1 January 2017	-
Additions	3,430
At 31 December 2017	<u>3,430</u>
Depreciation	
At 1 January 2017	-
Charge for the year	-
At 31 December 2017	<u>-</u>
Net book value	
At 31 December 2017	<u>3,430</u>
At 31 December 2016	<u>-</u>

6. DONATIONS BY THIRD PARTIES

	Unrestricted £	2017 Restricted £	Total £	2016 £
Anonymous	16,100	-	16,100	-
BBC Children in Need	11,657	-	11,657	13,291
Canaccord Genuity	1,000	-	1,000	869
Guernsey Community Foundation	11,270	-	11,270	11,700
Hirzel IV PTC	4,000	-	4,000	6,000
Lloyds TSB Foundation	-	28,500	28,500	-
Saffery Champness Rotary Walk	-	-	-	3,330
Other donations	910	-	910	705
	<u>44,937</u>	<u>28,500</u>	<u>73,437</u>	<u>35,895</u>

The donated services recognised in the Statement of Financial Activities represent:

- £5,800 which is the value to the charity of the audit and payroll services provided, free of charge, by Saffery Champness; and
- £1,100 which is the value of Les Cotils car park spaces which were previously paid by Drug Concern but now donated free of charge.

These values represent the likely cost that would be incurred if the charity obtained these services in the external market on an arm's length (i.e. market) transaction basis.

The Lloyds TSB Foundation donation is restricted for the use of training a trainee substance use practitioner. See the Statement of Financial Activities on page 9 for the breakdown of the use of these funds and total restricted funds carried forward for use in future periods.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2017

7. FEES RECEIVED

	2017	2016
	£	£
States of Guernsey:		
Core Services	63,000	62,759
Criminal Justice Drug Service	75,000	51,866
Education	-	11,930
Needle Exchange	18,000	-
Prison Service	46,000	36,307
	<u>202,000</u>	<u>162,862</u>

8. CONTINGENCY FUND

The Contingency fund represents monies set aside to meet unforeseen liabilities or a shortfall in income and to provide funds sufficient for an orderly winding up of the Company should circumstances require such action.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Compliance	810	-
Heat and cleaning	165	145
Medical supplies	30	297
Office expenses	105	714
Rent	-	11,455
Income tax and social security	9,528	11,561
	<u>10,638</u>	<u>24,172</u>

10. ULTIMATE CONTROLLING PARTY

In the absence of shareholders the Company is controlled by the Board of Directors.

11. RELATED PARTY TRANSACTIONS

There have been no related party transactions during the current or previous year.

12. AVERAGE NUMBER OF EMPLOYEES AND EARNINGS BRACKETS

The average number of employees in the reporting period was as follows:

	2017	2016
	No.	No.
Average number of employees	4	5

No employee received more than £60,000 in employee benefits during the year.