

Company no. 2580377
Charity no. (England & Wales) 1001957
Charity no. (Scotland) SC40009

Addaction
Report and Financial Statements
31 March 2012

sayer vincent

auditors and advisors

Addaction

Reference and administrative details

For the year ended 31 March 2012

Company number 2580377

Charity number 1001957

OSCR number SC40009

Registered office and operational address 67-69 Cowcross Street
Smithfield
London
EC1M 6PU

Trustees The Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Adrian Auer (Chair)
Andrew Barnett
Anna Bradley
Mike Dixon
John Harding CBE
Sandra Howard
Susan Killen (Resigned 19/01/2012)
Mike McCarron
Dr Martin Pickford
Dr Angela Rouncefield
Clare Simon
Rob White-Cooper
Charles Wilson

Company Secretary David Kingsmill

Chief Executive Simon Antrobus

Bankers The Co-Operative Bank
4th Floor, 9 Prescott Street
London
E1 8BE

Solicitors BKS Solicitors
105-107 High Street
London
SE20 7DT

Auditors Sayer Vincent
Chartered accountants and statutory auditors
8 Angel Gate
City Road
London
EC1V 2SJ

Addaction

Report of the Trustees

For the year ended 31 March 2012

The Trustees present their report and the audited financial statements for the year ended 31 March 2012.

Reference and administrative information set out on page one forms part of this report. 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.

Addaction will not rest until every person with a drug or alcohol problem has access to the best services and support, enabling them to improve their lives and to unlock their full potential.

Addaction was formed in 1967 when Mollie Craven wrote an article in the Guardian newspaper appealing to families of addicts to start a support group. Mollie had first-hand experience of dealing with addiction in the family. Her son was already a registered heroin addict by the age of 18. Feeling powerless to help, Mollie wrote, “we parents of addicts are a neglected and ignored group”.

Today, Addaction helps thousands of families, just like Mollie’s. In 2011-12 we worked with over 37,000 people across England and Scotland, helping them to overcome their problems with drugs and alcohol, and to achieve a lasting sense of recovery.

This work would not be possible without the tireless commitment of our staff and volunteers, and the generosity of our funders. Thank you.

Objectives and activities

Drug and alcohol misuse remains one of the most serious issues in the UK, costing the taxpayer close to £38 billion each year and blighting the lives of individuals, families and the communities they live in.

Because these problems affect so many people, in so many different ways, Addaction is always adding to the extensive range of support it offers.

- Adult services
- Family services
- Young people’s services

In 2010, Addaction created a new strategy that centres on putting service users in charge of their own lives, and at the heart of how our organisation is run. This strategy has informed Addaction’s three key priorities throughout 2011-12, which are:

- **To be inclusive**
To put service users at the heart of improvement and accountability
- **To be influential**
To lead the way on influencing and shaping the treatment agenda – demonstrating the benefits and impact for individuals, families and communities.
- **To be creative**
To develop innovative and creative solutions that deliver the best services efficiently, while also making sure our service users get the support they need, not just the support we are funded to provide.

Addaction

Report of the Trustees

For the year ended 31 March 2012

Each year of the agreed strategy we produce an implementation plan that translates our ambitions and aspirations for the year into meaningful activities. Each year we review the progress of these activities and the practical steps we can take to continue to achieve them, outlining our key priorities for the year ahead.

The challenges we face

There has been a fundamental shift in the political and financial environment in which Addaction operates. This has created challenges and the need to plan and adapt to these changes and future environment. Not only to how the substance misuse sector has to operate, but also to the role of the voluntary and charitable sector as a whole. Those challenges are numerous but may also include opportunities, including;

Reduced Government spending

There have been significant changes to the way in which public services are delivered and financed. Uncertainty remains around how services such as ours will be developed and commissioned in the future.

Introduction of a 'Payment by Results' model of working

More than ever, treatment services in the UK have to prove their effectiveness. While we fully agree with this in principle, this new 'Payment by Results' model presents challenges about which targets and outcomes Addaction's work will be measured against.

A move towards Localism

Decentralisation and devolution of power from central government to local authorities means that these authorities will have the freedom to make social and economic decisions for their local areas, with the planned removal of ring-fencing of funding for drug and alcohol services.

Public Health England and Local Health and Wellbeing Boards

Changes to the NHS in England means that more power will be given to local commissioners when it comes to the provision of public healthcare. Each authority will have its own Health and Wellbeing Board, with members agreeing on how to meet the needs of their local community.

Public Health England and the Health and Wellbeing Boards will hopefully provide an opportunity to make positive changes to local commissioning. However, these changes, coupled with the removal of ring-fenced money for drug and alcohol treatment services, will also result in increased competition for funding from providers tackling different public health needs.

Collaborative and Partnership Working

Rather than delivering services 'for' service users, we will now deliver services with the involvement of the people who use them. To do this, we will need to address specific local problems through different, bespoke solutions. It will also mean working even more closely with other local agencies.

Addaction

Report of the Trustees

For the year ended 31 March 2012

Working with Police and Crime Commissioners

Engaging with Police and Crime commissioners will ensure that community needs are effectively met, as they will create a network of different agencies that can help prevent and tackle crime.

New Funding Streams

We now need to look at new and innovative ways to fund our services. One way could be through the use of new social finance initiatives, such as Charity and Social Impact Bonds. These bonds will use private investment to pay for intervention and treatment services delivered by an organisation with a proven track record.

New services

Over the last year, Addaction has managed to reach out to many more families across the UK by winning a number of significant contracts.

Most notably, we were awarded the contract in Coventry City and Warwickshire and started delivering drug and alcohol services in December 2011. Delivered in partnership with the treatment charity Cranstoun, this is the largest contract of its kind ever awarded in the UK, and is worth £15.3 million.

Central to the treatment on offer in the region is the principle of full recovery from drug and alcohol problems.

We also won contracts in St Helens, Halton, North Somerset, Fife and Lincolnshire – as well as commencing the delivery of services in Bournemouth and Kingston.

In addition to sites in Tower Hamlets, Cambridgeshire, Cumbria and Derby, Addaction was able to add to the number of Breaking the Cycle projects it runs across the UK. Those new sites are in the London Borough of Brent, Coventry, County Durham, Havering, Lincolnshire (and North Lincolnshire), Liverpool, Cornwall, North Somerset, Sefton, St Helens, and West Yorkshire.

Our staff

What helps Addaction remain at the forefront of drug and alcohol treatment is the expertise of our staff. In each service we have a wealth of skills, experience and qualifications that help us to really understand the nature of drug and alcohol addiction, and of how best to support our service users.

As an illustration of just how adept we are, you need look no further than the newly convened Clinical Team. Claudine Evetts joined as Lead Nurse in February 2012. The perfect candidate for the role, what's interesting about Claudine's knowledge of treatment and the science behind our service user's problems is that she learned it all here, at Addaction.

'I had to learn from the grassroots, through needle exchange and harm reduction work', says Claudine, who first joined Addaction over seven years ago. 'I started with a broad background in healthcare provision, but working here has helped me to develop and pursue more specialist interests'.

Addaction

Report of the Trustees

For the year ended 31 March 2012

'I became very interested in blood-borne-viruses in my early days at Addaction and, from there, went on to study Hepatology. Liver disease is something that can affect a great many of our service users and my knowledge of the subject is helping Addaction provide the treatment those people really need.

Claudine also gained a non-medical prescribing qualification before taking over as Team Leader at Addaction Walsall; a role which further convinced her of the need for high quality, considered prescribing services. In fact, Claudine was so successful in her role that she received a Queens Nurse Award, for exemplary care provided to vulnerable people. She now sits on the Queens Nursing Institute's steering group for Homeless Persons, Families and Individuals - affording her a key role in influencing Government policy.

In the future Claudine would like to further her qualifications by taking a Masters in Public Health, and her approach is typical of all of our staff. We are not complacent, we remain committed to our service users and we are constantly improving the support we provide.

Addaction and the family

In late 2011, research from the Joseph Rowntree Foundation confirmed that parental attitudes to alcohol were the number one influence on the way their children drank as they grew older.

At least 1.3 million children - the size of the population of Kent - are living in families where one parent has a drink problem. For these children, drug and alcohol problems become all too familiar, and growing up in such situations means they are seven times more likely to become addicted themselves, as adults. Also, a parent's drug use is a depressingly common factor when children are taken into care.

It confirmed something Addaction already knew: That someone's drug and alcohol use has a significant impact on their children. We also know how much it affects the wider family, too – including brothers, sisters, parents and grandparents.

All of which is why Addaction became the first drug and alcohol treatment charity to 'family focus' its services, ensuring that every assessment we did took into account our service users' home situation, their employment, and the lives of their children.

We developed this system ourselves, going beyond what was asked of us by the National Treatment Agency and ensuring our data is as comprehensive and robust as possible. Breaking the Cycle is Addaction's innovative approach to this problem is now located at 15 sites, with plans to expand to many more.

Our experience tells us that most parents (or carers) with drug or alcohol problems really do want to change, but find the support isn't there to help them to do so. The project is there to give parents and families the chance to get their lives back on track.

Addaction workers provide an individually designed care package, which takes into account the needs of the whole family and which includes a wide range of services to help people overcome their problems (such as personal counselling, or help with accessing other services, such as housing associations or health clinics).

Addaction

Report of the Trustees

For the year ended 31 March 2012

In 2011, we also launched two other initiatives around working with families – *First Steps* and *Skills 4 Change*.

The aim of First Steps is for staff at Sure Start and Children's Centres to have the skills they need to identify and support families with a drug or alcohol problem.

Since October 2011, Addaction has designed and delivered a range of training and e-learning resources to staff at these centres, up and down the UK. What's more, we've delivered it for free. Feedback from each centre has been exceptional, commending Addaction on its experience and expertise.

The free training ended in March 2012 (although it will still be available at a cost). Findings from the first year are now to be evaluated by a team at Warwick University, who will use them to create an evidence base for training further professionals working with children and families.

Our Skills 4 Change project began in April 2011, with funding from the Department for Education.

We know that many teachers feel 'ill equipped' to support children whose parents have drug and alcohol problems. That's why our Skills 4 Change project offers specialist support, training and resources for schools, aimed at helping teachers identify 'at risk' pupils and giving them the skills they need to support the education of these vulnerable children.

Addaction is currently working with 80 secondary schools across England, but we hope to work with a further 500 by March 2013.

Recovery Champions

In November 2011, Addaction held its first 'Recovery Champions Conference' at the Aston Business Centre in Birmingham.

Recovery Champions play an integral part in Addaction's aim of helping people leave treatment free of drugs or alcohol, and on the road to full recovery. They spread the message that this recovery is both achievable and worth aspiring to – something that's extremely important for those entering treatment for the first time.

All of Addaction's services are now represented by both Community Recovery Champions (service users) and Therapeutic Recovery Champions (staff members). Together, they develop links and partnerships with other organisations, creating care pathways and promoting recovery to the wider world.

'Dad and me'

In October 2011, Addaction published a major report which found that absentee fathers are fuelling high levels of addiction, anti-social behaviour and crime.

Following interviews with young people from Addaction's centres in Liverpool, London, and Derby, 'Dad and Me' found that not having a father left young people feeling angry, less confident, more insecure and with self esteem problems.

Addaction

Report of the Trustees

For the year ended 31 March 2012

It also set out a series of recommendations aimed at reversing the damage caused by absentee dads, these are:

1. More joined up working for young people in order to provide a multi-agency approach to meet their father hunger/deficit and substance misuse issues.
2. Support for absentee fathers to fulfil their responsibility as positive male role models in the development of their children's lives.
3. Greater development and use of mentoring programmes for young people and for absentee fathers.
4. Further work to build the evidence base and understanding around father hunger/deficit issues.
5. The Government should treat 'Fathering' as a public health issue.
6. Greater focus on the re-establishment of community and family links through the use of sport and arts.

Mutual Aid Partnership project

Funded by Heineken UK, our new Mutual Aid Partnership creates groups where people can talk about their problems, support their peers, and tell organisations like Addaction what they require from a treatment provider.

The aim of the project has been two-fold: to improve the chance of recovery from alcohol problems, and to reduce the harms associated with excessive alcohol consumption.

The project equips all of Addaction's services and staff with the skills and resources they need to implement, deliver and support these mutual aid recovery groups, and contributes to the evidence base of effective and sustainable recovery based treatment and aftercare.

Breaking the Cycle Commission

In 2011, Addaction set up a commission of experts, chaired by David Burrowes MP, to study the impact of family-based interventions and to highlight the wealth of benefits that can be experienced by trying to tackle intergenerational substance misuse head-on.

The report's findings are supported by in-depth, qualitative interviews with a group of key stakeholders from various sectors in the UK. This group includes Addaction's own 'Breaking the Cycle' workers, a senior figure from the National Treatment Agency (NTA) and representatives from other drug and alcohol charities. The Commission also interviewed local authorities across England about their own current and prospective approaches to the problem of intergenerational substance misuse.

This evidence has been used to highlight both the strengths and weaknesses of existing family-based interventions, and will serve as a resource from which to improve the models of care available.

The report, due in April 2012, will look purely at family-based interventions that are specifically targeted towards families with drug and alcohol misuse problems. Family-based interventions include those that work with the whole family, the parent and the child. The examples referred to and the recommendations made, therefore, should be considered only in relation to drugs and alcohol. When referring to family-based interventions, this means projects that take a whole family approach when dealing with the drug and alcohol problems that exist within that family. This report recognises however that there are many different forms of family based interventions for example projects that offer support mainly to the parent or the children within the family.

Addaction

Report of the Trustees

For the year ended 31 March 2012

This report will be disseminated to all MPs and local commissioners in the UK with the aim of focusing their attention on targeted interventions for families with drug and alcohol problems. Addaction will also share the report with all relevant stakeholders, including charitable organisations working with the family.

Voluntary Income

Over the past financial year, Addaction's fundraising team has been very successful in securing financial backing for a range of new and existing services, and in building strong links with the commercial sector.

We were able to expand the number of sites in which our pioneering Breaking the Cycle operated. This was part funded by long time supporters of the project, Zurich Community Trust as well as Asda and local commissioners.

Asda are also supporting young people's outreach work, focused on reducing the impact of alcohol misuse, at sites in Cornwall, Liverpool and Barnsley. They have pledged £1m to Addaction as part of their commitment to the Government's Responsibility Deal on Alcohol, which Addaction plays a key role in.

Also part of the Responsibility deal is Heineken UK. It provided funding to support two important Addaction projects over 2011-12 – our Resettlement Project for people leaving prison in Manchester and the Mutual Aid Partnership project, which promotes 'peer support' among our service users and staff, and helps individuals to achieve lasting recovery.

The Department for Education has provided funding for two projects which both focus on giving non-sector professionals the skills they need to identify and support families with drug and alcohol problems. Called First Steps and Skills 4 Change, these projects will be supported over two years.

Our London based NEXT project, which trains ex-service users to become drug and alcohol counsellors themselves, received funding from The Terra Firma Charitable Trust for trainees who live in the borough of Southwark.

The Department of Health also pledged funding to support a peer education programme to raise awareness of Hepatitis C and other Blood Borne Viruses among Addaction's client group.

Financial Review

Addaction has developed and expanded throughout 2011-12, with incoming resources increasing by 4.4 per cent to £46.9 million. Addaction utilised a planned amount of its reserves in 2010-2011 in order to invest in its IT systems and data capture capabilities to match the future needs and demands of payment by results commissioning. It has continued to invest in its IT systems and data capture capabilities in 2011-12, together with an improved management infrastructure and capabilities, to strengthen its position for future contracts.

Addaction's unrestricted reserves for 2011-2012 stand at £3.6 million. Further funds of £1.2 million are held in restricted funds.

Addaction

Report of the Trustees

For the year ended 31 March 2012

Addaction holds undesignated funds for reserves for three principal reasons:

- (i) To meet potential losses and respond to unforeseen events that may arise;
- (ii) To ease communications when bidding for additional investments to our principal business; and
- (iii) To enable Addaction to levy additional funding by investing in services with its own funds.

The Board and the Audit Committee conduct annual reviews of the level of resources by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables a robust estimate of the level of reserves required.

- Approximately 93% of Addaction's income is contractual through institutional bodies. This is secure income, subject to contract. Therefore, reasonable notice is required if any of this recurring income were to be lost.
- Approximately 74% of Addaction's expenditure is on staff and related costs. A further 6% of expenditure relates to the cost of leased premises. This is again under contractual terms and all non-management staff at a transferring project would be subject to TUPE regulations.
- Existing contract terms require contractors to pay in advance, mitigating the working capital needs of the company.

Addaction continues to review its reserves policy and aims to increase its general reserves in the coming years and has set a target to increase reserves by £500,000-£750,000 per year for three years to achieve a new reserves target of £5 million. The target was exceeded in 2011-12.

Accounts

The Trustees confirm that the accompanying audited financial accounts for the year ended 31 March 2012 comply with the current statutory requirements, Addaction's Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities. The Trustees consider that Addaction has adequate resources to continue in business for the foreseeable future and that, for this reason, it should continue to adopt the going concern basis in preparing the accounts.

2012-13 plans

Articulating the Addaction Way: We aim to demonstrate how the Addaction approach elevates us as an organisation above other treatment providers

Planned Growth & Income Protection: We aim to ensure we are able to grow as an organisation through contract retention and winning new services

Merger, Closer Collaboration & Partnership: We aim to identify other organisations that may want to partner or join Addaction

Service User Engagement: We aim to have service users at the heart of Addaction, helping us drive our plans, delivery and direction

Demonstrating Impact & Outcomes: We aim to demonstrate an understanding and evidence of our achievements and value our services deliver

Addaction

Report of the Trustees

For the year ended 31 March 2012

Public Benefit

Addaction exists entirely for the public's benefit. The services we offer are available free of charge to all members of society who need help related to substance misuse. This work benefits not only individuals and their families but also the wider community by reducing the harm, and related costs, caused to society by drug and alcohol related crime, the impact on public health and other related issues.

In setting plans and priorities for areas of work the Trustees of Addaction have referred to the guidance contained in the Charity Commission's general guidance on public benefit. In particular, the Board of Trustees considers how planned activities will contribute to the aims and objectives they have set.

Structure, governance and management

Addaction is a charitable company limited by guarantee, incorporated on 6 February 1991 (company number 2580377) and registered as a charity on 19 February 1991. It operates throughout England and Wales (charity number 1001957) and Scotland (OSCR number SCO4009). It is governed by its Memorandum and Articles of Association (January 2008) which set out its charitable purposes.

The Trustees are responsible for the overall management of the charity, its strategic direction and decision-making. The Board of Trustees is divided into three committees: the Audit Committee; the Human Resources Committee and the Clinical Governance Committee. Matters not reserved by decision for the Board of Trustees are delegated to the Chief Executive. Trustees are recruited in response to an identified skills gap following a rigorous external recruitment process. New Trustees are provided with a thorough induction into their role through a meeting with the Chief Executive Officer and members of the Executive, at least two project visits in the first few months of their tenure and briefings from key members of staff on Addaction's work and their legal responsibilities as Trustees. New Trustees also sign an agreement that sets out Addaction's expectations of their role and responsibilities. All Trustees undergo annual appraisals conducted by the Chair of the Trustees, who is in turn appraised by the Board of Trustees as a whole.

Centrally, the Directorates of Fundraising, Marketing and Communications, Human Resources, and Finance (including IT) are based in Addaction's London Head Office to provide support services to the rest of the organisation, together with the Community Services, Quality, Strategy & Development and Medical Directorates and staff from all such directorates who are based in the regional offices.

Internal control and risk management

The Trustees have operational responsibility for ensuring that:

- Addaction has an appropriate system of control, both financial and operational, to provide reasonable assurance that the charity is operating efficiently and effectively;
- Funds are applied in accordance with the intentions of the funder;
- Addaction's assets are safeguarded against unauthorised use or disposition;
- Proper accounting records are maintained;
- Financial information used within the charity or for publication is reliable;
- Reasonable steps are taken for the prevention and detection of fraud and other irregularities; and
- Addaction complies with relevant laws and regulations.

Addaction

Report of the Trustees

For the year ended 31 March 2012

The key components of Addaction's risk management include:

- A strategic plan and annual budget approved by the Trustees, against which progress is reported regularly, including monthly financial reporting of results;
- Regular consideration by the Trustees of financial results and variance from budgets;
- Delegation of authority and segregation of duties;
- An audit regime involving third party auditors subjects all our services to regular review, the results of which are reported to management and to the Audit Committee.
- The Medical Director takes the lead in the delivery of the pharmacotherapy services and chairs the Clinical & Social Governance Group who report directly to the Clinical Governance Committee of the Board. The clinical governance framework is supported by a Quality Assurance Directorate with a team of 26 trained auditors with the priority of ensuring continual improvement, together with a Critical Incident Group. Addaction is fully compliant and registered with the Care Quality Commission for all its regulated activities who also carry out independent inspections which are published online.
- Clear policies on safeguarding children and vulnerable adults, health and safety and complaints to ensure compliance with statutory requirements.

Addaction's risk management framework has been devised to identify the main risks associated with Addaction's operational activities. For example, risks in Addaction include those related to prescribing, site violence, suicide and self harm, health and safety incidents and other service user issues. Addaction manages these risks through its risk management register and matrix system which is overseen by the Board of Trustees. The Board identifies and ranks risks according to whether the risk is high, medium or low, and then determines the appropriate response to the risk. The Board reviews Addaction's risk regularly to ensure adequate policies and procedures are in place.

For example, Addaction delivers a number of services at clients' homes, presenting risks of violence and aggression against staff. To manage this risk, Addaction carries out risk assessments to assess the environments that staff will be entering. The risk is then addressed by using approaches such as a buddy system for staff, additional security measures, guidance and training or offering the service to the client in a more controlled environment.

The Trustees are pleased to report that provisions are in place to manage major risks and, as part of an ongoing overall risk management strategy development process, the scope and implementation of the risk management strategy will continue to be reviewed and extended in the coming year.

Addaction

Report of the Trustees

For the year ended 31 March 2012

Statement of responsibilities of the Trustees

The Trustees (who are also directors of Addaction for the purposes of company law) are responsible for preparing the report of the Trustees' and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that 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 the Charities Accounts (Scotland) Regulations 2006. 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Guarantees

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2012 was 13 (2011 - 14). The Trustees are members of the charity but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.

Auditors

Sayer Vincent were re-appointed as the charity's auditors during the year and will continue in that capacity into the next financial year.

Addaction

Report of the Trustees

For the year ended 31 March 2012

Equal opportunities

Addaction is committed to ensuring that the services we provide are relevant to all sections of society and that our workforce represents the people we serve. We are actively committed to encouraging and promoting the richness of the communities in which we work.

Valuing diversity means integrating it into everything we do, so that it becomes a fundamental part of our culture, our values and our beliefs and is reflected in all our practices, policies and services. Addaction is working to achieve an environment where human differences can be explored and esteemed and in which everyone: staff, volunteers and those using our services, is able to reach their full potential. In this way we will achieve a successful mix of experiences, perspectives and skills that will open up constructive new possibilities for our service users.

Addaction operates a number of detailed policies in relation to aspects of personnel matters including:

- Diversity
- Equal opportunities
- Health and Safety

Environment

Addaction seeks to develop safe, healthy local environments in the areas where it delivers services. We aim to ensure that our projects do not diminish the quality of life of our neighbours and other local residents and those areas where we work are clean, unpolluted, attractive, ecologically sound and free from dereliction and degradation.

Acknowledgements

The Trustees wish to record their gratitude to all the people who contribute to Addaction's work. To our service users, volunteers, staff, donors, commissioners, partners, funders and managers, Addaction is grateful for your unstinting dedication and support for our work. Particular gifts and grants are listed in the financial section.

Approved by the Trustees on 26 July 2012 and signed on their behalf by



Adrian Auer - Chair

Independent auditors' report

To the members and Trustees of

Addaction

We have audited the financial statements of Addaction for the year ended 31 March 2012 which comprise the statement of financial activities, balance sheet, cashflow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members and Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 . Our audit work has been undertaken so that we might state to the charitable company's members and Trustees 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 charitable company and the charitable company's members and Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the statement of responsibilities of the Trustees set out in the report of the Trustees, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2012 and of its incoming resources and application of resources, including 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Independent auditors' report

To the members and Trustees of

Addaction

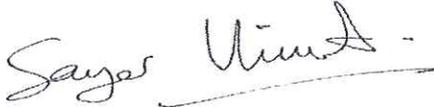
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Helen Elliott (Senior statutory auditor)

8 August 2012

for and on behalf of Sayer Vincent, Statutory Auditors

8 Angel Gate, City Road, LONDON EC1V 2SJ

Sayer Vincent is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Addaction

Statement of Financial Activities (Incorporating an income and expenditure account)

For the year ended 31 March 2012

	Note	Unrestricted £	Restricted Revenue/ Fund Raising projects £	Restricted Capital projects £	2012 Total £	2011 Total £
Incoming resources						
<i>Incoming resources from generated funds</i>						
Activities for generating funds						
Fundraising activities		214,695	26,347	-	241,042	340,921
Other	2	235,385	-	-	235,385	218,102
		450,080	26,347	-	476,427	559,023
Voluntary income						
Grants	3	-	2,249,347	-	2,249,347	1,129,949
Investment income		32,637	-	-	32,637	13,943
<i>Incoming resources from charitable activities</i>						
Young people's services including transitional services		4,283,155	251,307	-	4,534,462	4,804,065
Adult services		33,248,148	5,515,797	194,491	38,958,436	37,773,834
Family services		517,955	100,703	-	618,658	632,812
Public policy and communication		-	-	-	-	-
Total incoming resources		38,531,975	8,143,501	194,491	46,869,967	44,913,626
Resources expended						
<i>Costs of generating funds:</i>						
Fundraising & bidding for new services		293,761	-	-	293,761	397,973
<i>Charitable activities</i>						
Young people's services including transitional services		4,047,442	884,071	-	4,931,513	5,375,131
Adult services		32,045,884	6,254,841	640,423	38,941,148	36,364,655
Family services		544,728	889,597	1,309	1,435,634	1,229,110
Public policy and communication		294,343	-	-	294,343	255,112
<i>Governance costs</i>		68,460	-	-	68,460	90,245
Total resources expended	4	37,294,618	8,028,509	641,732	45,964,859	43,712,225
Net incoming resources and net movement in funds	7	1,237,357	114,992	(447,241)	905,108	1,201,401
Funds acquired from Mainliners Limited (charity no. 801862) on 31 May 2010		-	-	-	-	(58,092)
Reconciliation of funds						
Total funds brought forward		2,322,066	578,278	975,809	3,876,153	2,732,844
Total funds carried forward		3,559,423	693,269	528,568	4,781,261	3,876,153

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds and transfers between funds are disclosed above and in note 16 to the financial statements.

Addaction

Balance sheet

As at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	10	329,541	697,011
Investments	11	<u>100</u>	<u>100</u>
Total fixed assets		<u>329,641</u>	<u>697,111</u>
Current assets			
Debtors	12	2,697,024	2,800,001
Cash at bank and in hand		<u>5,366,298</u>	<u>3,385,721</u>
Total current assets		8,063,322	6,185,722
Liabilities			
Creditors: amounts due within one year	13	<u>(3,611,703)</u>	<u>(3,006,680)</u>
Net current assets		<u>4,451,619</u>	<u>3,179,042</u>
Net assets	15	<u>4,781,261</u>	<u>3,876,153</u>
Funds			
16			
Restricted funds			
Revenue		693,270	578,278
Capital		528,568	975,809
Unrestricted funds			
Designated funds		1,017,204	568,166
General funds		<u>2,542,219</u>	<u>1,753,900</u>
Total charity funds		<u>4,781,261</u>	<u>3,876,153</u>

Approved by the Trustees on 26 July 2012 and signed on their behalf by



Mike Dixon

Addaction

Cashflow statement

For the year ended 31 March 2012

	2012 £	2011 £
Net cash flow from operating activities (note 1)	2,318,424	(33,098)
Returns on investments & servicing of finance		
Interest received	32,637	13,943
Capital expenditure & financial investment		
Acquisition of tangible fixed assets	(370,483)	(557,827)
Net cash flow (note 2)	<u>1,980,578</u>	<u>(576,982)</u>

Notes to the cashflow statement

1. Reconciliation of net incoming resources to net cash flow from operating activities

	2012 £	2011 £
Net incoming resources for the year	905,108	1,201,401
Interest received	(32,637)	(13,943)
Loss on disposal of fixed assets	125,746	1
Decrease/(Increase) in debtors	102,977	(745,709)
Increase/(Decrease) in creditors	605,023	(1,102,855)
Depreciation	<u>612,207</u>	<u>628,007</u>
Net cash flow from operating activities	<u>2,318,424</u>	<u>(33,098)</u>

2. Analysis of changes in cash and short term deposits

	At 1 April 2010 £	Cashflow £	Transfer in £	At 1 April 2011 £	Cashflow £	At 31 March 2012 £
Cash at bank and in hand	<u>3,911,855</u>	<u>(576,982)</u>	<u>50,848</u>	<u>3,385,721</u>	<u>1,980,578</u>	<u>5,366,299</u>

Addaction

Notes to the financial statements

For the year ended 31 March 2012

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005).
- b) Voluntary income received by way of subscriptions, donations, grants received in the year and gifts to the charity is included in full in the Statement of Financial Activities when receivable.
- c) Revenue grants are credited to the Statement of Financial Activities when received or receivable whichever is earlier.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the charity can meet such conditions the incoming resource is deferred.

- d) Contract income, interest, rental and training income are recognised when earned.
- e) Resources expended are allocated to the particular activity where the cost relates directly to that activity. Resources expended include attributable VAT which cannot be recovered.

Support costs are re-allocated to each of the activities on the following basis which is an estimate, based on direct costs, of the amount attributable to each activity:

Adult Services	84.7%
Young People's Services	10.7%
Family Services	3.1%
Public policy and communication	0.6%
Cost of generating funds	0.6%
Governance costs	0.2%

- f) Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.
- g) The costs of generating funds relate to the costs incurred by the charitable company in raising funds for the charitable work.
- h) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Improvements to short leasehold premises	20% - 50% on cost
Fixtures, fittings and equipment	20% on cost
Computers and IT equipment	33% on cost
Motor vehicles	33% on cost

Items of equipment are capitalised where the purchase price exceeds £10,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Addaction

Notes to the financial statements

For the year ended 31 March 2012

1. Accounting policies (continued)

- i) Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs.
- j) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.
- k) Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.
- l) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight line basis over the minimum lease term.
- m) The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund and amounted to £1,287,576 (2011: £1,279,351).

The charity also makes contributions to the National Health Service Pension Scheme of £263,442 (2011: £217,106), which is an unfunded defined benefit scheme. The charitable company is unable to identify its share of the assets and liabilities of the scheme. Further details of this scheme are provided in note 19. The charitable company has no liability under the scheme other than for the payment of those contributions. The costs recognised in the financial statements are the contributions paid.

In addition the charity makes contributions to the West Sussex County Council Pension Scheme (a defined benefit scheme) of £11,642 (2011: £10,845). The employer's contributions are, however, set in relation to the current service period only, consequently the charity accounts for contributions to the scheme as if it were a defined contribution scheme.

The charity also made contributions to the Dorset County Council Pension Fund (as a defined benefit scheme) of £630 (2011: £0). The employer's contributions are, however, set in relation to the current service period only, consequently the charity accounts for contributions to the scheme as if it were a defined contribution scheme.

Addaction

Notes to the financial statements

For the year ended 31 March 2012

2. Other income

	Unrestricted £	Restricted £	2012 Total £	2011 Total £
Court reports	2,938	-	2,938	2,024
Training	107,255	-	107,255	93,122
Rental	68,079	-	68,079	77,783
Social placements	52,875	-	52,875	41,557
Other	4,238	-	4,238	3,616
Total	<u>235,385</u>	<u>-</u>	<u>235,385</u>	<u>218,102</u>

3. Grant income

	Unrestricted £	Restricted £	2012 Total £	2011 Total £
Big Lottery Fund				
-Aspire Cornwall - Reaching Communities England	-	51,566	51,566	58,248
-W. Glasgow Alcohol Over 50s project - Investing in Communities	-	124,800	124,800	122,997
Awards for All				
-NEXT Family project - England	-	-	-	9,955
-Life Changes Project - Scotland	-	-	-	9,580
Heineken UK	-	351,779	351,779	80,000
Dept of Education - First Steps	-	259,720	259,720	120,297
Dept of Education - Skills for Change	-	451,966	451,966	
Zurich Community Trust	-	195,735	195,735	199,111
Barrow Cadbury Trust	-	45,242	45,242	50,000
Dept of Health	-	43,655	43,655	-
Northern Rock Foundation	-	40,000	40,000	-
London Borough of Brent	-	21,500	21,500	-
Rayne Foundation	-	5,000	5,000	-
Reckitt Benckiser Pharmaceuticals Ltd	-	90,500	90,500	-
V	-	18,822	18,822	-
Other grants	-	549,062	549,062	479,761
	<u>-</u>	<u>2,249,347</u>	<u>2,249,347</u>	<u>1,129,949</u>

4. Total resources expended

	Staff costs £	Other direct costs £	Support costs £	2012 Total £	2011 Total £
Fundraising & bidding for new services	216,090	57,834	19,838	293,762	397,973
Young people's services including transitional services	3,690,963	907,534	333,017	4,931,514	5,375,131
Adult services	27,498,554	8,812,958	2,629,633	38,941,145	36,364,655
Family services	1,083,880	254,808	96,946	1,435,634	1,229,110
Public policy and communication	166,955	107,512	19,877	294,344	255,112
Governance costs	<u>25,153</u>	<u>38,684</u>	<u>4,623</u>	<u>68,460</u>	<u>90,245</u>
Total resources expended	<u>32,681,595</u>	<u>10,179,330</u>	<u>3,103,934</u>	<u>45,964,859</u>	<u>43,712,225</u>

Included in support costs are staff costs totalling £1,493,645

Addaction

Notes to the financial statements

For the year ended 31 March 2012

5. Allocation of support costs

	Fundraising & bidding for new services £	Young people's services including transitional services £	Adult services £	Family services £	Public policy & communication £	Governance £	Total £
Executive	1,503	25,224	199,175	7,343	1,506	350	235,101
Finance	4,247	71,299	563,008	20,756	4,256	990	664,556
IT	5,181	86,983	686,849	25,322	5,192	1,208	810,735
Central	1,894	31,787	251,005	9,254	1,897	441	296,278
HR	4,180	70,167	554,070	20,427	4,188	974	654,006
Quality	2,833	47,557	375,526	13,844	2,838	660	443,258
2012 Total £	19,838	333,017	2,629,633	96,946	19,877	4,623	3,103,934
2011 Total £	32,597	440,269	2,978,576	100,675	20,896	7,392	3,580,404

Support costs have been allocated on the basis of direct costs.

6. Governance costs

	2012 £	2011 £
Staff costs	25,153	25,220
Audit fees	28,710	44,105
Trustees' expenses	1,123	777
Trustees' indemnity insurance	2,120	5,500
Support costs	4,623	7,392
Company secretariat	6,731	7,251
	68,460	90,245

Addaction

Notes to the financial statements

For the year ended 31 March 2012

7. Net incoming resources for the year

This is stated after charging:

	2012	2011
	£	£
Depreciation	612,207	628,007
Loss on sale of fixed assets	125,746	1
Trustees' indemnity insurance	2,120	5,500
Trustees' remuneration	-	-
Trustees' expenses	1,123	777
Auditors' remuneration:		
▪ Audit	25,440	24,720
▪ Other services	3,270	19,385
Operating lease rentals:		
▪ Property	<u>2,591,695</u>	<u>2,284,437</u>

Trustees expenses represents travel for 5 (2011: 4) Trustees relating to attendance at meetings.

8. Staff costs and numbers

Staff costs were as follows:

	2012	2011
	£	£
Salaries and wages	27,227,514	26,459,205
Social security costs	2,546,729	2,532,733
Pension contributions	1,574,586	1,512,220
Agency/support staff	<u>760,811</u>	<u>922,526</u>
	<u>32,109,640</u>	<u>31,426,684</u>

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2012	2011
	No.	No.
Costs of generating funds	3	6
Young People's Services	116	128
Adult Services	920	867
Family Services	33	29
Public policy and communication	4	3
Governance costs	<u>1</u>	<u>1</u>
	<u>1,077</u>	<u>1,034</u>

The number of employees who earned more than £60,000 during the year was as follows:

	2012	2011
	No.	No.
£60,001 - £70,000	4	3
£70,001 - £80,000	6	4
£80,001 - £90,000	1	2
£90,001 - £100,000	1	2
£100,001 - £110,000	1	1
£160,001 - £170,000	<u>1</u>	<u>1</u>

All these employees accrue benefits under the defined contribution pension schemes. Total pension contributions paid for these employees were £66,003 (2011 - £73,094).

Addaction

Notes to the financial statements

For the year ended 31 March 2012

8. Staff costs and numbers (continued)

We are required, when we acquire a contract to provide services from an existing provider, under the current Transfer of Undertakings (Protection of Employment) Regulations 2006 to protect the contractual terms of those staff transferring into Addaction. This has led to the majority of higher paid members of staff within Addaction being medical staff on NHS terms and conditions and in particular with regard to pay and pensions.

9. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10. Tangible fixed assets

	Improvements to short leasehold premises £	Fixtures, fittings and equipment £	Computer and IT equipment £	Motor vehicles £	Totals £
Cost					
At the start of the year	3,334,063	141,490	64,083	18,970	3,558,606
Additions in year	344,726	-	25,757	-	370,483
Disposals in year	<u>(929,742)</u>	<u>(116,639)</u>	<u>(64,082)</u>	<u>(18,970)</u>	<u>(1,129,433)</u>
At the end of the year	<u>2,749,047</u>	<u>24,851</u>	<u>25,758</u>	<u>-</u>	<u>2,799,656</u>
Depreciation					
At the start of the year	2,687,971	97,596	57,058	18,970	2,861,595
Charge for the year	578,258	20,688	13,261	-	612,207
Disposals in year	<u>(824,900)</u>	<u>(98,085)</u>	<u>(61,732)</u>	<u>(18,970)</u>	<u>(1,003,687)</u>
At the end of the year	<u>2,441,329</u>	<u>20,199</u>	<u>8,587</u>	<u>-</u>	<u>2,470,115</u>
Net book value					
At the end of the year	<u>307,718</u>	<u>4,652</u>	<u>17,171</u>	<u>-</u>	<u>329,541</u>
At the start of the year	<u>646,092</u>	<u>43,894</u>	<u>7,025</u>	<u>-</u>	697,011

Addaction

Notes to the financial statements

For the year ended 31 March 2012

11. Investments

	2012	2011
	£	£
Investment in unlisted shares at 31 March 2012 at cost	<u>100</u>	<u>100</u>

The investment comprises the entire share capital of 100 shares of £1 each in Addaction Social Enterprises Limited, a company registered in England and Wales. Addaction Social Enterprises Limited did not trade during the year.

12. Debtors

	2012	2011
	£	£
Trade debtors	1,805,119	1,776,472
Accrued income	481,688	570,233
Other debtors	57,181	102,207
Prepayments	<u>353,036</u>	<u>351,089</u>
	<u>2,697,024</u>	<u>2,800,001</u>

13. Creditors: amounts due within one year

	2012	2011
	£	£
Trade creditors	802,559	823,905
Social security and other taxes	914,474	859,562
Deferred income (see note 14)	837,813	967,962
Accruals	<u>1,056,857</u>	<u>355,251</u>
	<u>3,611,703</u>	<u>3,006,680</u>

14. Creditors : movements in deferred income

	1 April 2011 b/fwd	Released income	Incoming resources	2012
	£	£	£	£
Deferred income for existing services (timing)	a 957,549	914,571	794,835	837,813
Deferred income - preconditions on funding/new services	b <u>10,413</u>	<u>10,413</u>	-	-
	<u>967,962</u>	<u>924,984</u>	<u>794,835</u>	<u>837,813</u>

- a Income received which relates to activities to be delivered in the future in line with funders' requirements.
- b Income received for new services in the future or where there are specific conditions that have to be met before the grant is spent.

Addaction

Notes to the financial statements

For the Year Ended 31 March 2012

15. Analysis of group net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Fixed assets	188,779	-	140,862	329,641
Current assets	1,033,059	1,017,204	6,013,060	8,063,323
Current liabilities	-	-	(3,611,703)	(3,611,703)
Net assets at the end of the year	1,221,838	1,017,204	2,542,219	4,781,261

16. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds:					
Project services					
Drugs and Alcohol	512,111	8,132,501	(8,017,509)	-	627,103
Mainliners Ltd	66,167	11,000	(11,000)	-	66,167
Project capital funds - leasehold and IT	975,809	194,491	(641,732)	-	528,568
Total restricted funds	1,554,087	8,337,992	(8,670,241)	-	1,221,838
Unrestricted funds:					
<i>Designated funds:</i>					
Project funding - future IT developments & Property Dilapidations	568,166	-	-	449,038	1,017,204
<i>Total designated funds</i>	568,166	-	-	449,038	1,017,204
General reserve	1,753,900	38,531,975	(37,294,618)	(449,038)	2,542,219
Total unrestricted funds	2,322,066	38,531,975	(37,294,618)	-	3,559,423
Total funds	3,876,153	46,869,967	(45,964,859)	-	4,781,261

Addaction

Notes to the financial statements

For the Year Ended 31 March 2012

16. Movements in funds (continued)

Purposes of restricted funds

Restricted funds relate to various grants and donations received from funders to support future services.

Within restricted funds, project capital funds are grants and donations given specifically for leasehold improvements, IT and new office equipment purchases. Fund balances are reduced by depreciation and other equipment expenditure charged to the SOFA.

The Mainliners Ltd fund represents the transferred in assets of the Mainliners Ltd charity at 31 May 2010.

Cambridge contract is a total of £4,231,318 shown as part of Restricted Drug & Alcohol income and expenditure.

Purposes of designated funds

Designated funds for project funding/future developments have been designated by the Trustees to support specific project activity in the future.

17. Operating lease commitments

The group had annual commitments at the year end under operating leases for land and buildings expiring as follows:

	2012	2011
	Land and buildings £	Land and buildings £
Less than 1 year	461,378	493,941
2 - 5 years	568,360	451,992
Over 5 Years	552,529	389,017
	<u>1,582,267</u>	<u>1,334,950</u>

Addaction ensures that its property leases are co-terminus with its contracts. Where a property lease is longer than the initial contract we ensure break clauses are in place.

18. Capital commitments

At 31 March 2012 the charity held funds restricted to the purchase of capital assets of £339,789 (2011 - £610,458).

Addaction

Notes to the financial statements

For the Year Ended 31 March 2012

19. NHS Pension Scheme

The NHS Pension scheme is an unfunded scheme under which contributions for employees and employers are paid to the Exchequer which in turn meets the cost of paying benefits as and when they fall due. In order to assess an appropriate contribution cost historically there has been an associated notional fund of assets deemed to be invested in UK Government stocks.

The actuarial investigation as at 31 March 2004 covers the 5 years from 31 March 1999. This has been a period of significant change for the NHSPS:

- a) the scheme has assumed responsibility for paying pensions increases which were previously met from the Consolidated Fund
- b) the financial arrangements for the scheme has moved to the SCAPE methodology
- c) the nature of assets attributed to the notional fund of the scheme has been changed and their amount has been reassessed to take account of a) and b) above
- d) changes in the structure of the scheme's benefits and contributions planned to take effect from 1st April 2008 including a new scheme for new entrants has been accepted by ministers

Notional assets of the scheme at 31 March 2004 were £123.7 bn and employers contribution were payable at 14% of pensionable pay.

Liabilities of the scheme at 31 March 2004 were £127 bn. This is mainly due to transfer of liability for pension increases previously met by the Exchequer now being met by the scheme.

The proposed changes to the scheme are expected to reduce both the value of the accrued liabilities and the build up of future liabilities and maintain employer contribution at the current level of 14%.

During the accounting period Addaction made contributions of £263,442 (2011 - £217,106) to the National Health Service scheme. Employer contributions were paid at 14% during the accounting period. Member contributions are between 5% - 8.5%.

Addaction has no further liability arising from its participation in this scheme other than its annual contributions which are disclosed in this report.

20. Post Balance Sheet Event

On May 1st 2012, Addaction Social Enterprises acquired the ownership interest in Rezolve, a Social Enterprise providing employability services for Addaction service users and others.