

**ADDICTION RECOVERY AGENCY LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

<u>CONTENTS</u>	<u>Page</u>
Reference and administrative information	1
Board report	2 – 6
Auditors' report	7 – 9
Statement of Financial Activities	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the financial statements	13 – 26

Registered charity number – 1002224

Company number - 2540814

**ADDICTION RECOVERY AGENCY LIMITED**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

WORKING NAME

ARA

SOLICITORS

Metcalfes  
46-48 Queen Square  
BRISTOL  
BS1 4LY

AUDITOR

Burton Sweet  
The Clock Tower  
5 Farleigh Court  
Old Weston Road  
Flax Bourton  
Bristol  
BS48 1UR

BANKERS

HSBC  
Grosvenor Court  
149 Whiteladies Road  
BRISTOL  
BS8 2RR

PRINCIPAL ADDRESS

King's Court  
King Street  
BRISTOL  
BS1 4EF

KEY PERSONNEL

Chief Executive  
Company Secretary

Graham England  
Andrew Ridley

## **ADDICTION RECOVERY AGENCY LIMITED**

### **BOARD REPORT**

The Board present their report for the year ended 31 March 2019. Due to the Board Members' status as directors under the Companies Act 2006, this report constitutes a director's report as required by the Companies Act 2006, and has been prepared taking advantage of the exemptions conferred by Part 15 of this act.

The Board Members during the year and to date of approval of the accounts were:

S Thompson (Chair, appointed Nov 2018)  
P Hudson (Chair until Nov 2018, resigned Nov 2018)  
A Carruthers  
P Bullivant  
L Davies  
D Shattock (resigned April 2019)  
R Evelyn (resigned May 2018)  
S Goodman (resigned July 2019)  
J Tucker  
D Thomas  
H Bellfield (appointed Nov. 2018)

S. Goodman, A. Carruthers and J. Tucker are also members of the Remuneration Committee.

### **GOVERNING DOCUMENT**

The Charity was established in 1987 by incorporation as a company limited by guarantee. Consequently, the governing instrument of the Charity is its Memorandum and Articles of Association. The Charity is registered with the Charity Commission under number 1002224. The Company registration number is 2540814.

### **CHARITABLE OBJECTS**

The Charity's objects are:

To relieve poverty sickness and distress among those who are affected by mental ill health or by addiction to drugs and alcohol of any kind and to educate the public on matters related to mental health and drug or alcohol misuse.

### **PUBLIC BENEFIT**

ARA is one of the largest voluntary organisations providing addiction and mental health services in the South West. In 2018/19 ARA offered a wide range of treatment and support to benefit people with drugs, alcohol, gambling and mental health problems in Bristol, North Somerset, South Wales, South Gloucestershire, Gloucestershire and Somerset including:

- **Housing support service** - the largest single contracted service of its kind in Bristol providing accommodation and support to over 250 people with drug and alcohol problems at any one time. A key element of the Bristol Homelessness Pathways service;
- **Connect Psychology** - An NHS approved and commissioned service provide psychological education and support with people in Bristol and South Gloucestershire with low levels of mental ill health including anxiety, depression and mood disorders;

## **ADDICTION RECOVERY AGENCY LIMITED**

### **PUBLIC BENEFIT (continued)**

- **Prison Resettlement Service** - the service helps people with substance misuse needs to resettle into appropriate accommodation on release from HMP Bristol;
- **Somerset Drug and Alcohol Service** - a front line service providing first contact with drug and alcohol users delivered in partnership with Change, Grow, Live (CGL);
- **Gambling Counselling** - ARA has formed a partnership with GamCare to provide counselling for people experiencing problems with gambling;
- **Recovery Cafe** - A cafe providing work and volunteering opportunities for people in recovery from substance misuse and mental ill health;
- **Gloucestershire Drug & Alcohol Service** - working in partnership with CGL, ARA staff work in local hospitals and provide housing advice.

During the year, ARA charged for rent and household service charges. These charges were paid for by Local Authorities and service users respectively. ARA provides no private benefit. Board Members have considered public benefit guidance issued by the Charity Commission.

### **ACHIEVEMENTS AND PERFORMANCE**

In 2017/18, Bristol City Council awarded ARA the contract for substance misuse housing within the Homelessness Service. The contract, which for a minimum of five years provides ARA with a firm foundation, which has been built upon in 2018/19. Other achievements in relation to our strategic objectives are set out below.

	<b>Strategic</b>	<b>Objectives</b>	
<i>Increase housing options</i>	<i>Increase numbers accessing Mental Health services</i>	<i>Reduce the harm caused by problem gambling</i>	<i>Develop existing and create new partnerships</i>
<i>In 2018/19 ARA :</i>	<i>In 2018/19 ARA :</i>	<i>In 2018/19 ARA :</i>	<i>In 2018/19 ARA :</i>
Refurbished and added 2 new three-bed properties leased from Bristol City Council	Helped to provide 1300 people with the skills needed to overcome mental health conditions.	Saw 443 people for counselling.	Established a new partnership with Second Step to provide services in Somerset.
Obtained new funding for the Prison Resettlement Service.	Undertook a pilot mental health project for West of England Works.	Continued to develop the Young People's outreach service.	Set up new links with the Department of Work & Pensions
Maintained house occupancy to 94%.			

## **ADDICTION RECOVERY AGENCY LIMITED**

### **BOARD REPORT (continued)**

#### **LOOKING AHEAD**

The coming year also brings a number of exciting opportunities and challenges. ARA's involvement in the Somerset Drug and Alcohol service came to an end in March 2019. Following a competitive tender, ARA's Connect Psychology services will be transferred to another provider in September 2019. However these losses are more than offset by new services including a Prison Accommodation contract awarded by the Ministry of Justice, a Complex Needs Floating Support service in Somerset and new gambling treatment services in Wales and Wiltshire. In line with our strategic objectives, we intend to:

	<b>Strategic</b>	<b>Objectives</b>	
<i>Increase housing options</i>	<i>Increase numbers accessing Mental Health services</i>	<i>Reduce the harm caused by problem gambling</i>	<i>Develop existing and create new partnerships</i>
<i>In 19/20 ARA aims to</i>	<i>In 19/20 ARA aims to</i>	<i>In 19/20 ARA aims to</i>	<i>In 19/20 ARA aims to</i>
Establish the Prison Accommodation Pilot to house 80 people released from HMP Bristol.	Develop services outside of the IAPT contract.	Implement new services in Wales and Wiltshire. Increasing the number seen to 800 people per year	Work with Second Step to successfully run the new Complex Needs Service in Somerset.
Continue to provide floating support to people with significant needs in Bristol		Expand the Young People's Gambling Service so that awareness is provided to 1200 young people.	Form new partnerships with private landlords
Increase house occupancy to 96%			

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

A Board of Trustees governs ARA. Regular briefings are held for Board Members to provide them with detailed information about the way in which services are designed and delivered as a means of understanding the regular performance information provided for monitoring purposes. ARA's Senior Management Team is Graham England (Chief Executive) and Andrew Ridley (Director of Finance, Deputy Chief Executive and Company Secretary). The pay and terms and conditions of the Senior Management Team are reviewed annually by the Remuneration Committee, which makes a recommendation to the Board for approval. ARA has 45 full time equivalent staff and 30 volunteers.

#### **RECRUITMENT AND APPOINTMENT OF TRUSTEES**

A skills audit is regularly conducted of Board Members to identify gaps in expertise on the Board and to assist with recruitment. Recruitment of new Members with appropriate skills and experience is undertaken through individual contact, networking and advertising.

**ADDICTION RECOVERY AGENCY LIMITED**  
**BOARD REPORT (continued)**

**TRUSTEE INDUCTION AND TRAINING**

New Trustees are given the Board Member's handbook on joining, which includes the duties and responsibilities of Trustees and the structure, organisation and management of the charity. Induction training is also provided.

**FINANCIAL POSITION OF THE CHARITY**

The Board can confirm that the Charity's assets are available and adequate to fulfil the obligations of the charity on a fund-by-fund basis. The Charity had net assets of £1,105,016 at 31 March 2019 of which £793,067 is held in general unrestricted funds. Whilst ARA does receive small value donations it does not actively engage in fundraising.

**INVESTMENT POLICY**

The Board approved an Investment Policy in February 2019. The policy outlines the Charity's attitude to risk and the ethical issues that need to be considered when decisions on investments are taken.

**RESERVES POLICY**

At 31 March 2019, the Charity had total reserves of £1,105,016 of which £385,320 can only be realised from the disposal of tangible fixed assets. The balance on restricted reserves was £245,305. Movements in restricted funds are shown in note 14 to the financial statements. Designated reserves totalled £66,644. This reserve will be used to meet the costs of property refurbishment.

The Charity's reserves policy is to hold two to three months operating expenses on unrestricted activities in liquid unrestricted funds. This currently equates to around £370,000 - £553,000. At 31 March 2019 the liquid unrestricted reserves were £414,425 (2018, £501,684). The Board consider this to be adequate given the duration of the Charity's main contracts.

**RISK MANAGEMENT**

The Board actively reviews the major risks that the Charity faces on a regular basis and believes that maintaining our free reserves at the levels stated above will provide sufficient resources in the advent of adverse business conditions. The Board has approved a Risk Policy and Risk Register that identifies the main risks facing ARA, the potential impact of these risks, controls already in place to mitigate the risk and what action needs to be taken.

Loss of a major contract is a potentially significant risk. To deal with this ARA has procedures to monitor contract performance and to ensure that strong working relationships are maintained with commissioners. The loss of key staff and Board Members is another potential risk facing the organisation. The documentation of all policies, procedures, and succession planning help to minimise the impact of this risk. Failure to provide the required level of support to clients and patients is also a potential significant risk. Client risk assessments and detailed policies and procedures are in place to mitigate this risk.

**ADDICTION RECOVERY AGENCY LIMITED**  
**BOARD REPORT (continued)**

**TRUSTEES STATEMENT OF RESPONSIBILITIES**

The Trustees (who are also directors of Addiction Recovery Agency for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the directors' report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of 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 judgments 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 business.

The Trustees are responsible for keeping adequate 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. 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 auditor is unaware; and the Trustees have taken all steps that they ought to make themselves aware of that information.

BY ORDER OF THE BOARD



SIMON THOMPSON  
CHAIR

2.10.19

DATE

## **ADDICTION RECOVERY AGENCY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDICTION RECOVERY AGENCY LIMITED**

#### **OPINION**

We have audited the financial statements of Addiction Recovery Agency Limited (the "Charity") for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charity's members those matters we are required to state in 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 Charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with international Standards in 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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:



## **ADDICTION RECOVERY AGENCY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE ADDICTION RECOVERY AGENCY LIMITED continued**

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees 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 a least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustees 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.

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 the fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' report) have been prepared in accordance with applicable law requirements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept;

## **ADDICTION RECOVERY AGENCY LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADDICTION RECOVERY AGENCY LIMITED continued**

- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees 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 they 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 trustees are responsible for assessing the Charity'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 trustees either intend to liquidate the Charity 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/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm) This description forms part of our auditor's report.

  
**Neil Kingston FCA (Senior Statutory Auditor)**

For and on behalf of Burton Sweet Chartered Accountants and Statutory Auditor

The Clock Tower  
5 Farleigh Court  
Old Weston Road  
Flax Bourton  
Bristol BS48 1UR

Date: 9.8.19

# ADDICTION RECOVERY AGENCY LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account) FOR THE YEAR ENDED 31 MARCH 2019

	note	Unrestricted Funds £	Restricted Funds £	Total funds 2019 £	Total funds 2018 £
<b>INCOME AND EXPENDITURE</b>					
<b>INCOME FROM:</b>					
Donations	3	4,452	-	4,452	41,201
Other Trading Activities:					
Rental income and related services		160	-	160	34,625
Investments:					
Interest receivable		3,698	-	3,698	2,302
Charitable Activities					
Grants, contracts and fees:	4				
Community Recovery Services		46,662	-	46,662	49,559
Gambling Service		133,271	18,177	151,448	124,416
Housing Support & Resettlement		1,517,836	-	1,517,836	1,484,254
Mental Health Services		258,039	-	258,039	276,717
Somerset Services		-	86,052	86,052	89,447
Gloucestershire Services		-	119,539	119,539	116,486
sub total		<u>1,955,808</u>	<u>223,768</u>	<u>2,179,576</u>	<u>2,140,879</u>
<b>TOTAL INCOME</b>		<u>1,964,118</u>	<u>223,768</u>	<u>2,187,886</u>	<u>2,219,007</u>
<b>EXPENDITURE ON:</b>					
Raising Funds					
Applying for grants and negotiating contracts		-	8,503	8,503	38,493
Charitable activities:					
Community Recovery Services		64,534	198	64,732	67,899
North Somerset Service		-	28,230	28,230	21,102
Gambling Service		126,985	19,279	146,264	122,186
Housing Support & Resettlement		1,516,244	2,519	1,518,763	1,452,232
Mental Health Services		276,025	-	276,025	305,009
Somerset Services		-	95,564	95,564	90,449
Gloucestershire Services		-	119,539	119,539	116,486
sub total		<u>1,983,788</u>	<u>265,329</u>	<u>2,249,116</u>	<u>2,175,363</u>
<b>TOTAL EXPENDITURE</b>	5	<u>1,983,788</u>	<u>273,832</u>	<u>2,257,619</u>	<u>2,213,856</u>
Net income for the year		-19,670	-50,064	-69,734	5,151
Balance brought forward at 1 April 2018		879,381	295,369	1,174,750	1,169,599
<b>BALANCE CARRIED FORWARD AT 31 MARCH 2019</b>		<b>859,711</b>	<b>245,305</b>	<b>1,105,016</b>	<b>1,174,750</b>

The notes on pages 13 to 26 form part of these accounts.

All of the results relate to continuing operations.

Prior year comparatives are included in note 19.

**ADDICTION RECOVERY AGENCY LIMITED**

(Company number 2540814, registered charity number 1002224)

**BALANCE SHEET****AT 31 MARCH 2019**

	note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>691,397</u>	<u>646,715</u>
<b>CURRENT ASSETS</b>			
Debtors	9	156,728	179,262
Cash at bank and in hand		728,083	821,575
		<u>884,811</u>	<u>1,000,837</u>
CREDITORS: Amounts falling due within one year	10	165,115	139,223
<b>NET CURRENT ASSETS</b>		<u>719,696</u>	<u>861,614</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,411,093	1,508,329
CREDITORS: Amounts falling due after one year	11	306,077	333,579
<b>NET ASSETS</b>		<u>1,105,016</u>	<u>1,174,750</u>
<b>FUNDS:</b>			
Restricted	14	245,305	295,369
Unrestricted			
Designated	12	66,644	71,282
General	12	793,067	808,099
	15	<u>1,105,016</u>	<u>1,174,750</u>

The accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the Board on 9 August 2019 and signed on its behalf by



SIMON THOMPSON (CHAIR)

The notes on pages 13 to 26 form part of these accounts

**ADDICTION RECOVERY AGENCY LIMITED**

**CASH FLOW STATEMENT FOR THE THE YEAR ENDING 31 MARCH 2019**

	Notes	2019 £	2018 £
<b>OPERATIONAL CASH FLOWS</b>			
<b>Income from operations:</b>			
Charitable activities (gross)	18a.1	2,201,085	2,071,687
Other activities: trading (gross)	18a.2	160	34,625
		2,201,245	2,106,312
<b>Charitable expenditure</b>	18b.1	-2,174,242	-2,058,218
		<u>27,003</u>	<u>48,094</u>
Net inflow / (outflow) from operating activities			
<b>Income for operating activities:</b>			
Voluntary sources other than endowments (gross)	18a.3	4,452	41,201
Endowed funds converted into income		-	-
		4,452	41,201
<b>Costs of generating funds</b>	18b.2	-8,502	-38,493
		<u>22,953</u>	<u>50,802</u>
Net inflow of operating activities			
<b>NON-OPERATIONAL CASH FLOWS</b>			
<b>Investing activities:</b>			
Payments for tangible fixed assets		-92,641	-40,063
Dividends and interest (gross)		3,698	2,302
		-88,943	-37,761
<b>Financing:</b>			
Loan repayments		-27,502	-27,773
		<u>-27,502</u>	<u>-27,773</u>
<b>Net cash outflow for the year</b>	18c	<u><b>-93,492</b></u>	<u><b>-14,732</b></u>

## ADDICTION RECOVERY AGENCY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1. ACCOUNTING POLICIES

##### a) Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (FRS 102) and the Companies Act

##### b) Depreciation

Depreciation is provided on tangible assets with a value of more than £100 at rates calculated to write off the cost, less estimated residual value of each asset, over its expected useful life as follows:

Long leasehold property	2% straight line;
Improvements to long leasehold property	10% straight line;
Improvements to short leasehold property	10% - 33% straight line;
Office fixtures, fittings and equipment	10% - 33% straight line;
House fixtures, fittings and equipment	10% - 33% straight line

##### c) Income

Income is recognised in the period to which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is only deferred when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period.

When donors specify that donations or grants are for a particular restricted purpose, which do not amount to pre-conditions regarding entitlement, this income is included in income of the appropriate restricted fund when it is receivable.

##### d) Costs of raising funds, charitable activities and governance costs

Expenditure is on an accruals basis inclusive of any VAT that cannot be recovered. The majority of costs are directly attributable to specific charitable activities.

The support costs have been apportioned to the activities of the Charity on the basis of the percentage of income of the activity compared to total income. This basis was used as a reasonable representation of the level of support required by each activity.

Governance costs are those associated with the constitutional and statutory requirements of the charity covering the external audit fee and Board expenses. Governance costs are included with charitable activities.

## **ADDICTION RECOVERY AGENCY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

- e) Pensions costs  
The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and is shown in Note 6 to these financial statements.
- f) Operating leases  
Operating lease payments are charged to the Statement of Financial Activities as incurred over the term of the lease.
- g) Fund accounting  
Funds held by the Charity are either:
- Unrestricted general funds – these are funds which can be used in accordance with charitable objects at the discretion of trustees;
  - Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific or future projects;
  - Restricted funds – these are funds that can only be used for particular purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.
- Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.
- h) Going concern  
The Board has carefully considered the going concern basis used in the preparation of the financial statements and is satisfied that this is correct based on forecast income and expenditure. There are no material uncertainties which cast doubt on the ability of the charity to continue to exist as a going concern.
- i) Public Benefit  
Addiction Recovery Agency Limited is a public benefit entity.
- j) Trade debtors  
Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

## **ADDICTION RECOVERY AGENCY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

- k) Trade creditors  
Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.
- l) Cash and cash equivalents  
Cash and cash equivalents comprise cash in hand and call deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.
2. TAXATION  
Addiction Recovery Agency Limited is a registered charity and, subject to funds being used for charitable purposes only, is exempt from Corporation Tax on its income and gains.



## ADDICTION RECOVERY AGENCY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

3. GRANTS AND DONATIONS	Unrestricted Funds £	Restricted Funds £	Total funds 2019 £	Total funds 2018 £
Big Potential Fund	-	-	-	39,976
Other grants and donations	4,452	-	4,452	1,225
	<u>4,452</u>	<u>-</u>	<u>4,452</u>	<u>41,201</u>
4. GRANTS, CONTRACTS & FEES	Unrestricted Funds £	Restricted Funds £	Total funds 2019 £	Total funds 2018 £
<u>Community Recovery Service</u>				
Cafe sales	46,662	-	46,662	48,884
Other	-	-	-	675
	<u>46,662</u>	<u>-</u>	<u>46,662</u>	<u>49,559</u>
<u>Housing Support &amp; Resettlement</u>				
Bristol City Council	783,317	-	783,317	863,980
Rent receivable (housing benefit)	568,392	-	568,392	509,604
Client service charges	48,504	-	48,504	42,895
Avon & Wiltshire Part. NHS Trust	57,657	-	57,657	63,842
P3	35,115	-	35,115	3,933
Department of Work & Pensions	24,851	-	24,851	-
	<u>1,517,836</u>	<u>-</u>	<u>1,517,836</u>	<u>1,484,254</u>
<u>Gambling Service</u>				
GamCare	133,271	18,177	151,448	124,416
<u>Mental Health Services</u>				
NHS Bristol and South Glos.	228,189	-	228,189	276,717
Weston College	29,850	-	29,850	-
	<u>258,039</u>	<u>-</u>	<u>258,039</u>	<u>276,717</u>
<u>Somerset Services</u>				
CGL	-	86,052	86,052	89,447
<u>Gloucestershire Services</u>				
CGL	-	119,539	119,539	116,486

ADDICTION RECOVERY AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019 (continued)

5. TOTAL EXPENDITURE

	Direct Staff Costs £	Other Direct Costs £	Support Costs £	Total 2019 £	Total 2018 £
Applying for grants and negotiating contracts	8,503	-	-	8,503	38,493
Community Recovery Services	35,312	29,420	-	64,732	67,899
North Somerset Service	3,583	24,647	-	28,230	21,102
Gambling Service	118,967	2,560	24,737	146,264	122,186
Housing Support & Resettlement	580,432	676,609	261,722	1,518,763	1,452,232
Mental Health Services	201,308	32,642	42,075	276,025	305,009
Somerset Services	81,533	-	14,031	95,564	90,449
Gloucestershire Services	103,746	-	15,793	119,539	116,486
	<u>1,133,384</u>	<u>765,878</u>	<u>358,358</u>	<u>2,257,620</u>	<u>2,213,856</u>

# ADDICTION RECOVERY AGENCY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

### 5. TOTAL EXPENDITURE (continued)

Other Direct Costs	Total 2019 £	Total 2018 £
House running costs	408,202	380,190
Client expenditure	7,382	5,092
Depreciation	28,447	18,526
Payments to partners	232,776	206,056
Premises	86,818	114,330
Volunteer expenses	2,253	1,934
	<u>765,878</u>	<u>726,128</u>

  

Support Costs	Total 2019 £	Total 2018 £
Staff costs	140,004	144,265
Premises	31,700	37,608
Office costs	146,002	122,630
Depreciation	19,512	19,757
Legal and professional	8,474	8,724
Loan interest	12,666	13,001
	<u>358,358</u>	<u>345,985</u>

Included within support costs are governance costs of £5,779 (2018, £5,398) which relate to the external audit and Board expenses.

## ADDICTION RECOVERY AGENCY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

#### 6. STAFF COSTS, TRUSTEES' REMUNERATION AND RELATED PARTY TRANSACTIONS

Staff costs were as follows:	Total 2019 £	Total 2018 £
Wages and salaries	1,100,563	1,107,930
Social security costs	84,431	89,137
Pension costs	41,026	41,066
	<u>1,226,020</u>	<u>1,238,133</u>

No employee was paid more than £60,000.

Employment benefits, inclusive of employer national insurance and pension paid to key management personnel (Chief Executive and Director of Finance) in 2018/19 totalled £113,393 (2017/18, £103,031)

No remuneration was paid to Board Members. Expenses of £769 (2017/18, £46) were re-imbursed to three Board Members.

Payments of £2,000 (2017/18, £2,000) were made to St Mary Redcliffe Church for premises rental costs. One Board Member is a Trustee of St Mary Redcliffe Church.

These payments are permitted under clause four of the memorandum of association.

The average number of employees analysed by function:  
equivalents analysed by function was:

	2019		2018	
	Head count	FTE	Head count	FTE
Support services	36	30	35	30
Treatment services	16	9	16	9
Management and administration of the charity	8	5.5	8	5
	<u>60</u>	<u>44.5</u>	<u>59</u>	<u>44</u>

#### 7. NET INCOMING RESOURCES FOR THE YEAR

	2019 £	2018 £
This is stated after charging:		
Depreciation of owned assets	47,959	38,816
Auditors' remuneration - audit fee	4,960	4,993
Auditors' remuneration - other work	1,020	-
Operating lease rentals	74,621	70,395
	<u>128,560</u>	<u>114,204</u>

**ADDICTION RECOVERY AGENCY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019 (continued)**

**8. TANGIBLE ASSETS**

	Long Leasehold Property £	Long Leasehold Impropts £	Short Leasehold Impropts £	Managed Property Refurbishments & Equipment £	Fixtures, Fittings and Equipment £	Total £
<b>COST</b>						
At 1 April 2018 restated	768,461	94,120	80,261	228,011	194,224	1,365,077
Additions	-	-	56,848	31,258	4,535	92,641
At 31 March 2019	<u>768,461</u>	<u>94,120</u>	<u>137,109</u>	<u>259,269</u>	<u>198,759</u>	<u>1,457,718</u>
<b>DEPRECIATION</b>						
At 1 April 2018 restated	181,160	94,120	68,535	196,838	177,709	718,362
Charge for the year	15,369	-	4,836	22,822	4,932	47,959
At 31 March 2019	<u>196,529</u>	<u>94,120</u>	<u>73,371</u>	<u>219,660</u>	<u>182,641</u>	<u>766,321</u>
<b>NET BOOK VALUE</b>						
At 31 March 2019	571,932	-	63,738	39,609	16,118	691,397
At 31 March 2018	587,301	-	11,726	31,173	16,515	646,715

## ADDICTION RECOVERY AGENCY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

9. DEBTORS	2019 £	2018 £
Rents and fees	134,682	156,904
Prepayments	26,728	27,753
less Provision for doubtful debts	<u>-4,682</u>	<u>-5,395</u>
	<u>156,728</u>	<u>179,262</u>

10. CREDITORS	2019 £	2018 £
Amounts falling due within one year		
Bank loan	27,193	26,884
Trade creditors	14,806	15,627
Taxation and social security	26,218	24,539
Amounts due to residents	4,294	2,597
Other creditors and accruals	92,532	69,575
Fees and grants received in advance	<u>72</u>	<u>1</u>
	<u>165,115</u>	<u>139,223</u>

11. CREDITORS	2019 £	2018 £
Amounts falling due after more than one year		
Bank loan	<u>306,077</u>	<u>333,579</u>

The bank loan is secured by a 25 year mortgage over the charity's leasehold property known as Units 6, 7 and 8 King's Court, King Street, Bristol.

Maturity of bank loan repayable by instalments.

Due in less than one year	27,193	26,884
Due between two and five years	108,772	107,536
Due after more than five years	<u>197,305</u>	<u>226,043</u>
	<u>333,270</u>	<u>360,463</u>

The bank loan is to be repaid by monthly instalments over 25 years. £172,291 of the loan is a fixed interest loan for five years at a rate of 3.98%. The balance of the loan has a variable rate of 2% per annum over the Bank's base rate (currently 0.75%).

ADDICTION RECOVERY AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019 (continued)

12. UNRESTRICTED FUNDS

	Balance 01 April 2018 £	Movement in Funding Income £	Expenditure £	Transfers £	Balance 31 March 2019 £
GENERAL FUNDS	<u>808,099</u>	<u>1,964,118</u>	<u>-1,979,150</u>	<u>-</u>	<u>793,067</u>

DESIGNATED FUNDS

Leasehold property refurbishment fund	71,282	-	-4,638	-	66,644
	<u>71,282</u>	<u>-</u>	<u>-4,638</u>	<u>-</u>	<u>66,644</u>

	Balance 01 April 2017 £	Movement in Funding Income £	Expenditure £	Transfers £	Balance 31 March 2018 £
GENERAL FUNDS	<u>760,160</u>	<u>1,948,862</u>	<u>-1,907,933</u>	<u>7,010</u>	<u>808,099</u>

DESIGNATED FUNDS

Leasehold property refurbishment fund	3,042	-	-	68,240	71,282
Property purchase fund	75,250	-	-	-75,250	-
	<u>78,292</u>	<u>-</u>	<u>-</u>	<u>-7,010</u>	<u>71,282</u>

The leasehold property refurbishment fund is used to meet the depreciation arising from the refurbishment of properties leased from Bristol City Council.

The property purchase fund was set up to contribute to a future property purchase.

13. LEASE COMMITMENTS

At 31 March 2019 the charity had annual commitments under operating leases as set out below:

	Land, buildings & equipment 2019 £	Land, buildings & equipment 2018 £
Leases which expire in less than 1 year	56,026	75,877
Leases which expire between two and five years	94,301	169,984
	<u>150,327</u>	<u>245,861</u>

ADDICTION RECOVERY AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019 (continued)

14. RESTRICTED FUNDS

	Floating Support Service Fund	North Somerset Service Fund	North Somerset Refurb. Fund	South Wales Gambling Pilot Fund	Somerset Fund	Gloucestershire Fund	Gambling Youth Outreach Fund	Big Potential Advance Fund	Other Funds	Total 2019
	£	£	£	£	£	£	£	£	£	£
BALANCE BROUGHT FORWARD	54,039	156,464	6,678	36,450	23,336	-	1,107	8,503	8,792	295,369
INCOME	-	-	-	-	86,062	119,539	18,177	-	-	223,768
Grants and donations	-	-	-	-	-	-	-	-	-	-
EXPENDITURE	-	3,563	-	-	81,533	103,746	16,272	8,503	-	213,637
Staff costs	-	-	-	-	14,031	15,793	3,007	-	-	32,831
Allocated support costs	-	-	-	-	-	-	-	-	198	198
Depreciation	-	24,647	-	-	-	-	-	-	2,519	27,166
Other direct costs	-	28,230	-	-	95,564	119,539	19,279	8,503	2,717	273,832
BALANCE CARRIED FORWARD	54,039	128,234	6,678	36,450	13,824	-	5	-	6,075	245,305
INCOME	-	-	-	-	89,447	116,486	24,236	39,976	-	270,145
Grants and donations	-	-	-	-	-	-	-	-	-	-
EXPENDITURE	-	-	-	-	76,534	100,099	19,465	3,958	-	200,066
Staff costs	-	-	-	-	13,915	16,387	3,770	10,535	-	44,607
Allocated support costs	-	-	-	-	-	-	-	-	-	13,514
Depreciation	13,347	-	-	-	-	-	-	-	167	13,514
Other direct costs	-	21,102	-	-	-	-	-	24,000	2,644	47,746
BALANCE CARRIED FORWARD	-	21,102	-	36,450	90,449	116,486	-	36,463	2,811	305,923
BALANCE BROUGHT FORWARD	54,039	156,464	6,678	36,450	23,336	-	1,107	8,503	8,792	295,369

**Kings Court Fund** - this fund has been set up by donations to help purchase and refurbish the Kings Court long & short leasehold property.  
**Floating Support Service Fund** - this fund was originally set up to finance the provision of therapy and counselling for alcohol misuse in Bristol. The Commissioning body has now agreed that this fund can now be used to provide floating support services in Bristol.  
**North Somerset Service Fund** - this fund was established to provide treatment and support services to people in North Somerset. These services are not currently provided by ARA and discussions are continuing with the Commissioning body about the future use of the fund.  
**North Somerset Refurbishment Fund** - this fund has been set up from specific grants and donations to refurbish short leasehold property in Weston-super-Mare. Discussions are continuing with the Commissioning body about the future use of the fund.  
**South Wales Gambling Pilot Fund** - this fund has been set up for the provision of services in Somerset.  
**Somerset Fund** - this fund is set up to fund the provision of services in Gloucestershire.  
**Gloucestershire Fund** - this fund is set up to fund the provision of services in Gloucestershire.  
**Gambling Youth Outreach Fund** - was set up to fund a service to raise awareness amongst young people of the dangers of gambling addiction.  
**Big Potential Advance Fund** - was set up from funds received from The National Lottery to help the organisation increase the number of houses it manages/leases.  
**Other Funds** - this includes funds given to ARA to purchase assets for a specific purpose.



ADDICTION RECOVERY AGENCY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019 (continued)

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Fixed Assets £'s	Net Current Assets £'s	Creditors due after one year £'s	Provisions £'s	Total 2019 £'s
Restricted Funds					
North Somerset Refurb Fund	6,678	-	-	-	6,678
North Somerset Service Fund	-	128,234	-	-	128,234
Floating Support Service Fund	-	54,039	-	-	54,039
South Wales Gambling Pilot Fund	-	36,450	-	-	36,450
Gambling Youth Outreach Fund	-	5	-	-	5
Somerset Fund	-	13,824	-	-	13,824
Other Funds	-	6,075	-	-	6,075
					<u>245,305</u>
Unrestricted Funds					
General Reserves	684,719	414,425	-306,077	-	793,067
Designated Reserves	-	66,644	-	-	66,644
	<u>691,397</u>	<u>719,696</u>	<u>-306,077</u>	<u>-</u>	<u>1,105,016</u>
	Fixed Assets £'s	Net Current Assets £'s	Creditors due after one year £'s	Provisions £'s	Total 2018 £'s
Restricted Funds					
North Somerset Refurb Fund	6,678	-	-	-	6,678
North Somerset Service Fund	-	156,464	-	-	156,464
Alcohol Misuse Service Fund	-	54,039	-	-	54,039
South Wales Gambling Pilot Fund	-	36,450	-	-	36,450
Gambling Youth Outreach Fund	-	1,107	-	-	1,107
Big Potential Fund	-	8,503	-	-	8,503
Somerset Fund	-	23,336	-	-	23,336
Other Funds	-	8,792	-	-	8,792
					<u>295,369</u>
Unrestricted Funds					
General Reserves	640,037	501,641	-333,579	-	808,099
Designated Reserves	-	71,282	-	-	71,282
	<u>646,715</u>	<u>861,614</u>	<u>-333,579</u>	<u>-</u>	<u>1,174,750</u>

16. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee and as such there is no share capital. In the event of the company being wound up the liability of the members is limited to £1 each.

17. CAPITAL COMMITMENTS

At 31 March 2019 capital commitments were nil (2018, £68,240).

**ADDITION RECOVERY AGENCY LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2019**

18. NOTES TO THE CASHFLOW STATEMENT		2019			2018				
		SoFA £	Debtors /prepaid £	Creditors /accrued £	Cashflow £	SoFA £	Debtors /prepaid £	Creditors /accrued £	Cashflow £
18a.1	Reconciliation to the Statement of Financial Activities								
	<b>Income from charitable activities</b>								
	increase in sundry debtors	2,179,576	21,509		2,201,085	2,140,879	-69,192		2,071,687
18a.2	<b>Other trading activities</b>	160			160	34,625			34,625
18a.3	<b>Incoming voluntary resources</b>								
	grants and donations	4,452			4,452	41,201			41,201
18b.1	<b>Charitable expenditure</b>								
	depreciation eliminated	-2,249,118				-2,175,363			
	decrease in amounts prepaid	47,959	1,025			38,816			
	increase in current liabilities			25,892	-2,174,242	41,940		36,389	-2,058,218
18b.2	<b>Cost of raising funds</b>	-8,503			-8,503	-38,493			-38,493
	<b>Balance sheet movements</b>								
			22,534	25,892			-27,252	36,389	
18c	<b>Analysis of changes in cash during year</b>								
	Cash at bank and in hand	728,083	2018 £	Change £	2018 £	2017 £	Change £	2018 £	2017 £
		728,083	821,575	-93,492	821,575	836,307	-14,732	821,575	836,307
			821,575	-93,492	821,575	836,307	-14,732	821,575	836,307

## ADDICTION RECOVERY AGENCY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (continued)

#### 19. PRIOR YEAR FUND COMPARATIVES

	Unrestricted Funds £	Restricted Funds £	Total funds 2018 £
<b>INCOME AND EXPENDITURE</b>			
<b>INCOME FROM:</b>			
Donations	1,225	39,976	41,201
Other Trading Activities:			
Rental income and related services	34,625	-	34,625
Investments:			
Interest receivable	2,302	-	2,302
Charitable Activities			
Grants, contracts and fees:			
Community Recovery Services	49,559	-	49,559
Gambling Service	100,180	24,236	124,416
Housing Support & Resettlement	1,484,254	-	1,484,254
Mental Health Services	276,717	-	276,717
Somerset Services	-	89,447	89,447
Gloucestershire Services	-	116,486	116,486
sub total	<u>1,910,710</u>	<u>230,169</u>	<u>2,140,879</u>
<b>TOTAL INCOME</b>	<u>1,948,862</u>	<u>270,145</u>	<u>2,219,007</u>
<b>EXPENDITURE ON:</b>			
Raising Funds			
Applying for grants and negotiating contracts	-	38,493	38,493
Charitable activities:			
Community Recovery Services	67,732	167	67,899
North Somerset Service	-	21,102	21,102
Gambling Service	98,951	23,235	122,186
Housing Support & Resettlement	1,436,241	15,991	1,452,232
Mental Health Services	305,009	-	305,009
Somerset Services	-	90,449	90,449
Gloucestershire Services	-	116,486	116,486
sub total	<u>1,907,933</u>	<u>267,430</u>	<u>2,175,363</u>
<b>TOTAL EXPENDITURE</b>	<u>1,907,933</u>	<u>305,923</u>	<u>2,213,856</u>