

addaction

Annual Report 2016 - 2017





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Introduction

Welcome to the Trustees' Annual Report for Addaction. This is one of the most important documents we produce and in it we provide information about our aims, objectives and activities, and about this year's performance and financial results. In publishing this report, we want to give a clear picture of what we do, what we have achieved, and how we use the money we receive to meet our charitable aims.

The report also fulfils the requirements placed on us by laws and regulations to provide information publicly about the work we do.

Addaction is registered both as a charity and a company (see page 38), and this charitable company is what we mean when we refer to "the charity". Addaction also owns a number of subsidiary companies that are used to carry out specific activities. We refer to the charity and its subsidiary companies collectively as "the group".

The report includes the activities of the group, all of which are charitable or carried out on a not-for-profit basis. The objects of the group relate to the promotion of health and social inclusion and the prevention and reduction of ill health and poverty, particularly by: seeking to relieve and prevent the harmful use of substances including alcohol; relieving and preventing mental health problems; and providing employability and training opportunities.

The report is presented by the members of the board, who are the Trustees of the charity under UK charity law and its directors under UK company law. In this report, we refer to the members of the board as "the Trustees".

The report as a whole includes the Reference and Administrative Details on page 38, the Statement of Trustees Responsibilities on page 39 and the financial statements for the year on pages 41 to 57.

In preparing the report, we seek to meet our overall obligations under the rules and regulations in these ways:

- The document provides a Trustees' annual report as required under charity law and a strategic report and directors' report as required by company law.
- It also fulfils the requirements of the reporting and accounting regulations set out in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued by the Charity Commission in January 2015 ("SORP 2015").
- The financial statements have been prepared following the accounting policies set out on pages 45 to 46 and comply with the charity's Memorandum and Articles of Association and the relevant laws that apply.
- Addaction exists entirely for the public's benefit. The services we offer are available free of charge to all members of society in the areas in which we are contracted to provide services. 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 misuse, and improvement of the public's physical and mental 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. More information about the responsibilities of the Trustees can be found on page 39.



We want to give a clear picture of what we do, what we have achieved, and how we use the money we receive to meet our charitable aims.



Chair's Message

It was a pleasure and a privilege for me to take up the role of Chair of this great organisation in September of 2016. Not many charities celebrate their 50th anniversary and the fact that Addaction does so in 2017 is testament to both the excellence and necessity of our work. While longevity is a cause for celebration, it provides us with a much-needed opportunity for reflection, too. As a charity, we aspire to leave behind a world that no longer needs us, but that remains a distant ambition today. Much has changed in 50 years, but our work is sadly more necessary than ever.

If there's a theme to our work this year, it's a relentless drive for improvement, both to our internal processes and to the outcomes for the people who use our services. We've launched initiatives to respond to the emergence of new psychoactive substances, an explosion in self-harm among young people, and the rising mortality associated with an ageing heroin-using population, while growing the work of our services to help people across a broader range of needs than ever before.

None of this would be possible without the tireless contributions of our staff and volunteers. Your compassion, determination and

professionalism continue to transform lives, and you have my thanks and admiration. So too would I like to thank: Adrian Auer, who retired as chairman in 2016 after nine years at the helm; Simon Antrobus, who moved on as Chief Executive to fulfil the same role at Children in Need; and John Harding, Sandra Howard, Angela Rouncefield and Charlie Wilson as retiring Trustees, all of whom made vital and significant contributions during their tenures.

I can say with certainty that Addaction's Executive Team and Board of Trustees are well prepared for the future. This is an appropriate moment to express my good wishes and support for our new Chief Executive Mike Dixon.

We believe that our role as a charity cannot be limited to service delivery. It requires us to influence policy to provide easier and more equitable access for all. Were our founder Mollie Craven still with us today, I believe she would be immensely proud of what her small parental support group has grown into. I believe too that she would recognise how much remains to be done.

Lord Carlile
Chair



“

If there's a theme to our work this year, it's a relentless drive for improvement, both to our internal processes and to the outcomes for the people who use our services.

”



Chief Executive's Message

Welcome to our Annual Report for 2016-17.

Addaction began fifty years ago. Mollie Craven wrote to the Guardian about her experience as a parent, and that led to everything we do today. Here's part of what she said:

"I am not writing in self-pity, but, I hope, objectively when I say that I personally have altered almost unbelievably within two years. Not only have I physically aged greatly from lack of sleep and psychosomatic troubles induced by anxiety, but I have become so exhausted emotionally and physically that I have little creative energy left for other things. This is bound to show in my personal relationships with my younger children.

"At present we parents of addicts are a neglected and ignored group."

People were inspired by what she wrote. They came together, started a charity and over time we grew and evolved into Addaction.

Today, we help thousands of people each year across England and Scotland to take back control of their lives. We work with people using heroin, drinking alcohol and taking new psychoactive substances. We help people struggling with their mental health. We work in schools and prisons. We go wherever we're needed.

Mollie's letter was striking in part because it spoke from the head and the heart together. She talked about clinical evidence alongside raw emotion. And that's been part of Addaction ever since: today we use the latest and most robust psychosocial

tools and approaches to give people the best possible chance of moving forward. And we do so with warmth, compassion and constant hope.

Earlier this year, Sue wrote to us about what happened to her son Martin. He was twenty three when he died from an accidental drug and alcohol overdose. Her letter said:

"In my son's medical records I found numerous letters from addiction services, the judicial system and voluntary organisations all of whom had recommended he be offered help from the mental health services. There were also many letters from us, his family. All to no avail.

"The Martins out there MUST be someone's responsibility. They deserve to have their voices heard, to be offered hope and the chance of a healthy future and a long and fulfilling life."

Half a century lies between Sue and Mollie's words. It is a national badge of shame that so much suffering remains. Yet we can draw hope and inspiration from all that we have achieved, the last year of which is set out in this report.

It's been a privilege in my short time with Addaction so far to meet so many inspirational people, whether they use our services, work at Addaction, volunteer, partner with us, commission our services or stand up in their own way for the better world that Mollie and Sue argue for so passionately. While funding looks ever tighter, I'm confident that we'll keep finding new and better ways to make sure people get the help they need.

Mike Dixon
Chief Executive

“ We help thousands of people each year across England and Scotland to take back control of their lives. We work with people using heroin, drinking alcohol and taking new psychoactive substances. We help people struggling with their mental health. We work in schools and prisons. We go wherever we're needed. ”



Objectives and Activities

We all want to be well and healthy, but the system isn't working for everyone. Addaction finds ways for more people to thrive. We support adults, children, young adults, older people and families to make positive behavioural changes, whether with alcohol, drugs, or mental health and wellbeing at 121 service locations across England and Scotland.

Addaction's specialist adult substance misuse services help people to overcome problems related to drug or alcohol use. We know that for this to be both achievable and sustainable, people don't just need to address their drinking or drug use, but all the other interrelated issues in their lives too – such as housing, employability, education and family relationships. This means working in partnership with a broad range of other organisations to help the people who use our services to make lasting, significant life changes.

Our compassionate and professional staff work to reduce and prevent the harmful use of substances. We do this by delivering harm reduction advice and information; one-to-one recovery support; access to peer-support groups; work in small group sessions; residential and clinical treatments for people with drug and alcohol issues: all to help achieve sustainable recovery. We are ambitious for everyone who accesses our services – our staff work closely with each person to provide an individually tailored programme of support to meet their needs, and which builds on their own innate strengths and abilities.

We provide specialist drug and alcohol support to young people through early intervention and prevention programmes at our Young Addaction services. Our staff support young people with a wide range of needs, from mental health,

emotional wellbeing and low self-esteem to bullying, self-harm, sexual health and building resilience. We develop young people's potential through participation and engagement schemes, which benefits families and local communities. We also support almost a thousand families each year to improve parenting skills and employability, and reduce offending rates and truanting, through our family services.

Our Thinkaction services provide mental health support for adults across the UK. We deliver a wide range of psychological treatments for people who experience mild, moderate and severe mental health problems most often by providing IAPT (Improving Access to Psychological Therapy) services. Our mental health services receive excellent patient feedback and achieve very good recovery rates compared to the national average.

We also work within the criminal justice system to help people to make positive life changes, and reintegrate into their communities having addressed their substance misuse, mental health problems and reoffending. We deliver substance misuse and mental health support to people across eight prisons and on release.

We would like to thank all our volunteers for their dedication to changing the lives of the people who use our services. Last year, 810 volunteers contributed some 243,000 hours of their time to Addaction.

Central to all of our work is ensuring that the people who use our services have a leading role every step of the way, whether related to their own treatment journey, their local service or Addaction as a whole.



We all want to be well and healthy, but the system isn't working for everyone. Addaction finds ways for more people to thrive.



Strategic Report

Achievements & Performance





Sparking a better future

Addaction's work has changed enormously over our 50 years, but our belief in people's capacity to change has remained consistent. Whether that's the people who use our services, volunteers, peer mentors, funders or staff members – we're all interested in being as healthy and as well as we can possibly be.

We know that for many people the system just isn't good enough. The system through which services are funded and delivered doesn't work for everyone equally. People can struggle to get access to all the support they need. That needs to change.

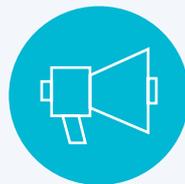
Read on to see how we're performing to spark a better future under the key strands of our five year strategy: Excel, Transform, Influence, Digital and Culture.



EXCEL



TRANSFORM



INFLUENCE



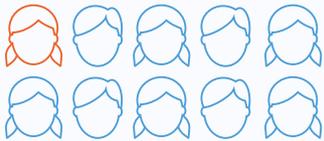
DIGITAL



CULTURE

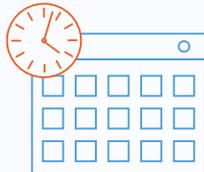
What isn't working?

1 in 10 children are affected by **mental health problems**



Only **25%** receive the care needed

Annual Report of the Chief Medical Officer 2013, Public Mental Health Priorities: Investing in the Evidence, Department of Health (2013).



Average waiting time for children

26 weeks some wait **over a year**

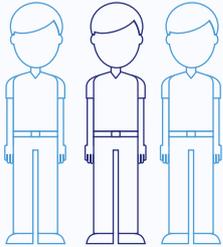
In 2014-15, CAMHS Benchmarking Report 2016, NHS Benchmarking Network (2016).

Only **25%** of adults with **mental health problems** receive treatment



DoH 2013.

suicide is the leading **cause of death** for men aged 20 - 34



Suicides in the United Kingdom, 2013 Registrations, ONS (2015).

Over **1 million people** in England are **alcohol dependent**



But only **6%** receive treatment

Statistics on Alcohol, England 2016, HSCIC (2016).

1 million alcohol related **hospital admissions** in 2014 - 2015



Statistics on Drug Misuse, England 2016, HSCIC (2016).

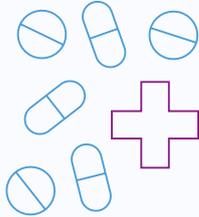
Drug related deaths highest level since records began

risen for three years in a row



Adults aged between 16 and 65, Drummond C, Pilling S, Brown A, et al. Alcohol Use Disorders: Diagnosis, Assessment and Management of Harmful Drinking and Alcohol Dependence. NICE Clinical Guideline 115: NICE (2011).

Hospital admissions **up 50%** in a decade for **poisoning by illicit drugs**



HSCIC 2016.



Over **25%** of prisoners report using **illicit drugs** whilst in prison

Changing patterns of substance misuse in adult prisons and service responses, HM Inspectorate of Prisons (2015)

62% prisoners diagnosed with **personality disorder**

57%



Bromley Briefings Prison Factfile Autumn 2015, Prison Reform Trust (2015)



Excel

We're radically improving what we do

We want to make sure that our services are performing at a high level. We're experts in our field and we have to do our absolute level best for the people that we serve every day.

Addaction at a glance



We work at **121** services across England and Scotland.



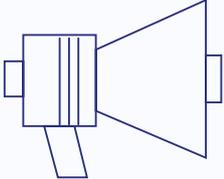
We supported **75,000** people in our services



We employ **1661** staff members



Our **810** volunteers contributed **243,000** hours of their time



Our media work resulted in a **potential reach** of **1.5 billion** opportunities to see



A **60%** increase in self-referrals among men using our new online **Cognitive Behavioural Therapy tool, Silvercloud.**



Our **learning and development programmes** gain a **98%** satisfactory rating from participants.



Last year we received **19,705** referrals to our **Mental Health Services**

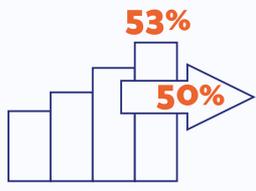
12,778 people entered treatment



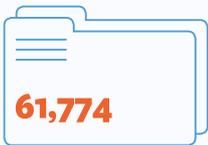
Our treatment **completion rate** was over **86%**



In 2017, our **Mental Health services** exceeded the national target by achieving a moving to recovery rate above **50%**

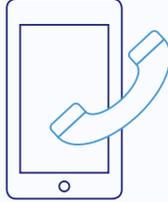


Our clients provide positive experience about their treatment with over **95% -100%** of respondents providing **positive feedback** on the patient experience questionnaire across the year.



Last year, we had **61,774** service users in treatment across Addaction substance misuse services.

Of this, **27,084** were in structured treatment.



We received **43,824** referrals into our **substance misuse services** in the year.



HEPCATT

This year we launched the Hepatitis C Access to Testing and Treatment (HEPCATT) programme, which trained volunteers and recovery champions in Liverpool, Lincoln and Walsall to help clients to access treatment. The programme supports the considerable numbers of patients that drop out between Hepatitis C diagnosis and treatment, especially among people who inject drugs.

Trained HEPCATT buddies accompany clients to appointments and share their own inspirational stories of treatment success. In so doing, they support clients to overcome the stigma often

associated with having a blood borne virus and successfully engage in treatment. Our partners at The Hepatitis C Trust, who collaborate with us in the programme alongside The University of Nottingham, delivered the training.

Rates of referral, attendance, engagement and treatment increased considerably at all three pilot sites. In Liverpool, this resulted in ten times the number of referrals in the intervention year compared to the baseline, while at Addaction Lincoln the number of people entering the treatment system increased by 750%.



Wigan Adult Substance Misuse

At Addaction Wigan, a partnership with the local council to reduce alcohol consumption and dependency led to a significant reduction in the number of women and young people in the city who were admitted to hospital with alcohol-related conditions.

Figures showed that alcohol-specific admissions in under-18s have fallen by around half in the last five years from 223 in 2007-2010 to 115 in 2012-2015, while the number of women admitted to hospital has fallen by 30% in the same period. This is against a backdrop of a 37% increase in alcohol-related hospital admissions in England over the last 10 years.

Addaction Wigan's volunteering programme has also seen huge success with a large number of volunteers going on to secure employment. The service has trained and engaged 48 volunteers, many of whom have previously been on their own recovery journeys.

Of those 48, 14 have secured employment in a health and social care setting or in the substance misuse field, while 13 people are currently volunteering at the service, and four are now work-ready and are actively applying for positions.

“

It was 30 years before I finally got the help I needed. I'd been in the police but lost everything after I was hit by a car. I ended up on heroin to dull the pain. I lost my leg eventually too. At Addaction, I felt like I finally belonged. That was unimaginable before. But life's good now.

”

Kieron, former Addaction service user and staff member



Mind and Body

Mind and Body helps young people to explore and better manage the thoughts and actions associated with self-harm. Mainly run within secondary schools, participants across Cornwall, North Lancashire and Kent benefit from a series of interactive group sessions that encourage open discussion about mental health and related issues.

The sessions help participants to explore thoughts and actions in relation to self-harm, learn how to reduce self-harming behaviour and develop communication, self-expression and assertiveness skills. This year, the programme also surveyed over 2,900 young people across the country to understand the scale of the issues facing them.

The Mind and Body programme was developed in consultation with young people and professionals from the Child and Adolescent Mental Health Service (CAMHS) and draws on the experience Addaction has gained from delivering the programme elsewhere in the UK.

“ I’m feeling happier within myself, sleeping and eating better. It has shown me there are better ways to cope other than using self-harm. It’s life-changing. ”

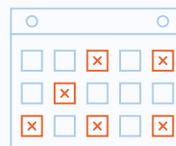
Mind and Body participant

Over 2,900 young people across the country have completed the Mind and Body mental health survey since September 2016.

Here’s what we have found...



More than **1 in 3** young people have thought about **harming themselves**



29%

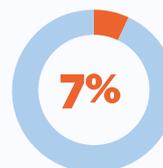
of young people said they **felt depressed** for 6 or more days in the last month

12%

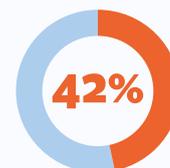
of young people reported that they had been **bullied within the last 2 months**



Of those being bullied **62%** said they had **thought about harming themselves**



of young people think about hurting themselves either **“often”** or **“all of the time”**



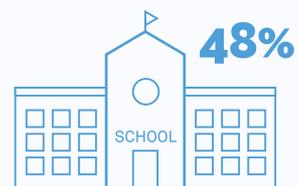
of young people worry about how others perceive them either **“often”** or **“all of the time”**



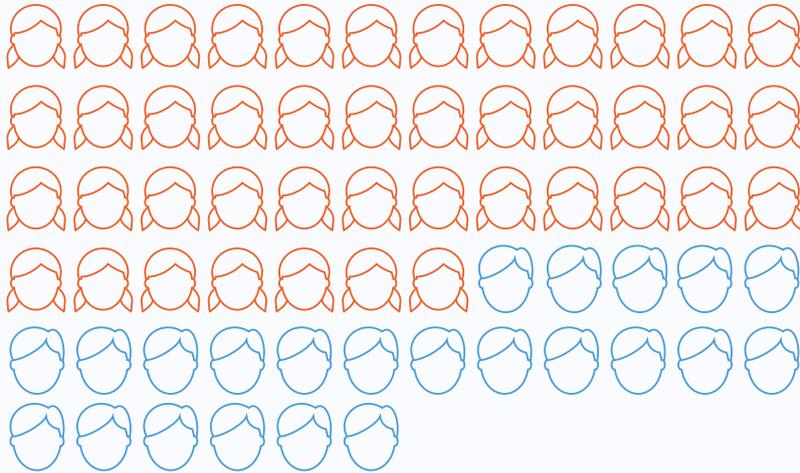
of young people feel overwhelmed with worries either **“often”** or **“all of the time”**

Less than half

of young people think that teachers and other staff provide the **support they need in schools**



A gender gap?



Females are almost **twice as likely** to think about self-harming than males

Young people who identify as **transgender** are over **three times** more likely than males to think about self-harming

Three **key indicators** which suggest a young person may be at risk of self-harm:

Engagement with other risky behaviours **1**



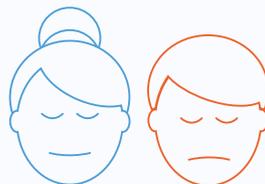
of **those who smoke** and **57%** of young people who **had drunk alcohol** on 6 or more days in the past month also reported having thought about self-harming



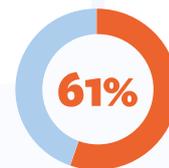
Knowing someone who self harms **2**



of young people who said they **have a friend who self-harms** reported they had thought about hurting themselves



Seeking isolation when feeling low **3**



of young people who **always spend time alone when overwhelmed with worries** reported to having thought about harming themselves



Other potential indicators include:

- Worries about the future
- Is generally very unhappy
- Feels unsafe at school
- Doesn't trust others
- Has low self esteem
- Lacks positive coping strategies



Transform

We're creating more joined up services

We want to transform the way that services are delivered, so that they are integrated and innovative. We've grown but we still want even more people to be well and healthy.



Sana

This year, Addaction developed Sana, which articulates the “what and the how” of the work we do. Sana is a set of resources that brings together all of our organisational knowledge from a broad range of professions. The easily accessible resources harness our mental health expertise to support our substance misuse services and vice versa, while providing frontline workers with consistent programmes of service delivery.

Sana offers an easily explainable, evidence-based approach to recovery that focuses on health and wellbeing, and provides us with a better, more measurable understanding of what works. The word Sana means “to shine” or “brilliance” and is a whole person approach that considers not just the behaviours that cause someone the most difficulty, but his or her whole life. It does this by looking at the five areas illustrated below.



“

At Addaction they look at everything. It's a total thing in your life. They look at your education, your family, your housing, your money - not just your alcohol. It's everything in your life, because it's all important. It all kind of clicks into each other.

”

Addaction Recovery Champion



Co-production

Addaction has always believed in putting the people who use our services at the centre of our organisation, but this year we took the process of involvement further. We asked Camerados – a co-operative movement of people from all backgrounds – to facilitate a Solidarity Week, and help us to find out what the people who use our services really think.

At a variety of coffee mornings, quiz nights, picnics and more, we asked people how they think Addaction is doing, where we should be going, and how involved they feel. Eight of our managers

and eight service users even braved the windy Ridgeway National Trail on a hike and overnight camping trip.

The results of the week provided a wealth of information about our services, and our service users' experiences and views on what we do across the UK. These activities were only the beginning of an ongoing conversation, as listening to people with lived experience, and breaking down the barriers between staff and the people who use our services, can only help us to deliver better outcomes.

Our Findings:

Staff

Staff are friendly, reliable and good listeners. Their empathy and non-judgemental approach is prized. Service users were clear they wanted continuity of workers and more links with the wider community, so we will be building on existing relationships to increase the use of community based resources.

Groups

Groups based around specific issues were popular, but some could be more innovative. It was seen as especially important that they were scheduled and advertised well. Our Sana model will deliver a wider range of groups across services.

Activities and Progression

Service users want choice and opportunities to co-design activities. Activities should be a cornerstone of recovery. Addaction's wider volunteer recruitment will provide more opportunities for progression.

Access to Services

Late clinics or weekend clinics were appreciated. Conversely, inflexibility around lateness or missing appointments made it difficult for people to fit their treatment around their lives. We will be trialling a quick access assessment service to be able to assess and prescribe more quickly.

Service User Involvement

It was important to have counsellors with lived experience of substance misuse, but current service users should be more heavily involved in service design. As a result, we plan to develop co-production panels in all services.

Facilities

While the lack of hierarchy in services was appreciated, we could sometimes create a more inviting and welcoming environment. We have developed guidance and minimum standards for new services about how buildings and receptions should look and feel.

“ Recovery is about accepting who we are, reflecting but not dwelling on our past and going forward with pride, hope and ambition. ”



Breaking the Cycle

This year, we trained family leads in each service to support staff in adapting their practice to become family focused. They support Service Managers in the delivery of our Family and Friends modules, ensure team meetings discuss family-focused work and disseminate useful and up-to-date information relating to family interventions and practice.

We've also produced Animate, an art-based family group programme for both adult and young people's services. Animate explores and addresses problematic emotions and behaviours in a safe environment, using the arts to increase effective family communication and build family cohesion.

When we launched our Breaking the Cycle programme over 10 years ago thanks to funding from Zurich Community Trust, we did so to intervene in intergenerational substance misuse.

The programme's work in the ensuing decade has been so influential within Addaction that we have now taken the step of integrating family-focused support into all of our mainstream substance misuse services under the Breaking the Cycle banner.

“

Addaction have allowed me to become the mother I always wanted to be. They fought my corner when I was at rock bottom. Even now, when I'm so much better, there's always someone there I can talk to if I'm having a bad day.

”



Contract Wins and Retentions

- Glasgow Recovery Hubs
- Halton Reducing Isolation
- Lincolnshire Substance Misuse
- Medway IAPT
- Sheffield DIP
- Bournemouth Engagement and Assessment Service
- Merton IAPT
- Liverpool Alternative Provider Medical Services
- Surrey IAPT



Addaction Scotland's Growth Continues

As we celebrate our 50th anniversary, our recovery presence in Scotland continues to grow. Starting out with just six staff in 2004, Addaction Scotland has become the largest charity provider of drug and alcohol support services in the country. We run services from Argyll and Bute to the Scottish Borders, each with its own distinct local identity based on the needs of the community it serves.

This year, we launched both adult and young people's substance misuse services in Lanarkshire.

In addition we have created the new North West and North East Glasgow Recovery Hubs. We have retained all of our existing contracts.

The recovery community movement has grown with the support of Addaction Scotland since 2004. We have nurtured local volunteers, while boosting advice and mentoring, practical support and community link-building. We continue to tackle stigma by making recovery a visible and realistic option.



Our Generous, Dedicated Supporters

Much of our work helping people to make positive changes in their lives is only possible thanks to the generosity of our supporters. Together, support from the public, corporate partners and grant-making organisations has helped us to achieve a total of £198,000 in voluntary income.

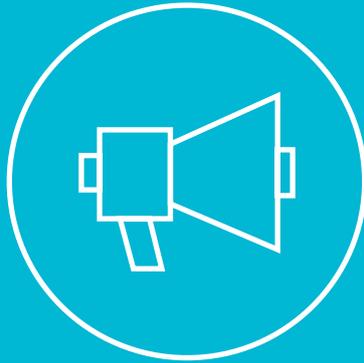
In the year, we benefited from the loyalty and commitment of our regular donors who provide us with the stability and flexibility to adapt and innovate.

We are also grateful to our enthusiastic eventers who clocked up a total of 748 miles in our name across the year, completing events from the Great North Run to the London Marathon in honour of friends, family members and, in many cases, running for recovery as users of our services themselves.

Our long-standing partnerships with HEINEKEN UK and Zurich Community Trust have made a significant and lasting impact on our ability to meet the needs of individuals beyond our core treatment services, with over a hundred veterans and thousands of families supported by our innovative Right Turn and Breaking the Cycle programmes respectively.

We also receive grants from the Big Lottery, Trusts and Statutory funders. This includes our flagship Drink Wise, Age Well and Blackpool Fulfilling Lives programmes, which are both Big Lottery Funded, as well as new funding this year from Health Education England, the John Swire 1989 Charitable Trust, Colyer Ferguson Charitable Trust and the Peter Harrison Trust, enabling the expansion of the Mind and Body Programme across Kent, Cornwall and Lancashire.

In the year ahead, we will continue to work closely with the Fundraising Regulator to guarantee the best possible experience for our supporters.



Influence

We want to make the system better

We give people a voice and make sure it's heard. We speak up for people and use their real life stories to influence the system and improve it for everyone.

We pride ourselves on not only working within the system to improve people's lives, but also working to change the system for the better. Our policy work influences government so that the people who use our services can get the support they need and the respect they deserve. We advocate on key issues across a range of parliamentary events and committees, conferences and events, and in the media. Last year, we measured our potential reach for media articles at almost 1.5 billion opportunities to see.

In the past year, we were pleased that Dame Carol Black's visit to our frontline services clearly influenced her review of benefits for people with substance misuse problems. The proposal of a network of peer mentors to support drug and alcohol users into employment was a particularly encouraging inclusion.



Drink Wise, Age Well

Easing the Transition

Could employers be doing more to support the over 50s with alcohol-related harm? That was the subject of Drink Wise, Age Well's report, released this year, on the relationship between alcohol and labour market activity in the UK's over 50s population.

The report, written by the International Longevity Centre, one of our partners in Drink Wise, Age Well, found only 16% of employers would employ someone who had recovered from an alcohol problem, retiring before the age of 60 can increase the chances of becoming a high-risk drinker, and occupational professional classes drink 5-7 days a week.

The report called for more action from employers and the government to address shortfalls and offer more support to older adults in the labour market. The recommendations include advice sessions for pre-retirees, which address health issues as well as financial ones; support beyond the work life for retired employees; and recognising alcohol problems as any other health issue in the workplace.

Meanwhile, Drink Wise, Age Well continues to help people make healthier choices about their drinking as they age. In 2017 the Lottery-Funded programme's resources were particularly called upon during "Dry January", with its website seeing a 102% increase in visitors in the month.



NPS and Young People

In March, we launched an insight report into the responses of over 1,600 young people who used or had experience with new psychoactive substances (NPS), ranging from nitrous oxide to synthetic cannabinoids. The report covered the period immediately after the Psychoactive Substances Act had effectively banned legal highs from sale, so provided a snapshot on how the legislation had affected availability and use.

The report found that most young people said they used NPS alongside other drugs and that illicit substances are more predictable in their effects, so were often used to alleviate withdrawal

symptoms from NPS. The young people surveyed considered NPS heavily stigmatised and more risky than traditional illicit drugs, and while the Psychoactive Substances Act has made it harder to buy them, they said it was essentially only an inconvenience.

The findings also showed us that young people increasingly expect support online or over the phone to build trust before face-to-face meetings, they value advice from people who have lived experience of substance problems themselves and they get most of their information on drugs from YouTube, forums and social media.



Radio 4 Appeal

In February, our Radio 4 Appeal featuring Addaction staff member and former service user Margaret McQuade raised thousands of pounds for our vital services. It also brought wider exposure of the links between substance misuse and trauma to an audience of millions. Margaret spoke movingly about her determination to recover from addiction, childhood trauma and an abusive marriage, getting to where she is today as one of our drug and alcohol workers in Oban.



Alcohol had always been there in the family home. My Mum would give me a drop of whisky to dull the pain of toothache. My Stepfather gave me more to dull the pain of his abuse. As a mother myself I drank to hide my torment.

I married at 21 and my husband soon became violent. I would drink most nights, a quarter bottle of vodka once the children were in bed, waiting for him to return from the pub, afraid of the violence that might follow.

I got out of the marriage and raised the kids by myself, but my drinking worsened as I cared for other family members; first, for my sister following a kidney transplant, and later for my diabetic mother. All carers find a way of coping. Drinking was my way. Finally, I asked for help. My GP referred me to Addaction, the drug, alcohol and mental health charity. I had a fantastic worker who supported me in a way I hadn't experienced before. For the first time, I took steps towards dealing with everything I'd been carrying around since childhood.

I have a strong relationship with my children now, and seven grandchildren who are my greatest joy. I now work for Addaction in Oban, where I live with my autistic granddaughter. We have a wonderful, peaceful life together.

Addaction – really – was the best thing that's ever happened to me. I wish I'd been able to ask for help earlier, but feel so committed to helping others in a similar situation as the problem touches so many lives.





Digital

We're working smarter to make things simple

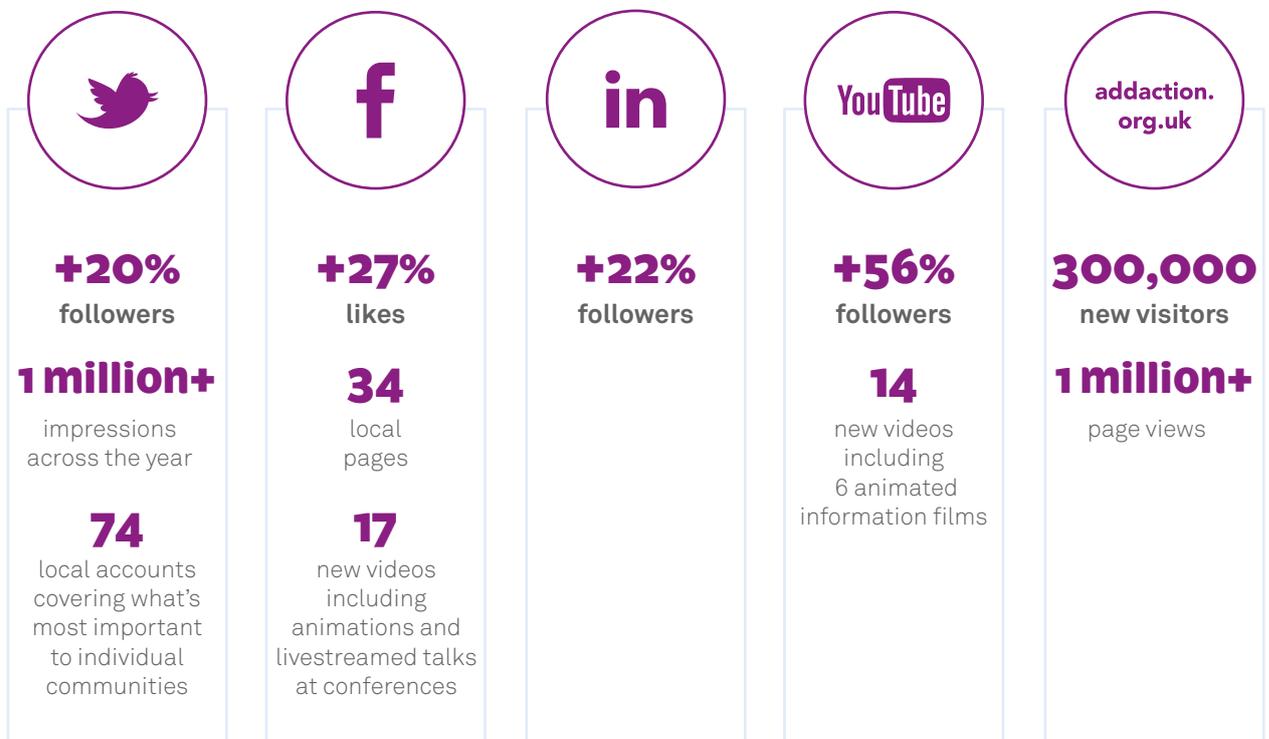
We embrace new technology to make things easier for everyone. It helps us to engage more effectively and reach more people.



Connecting via Social Media

Social media is an increasingly important way that Addaction reaches supporters, service users and potential volunteers. With 80% of 18 to 24-year-olds and 73% of 25 to 34-year-olds using Facebook and Twitter respectively, these platforms are especially relevant as we engage with a younger generation of supporters.

This year our profile has continued to expand across the social media landscape and we now have the highest Klout rating, aggregating our social media presence, of comparable organisations in the sector.



IT Infrastructure

Digital and mobile technology are an integral part of the way we work, enabling us to streamline processes, engage ever more effectively with people who use our services, and use the information our services produce to make strong business decisions.

This year, realising we were beginning to outgrow our existing technology, we appointed a new IT service provider. We then overhauled many of our systems, including our remote working environment and staff intranet, in a carefully managed transition, supported by specially trained IT pathfinders in each service location.

We designed and built our new systems to emphasise stability, security and performance, while allowing for future growth for a five-year period to ensure our business processes flourish as we continue to expand. We have again achieved Level 2 of the NHS Information Governance Toolkit and we have been reviewing our practices and processes to comply with the General Data Protection Regulation. We have also installed video conferencing facilities across all our regional hubs to increase communication and reduce unnecessary travel.

Online Therapy: Silvercloud

This year, Thinkaction partnered with Silvercloud, an NHS-approved online cognitive behavioural therapy service, to help reach out to people experiencing mental health issues including depression, anxiety and obsessive compulsive disorder. This means quality mental health support is accessible from anywhere and at any time.

Since its launch in September 2016, 535 people have used this route to sign up to our services with a small proportion taking up the online tools and the majority going on to have face-to-face or telephone therapy with us. As we had hoped, this access route has been popular for men with 48% of online sign-ups being for men compared to a proportion of around 30% in traditional therapy.

“ I felt no longer alone. I felt that I had someone to go to. It was comforting. The ability of linking in with a specific therapist was very attractive as it felt more personal. ”

Former Silvercloud service user

“ I’m one of those people, before this happened to me, who wouldn’t even ask my friends for help. People say ‘you should speak to people’ and you just don’t hear it. When you’re strongly independent and you’ve been that way for a long time, it isn’t as simple as ‘go and talk to a friend’. There’s a barrier you have to get past. But without Thinkaction I don’t know where I would be. ”

Clare, former Thinkaction service user



Culture

We really love what we do and you will too

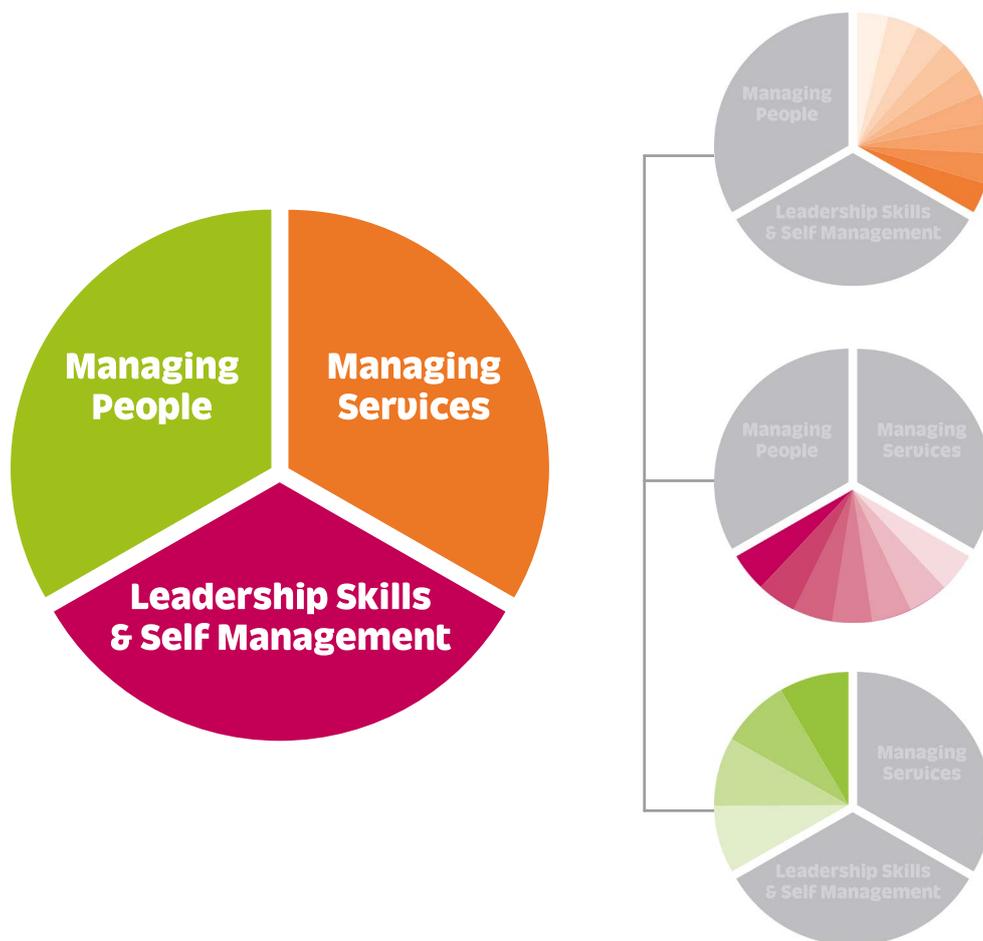
Our teams are creative, inspiring, take pride in their work, and are involved in their community. Addaction is a great place to work and we want to keep it that way.



Our Leadership Development Programme

An organisation is only as effective as its people, so in October we launched our new Addaction Leadership Development Programme (ALDP) to further develop the knowledge and skills of around 200 team leaders and operational managers. We have specially designed the ALDP to equip and enable our staff to drive up performance in the context of the organisation's strategic goals.

Our award-winning Learning and Development Team deliver the training using a blended approach of nine face-to-face training days, 12 online eLearning modules and webinars, and additional support by way of monthly Reflective Workshops facilitated by members of the HR Team. In the first six months we have delivered 56 training workshops with a further 78 planned over the next six months, and have engaged 93.3% of our team leaders and operational managers in the programme.





A Year of Awards

Every year, we celebrate staff, volunteers and individuals who promote recovery with a number of awards ceremonies. This year marked our very first annual evening reception to thank and celebrate the winners of our new Excellence Awards.

★ Excellence Awards

The inaugural Addaction Excellence Awards were presented by Welsh Rugby legend Scott Quinnell and TV star Anne Robinson, who both gave personal accounts of why organisations like Addaction are so vital in helping people to get better.

The awards recognise the huge achievement reached by our staff, and each winner went home with a crystal trophy and a gold envelope.



Winners:
Rick Bradley
Allan Brown
Tracey De Jongh
Rebecca Harper

★ Volunteer Awards

In December, we thanked some of our star volunteers at a reception at the Palace of Westminster. The annual Marsh Volunteer Awards, kindly sponsored by the Marsh Christian Trust, are one small way Addaction says “thank you”.

This award ceremony was an extra-special occasion as it also honoured long-serving Addaction Staff. All staff who have worked at Addaction for ten years or more were invited to the ceremony to recognise and celebrate their contribution to the organisation.



Winners:
Stephen Davidson
Erin Donald
Jock Hobson
Jenny Southcott
Sue Warren

★ Recovery Awards

Presented at our National Conference, these awards – also sponsored by the Marsh Christian Trust – recognise exceptional individuals who promote recovery across a variety of different fields.



Winners:
Chris Dadge
Anna Elston
Amy Liptrot
Swanswell
Recovery Group

★ Local Hero

Rod Anderson, a Project Worker from Borders Recovery Service, was named a Local Hero at a Scottish Parliament event after being nominated by someone from Serendipity Recovery Café, the small charity that Rod set up with Addaction.



Winner:
Rod Anderson

Rod first came into contact with Addaction six years ago as a service user and is now a full-time project worker determined to get others on the road to recovery. Rod was given the Local Hero award by MSP Christine Grahame.

“ Addaction has been 100% behind me. It was peer support like this that made my own recovery sustainable. I had a brilliant project worker who encouraged me to attend groups, so the idea for the café took hold there. We’ve built it up to be a great success. ”

Rod Anderson



A Great Place to Work

We continue to provide initiatives that help us to build a supportive organisational culture. We are a values led organisation:



We are one of a select number of organisations to achieve the prestigious **Silver status in the Investors in People accreditation**, which recognises outstanding management, communication and training.

From the thousands that seek Investors in People accreditation, only **6%** gain Silver status. The award recognises that our values run like a golden thread through our organisation. People are trusted and given autonomy.



Over **93%** of women return to work for us after maternity leave and we are able to support with any adjustments they need to their working hours. **We retain our talent.**



At least **4%** of our hires every year since 2011 have been **people who have worked for us before**; they have left our employment, perhaps by way of TUPE and successfully applied to join us again.



Our learning and development is award-winning, and we are good at developing people: over **75%** of our managers have been promoted internally. Our learning and development scores a minimum of **98%** satisfaction in internal feedback.



On Glassdoor, staff award us an average of **4.2 stars out of 5**, while **88%** would recommend a friend and there is a **93%** approval rating for our CEO.



What I enjoy most about my job is that warm smiley feeling when you know you've helped someone.



Addaction's ethos makes it a compelling place to work. People here go above and beyond, often in challenging conditions.



My role is about giving young people information to help them and their friends stay safe. It's a brilliant job: varied, fun and hugely rewarding.



Annual Report

Financial Review





Overview

During this financial year we continued to strengthen Addaction’s financial position. Income and charitable expenditure were both up, and unrestricted reserves increased. We have built on our success in growing the organisation’s work, and continued to be successful in bidding for new grants and contracts (see page 18). Overall, the income of the group for the year was £78.9 million, £4 million or 6% higher than in the previous year.

The total expenditure reported in the accounts has also increased as a result of the expansion of our activities. Charitable expenditure went up from £74.6 million in 2015-16 to £79.3 million this year. Support costs also increased, from £6.3 million to £6.5 million or by 3%. The funding environment for public health, mental health and social care services continues to be very challenging. Budgets are extremely tight and as contracts are renewed or re-tendered, contract values are falling, sometimes significantly so. In addition, during the year we expended a significant amount of restricted funds brought forward, which represented grant income that we had received in advance.

Overall and despite the challenges we faced, we were able to generate an unrestricted funds surplus of £110,000, and unrestricted reserves increased from £7.4 million to £7.6 million. The spending down of restricted grants brought forward meant that overall funds fell from £9.9 million to £9.6 million.

We generated a significant cash surplus and cash balances increased to £7.1 million, putting the group in a strong position to meet its requirements for working capital. Free reserves at £5.9 million were well above the minimum level required by our reserves policy (see below).

Looking ahead to 2017/18, the Trustees have approved a budget that includes the prudent investment of our reserves in digital and business systems, developing and enhancing our services and developing our staff (see “Plans for Future Periods” on page 33).



Funding Sources

Addaction seeks and obtains funding from a number of sources to support our activities and key objectives. The principal sources are set out in the following table:

Funding source	How it supports our work
Contracts from local authorities, NHS Trusts or similar institutions	Funds: Work with adults in relation to drug or alcohol misuse Specialist drug and alcohol support to young people Mental health services Work with families Work in the criminal justice system
Grants from funding institutions	See Note 2 “Grant income” on page 47.
Individual giving	Allocated to where it is needed most to help people to get treatment, support and enter recovery. See “Our Generous, Dedicated Supporters” on page 19.
Trading income	Mainly generated through our Re:Source subsidiary, this provides a wide variety of volunteering roles, as well as dedicated employability support.



Reserves

To meet its objectives, Addaction has agreed a budgeting and reserves policy that enables it to make appropriate strategic allocations of funds, while at the same time securing a sound financial base for future requirements. Decisions on the resources necessary both to deliver new activities and to sustain continuing commitments are based on Addaction's overall strategic needs.

Addaction holds several types of financial reserves. Some of these are restricted, meaning that they have been given or provided for specific purposes or with specific conditions and cannot be expended in any other way.

Some reserves are in the form of designated funds that are earmarked by the Trustees to represent fixed and other assets which cannot be readily converted into cash.

Finally, Addaction holds general charitable funds or free reserves for four principal reasons:

- i) To supply working capital, enabling Addaction to manage fluctuations in its cash flow;

- ii) To enable Addaction to invest in implementation and other start-up costs for new services;
- iii) To provide protection against the contractual and operating risks that Addaction faces in its work, including potential costs arising on the termination of services;
- iv) To invest in initiatives designed to improve efficiency and the quality of services.

The reserves policy adopted by the Trustees has established that, at the current activity level, the appropriate target range for free reserves is between £5.1 million and £7.2 million.

Total funds at the end of the financial year were £9.7 million. Of these, £2.0 million were restricted and not available for the general purposes of the charity, while £1.7 million were designated, representing the carrying amount of functional assets which the Trustees consider to represent a commitment of reserves. The level of general charitable funds was £5.9 million, which was within the target range established by the reserves policy.



Going Concern

Addaction's activities, together with the factors likely to affect its future development, performance and financial position, are set out on pages 7 to 29. The financial position of the group, its cash flows, liquidity position and reserves are described in the financial statements on pages 41 to 57. In addition, Note 1 to the financial statements includes Addaction's policies for managing its funds. The management of financial and other risks is described on pages 35 to 36.

Addaction has significant liquid financial resources, comprising short-term cash deposits

and balances totalling £7.1 million, which is equivalent to its free reserves. In addition, Addaction obtains funding from a wide range of sources. As a consequence, the Trustees believe that Addaction is well placed to manage its business risks successfully.

The Trustees consider that Addaction has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



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 2017 was 12 (2016: 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

BDO LLP have indicated their willingness to be reappointed as statutory auditors.



Plans for Future Periods

In 2017, Addaction marks its 50th anniversary, celebrating its achievements and reflecting on the continuing necessity of its work. We're now looking to the future with a broader offer, supporting people in all of their complexity, and taking action early to tackle harmful behaviours.

In the year ahead, one particularly important example of this is our new Healthaction GP practices. We will start running four GP practices in Liverpool during the year and will bring a new model to primary care. We believe that our role as a charity requires us to influence policy to provide easier and more equitable access for all. Equality and diversity will be a theme throughout 2017-18, with a new focus on protected characteristics and a detailed work plan taking shape.

As part of our 50th anniversary celebrations, we will run a series of conferences for professionals and the public as well as 50 parties across 50 of our services, so that local teams can celebrate alongside partner agencies and those who use our services. We will consider future opportunities for innovation and intend to host innovation events and develop a process to capture new ideas.

We intend to improve and enhance local services by offering:

- Enhanced volunteer roles across more of our services.
- Enhanced peer roles across more of our services.

- Student placements (social work, psychology, nursing) across more of our services.
- Further development of co-production panels across our services.

We have scheduled a significant improvement programme for our digital systems and business intelligence over the next twelve months. This will require investment in order to ensure Addaction is fit for the 21st Century. During this work, we will maintain high levels of Information Governance compliance. We are also planning to significantly improve our finance systems and deliver effective financial performance leadership.

During 2017-18, we will continue our investment in staff. In particular, we will develop our Employee Value Proposition. We will further invest in our high quality Learning and Development interventions to support service delivery. This includes the continuation of our effective Addaction Leadership Development Programme.

We plan to make improvements to our corporate governance systems including how we support our Trustees. We will also develop an estates strategy to deliver effective and efficient management of Addaction premises. In addition, we will be making improvements to the look and feel of premises across Addaction based on feedback from those who use our services.



Structure, Governance & Management

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

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 have to comply with the Care Quality Commission's Fit and Proper Persons Test and also sign an agreement that sets out Addaction's expectations of their role and responsibilities. All Trustees undergo annual appraisals conducted by the Chair, who is in turn appraised by the Trustees as a whole.

During the year we continued to implement the recommendations of our review of the Board that was carried out in November 2015. We introduced a three-year fixed term for Trustees with the possibility of re-election for a further two terms dependent on performance. At each AGM a third of the Trustees retire by rotation and are eligible for re-appointment. In accordance with this, at the AGM in September 2016 the existing Chair

and five Trustees stepped down and a new Chair was appointed. Following this, the Nominations Committee, working with the new Chair, began a process which led to the appointment of three new Trustees during the year. The Board will continue the process of evaluating the skill set and performance of Trustees to ensure that it is best equipped to support the work of the charity in the constantly changing environment within which we operate.

The Trustees are responsible for the overall management of the charity, its strategic direction and decision-making. There are five standing committees with specific responsibility to the Trustees: the Audit and Risk Committee, the Human Resources Committee, the Income and Commercial Development Committee, the Clinical Governance Committee and the Nominations Committee. Matters not reserved for decision by the Trustees are delegated to the Chief Executive.

Executive salaries are decided by the Remuneration Committee, a sub-committee of the Human Resources Committee.

The Trustees have delegated responsibility for the day-to-day management of the charity to the Chief Executive, supported by a management structure. The Chief Executive leads a team of six Executive Directors with functional areas of responsibility.



Risk Management

The Trustees have overall responsibility for Addaction's risk management. Agreed processes are in place by which the Trustees review, identify and assess major risks and agree with management the controls that already are, or will be, put in place to manage those risks.

We regularly review all policies to ensure that they are fit for purpose, in plain English and fully understood by the staff who are expected to operate them. We developed a new Risk Management Policy which operates according to the following principles:

- risk management sits alongside strategic, financial and operational management and must be integrated into quality assurance processes at all levels of the organisation. It is an essential component of ensuring good outcomes for people who use our services;
- risks should be managed by the person most closely associated with the risk;
- risk management should be practicable, sustainable and easily understood;
- risk management links to safeguarding, critical incidents, health and safety, business continuity;
- risks will be managed proactively through anticipating and influencing events, and will inform decision making and planning;
- in the work Addaction does, not all risk can be eliminated. But it can be controlled, tolerated or the risk transferred;
- resources are finite therefore the aim is to optimise response to risk and escalate appropriately.

Addaction's aim is to identify, manage and minimise risk, rather than eliminate it. Under the new policy every service has its own risk register. These are reviewed at every local team meeting and also at the relevant Associate Director's Business Hub Meeting. Differentiation is made between local risks that can be mitigated and managed at local level and those for which responsibility needs to be held at a higher level. The corporate register is reviewed and actions taken as necessary, by the Executive on a monthly basis and by the Trustees at every Audit and

Risk Committee. The Audit and Risk Committee then forward the register to the full board for consideration.

Under the new policy risks are categorised under the following definitions:

- **Strategic Risks**
High-risk strategic issues include addressing compliance requirements and identifying risks that can significantly damage the reputation of the company or which potentially threaten the future of the organisation.
- **Operational Risks**
Focused on the delivery of services, people and the systems and processes by which the organisation operates.
- **Clinical Risks**
The chance of an adverse outcome resulting from clinical investigation, treatment or service user care.
- **Contractual Risks**
Contractual risks are associated with the potential failure of Addaction or its contractors to deliver services or products to the contractually agreed standard.
- **New Business Risks**
Managers of newly commissioned services must consider specific risks that are applicable to their service.
- **Shared Risks**
Working with partners brings with it risks associated with liability and responsibility.
- **Financial Risks**
Financial risks span many Addaction activities, and include risks such as loss of income from commissioners, reduced contract values and the retention of funds based on performance related targets.
- **Information Governance (IG) Risks**
The probability of harm being caused as a result of the loss of confidentiality, integrity or availability of an information asset or system for which Addaction is responsible.

The Trustees believe that the controls put in place provide a reasonable but not absolute assurance that risks have been adequately mitigated.

The other 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 operational and clinical audit regime involving third party auditors that subjects all our services to regular review, the results of which are reported to management and to the Audit and Risk Committee;
- a clinical governance framework including leadership by the Medical Director in the delivery of the pharmacotherapy services and the Clinical & Social Governance Group, who report directly to the Clinical Governance Committee of the Trustees. This is supported by a Quality Assurance Directorate with a team of 26 trained auditors, who have 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.



Equality and Diversity

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 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. All our policies and procedures are subject to an Equality Impact Assessment.

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

We have recently initiated an Equality and Diversity working group that will enhance the offer to service users, making it easier for us to demonstrate that we meet legislative requirements and help us to identify services user groups with which we may not currently be engaged. It will also help us to identify how we can better support staff and volunteers with protected characteristics and, in doing so, improve organisational effectiveness and make us an employer of choice.

The programme comprises four themes:

- **Accessibility:** ensuring service users can access our services with a focus on premises and multi-lingual offers.
- **Equality Impact Analysis:** ensuring we understand and act on how our policies, service and process include or exclude staff and service users.
- **Segmentation:** using data to better understand our staff, volunteer and service users and adapting to better meet their needs and expectations.
- **Culture:** celebrating diversity and showing what Equality and Diversity means to Addaction.



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. During the year we were again accredited under

ISO14001:2015 that sets out the requirements for an organisation's environmental management systems. We also continued to implement the recommendations of the audit carried for our accreditation with the Energy Savings Opportunity Scheme (ESOS) run by the Environment Agency and Department of Energy and Climate Change.



Acknowledgements

The Trustees wish to record their gratitude to all those who contribute to Addaction's work: our service users, volunteers, staff, donors, commissioners, partners, funders and managers. Addaction is grateful for your unstinting dedication and support for our work.

The Trustees' Annual Report, incorporating the Strategic Report, was approved by the Trustees on 20 July 2017 and signed on their behalf by:

Lord Carlile of Berriew
Chair



Reference and Administrative Details

Company number	2580377
Charity number	1001957
OSCR number	SC40009
Registered office and operational address	67-69 Cowcross Street Smithfield London EC1M 6PU
Trustees	<p>The Trustees who served during the year and up to the date of this report were as follows:</p> <p>Lord Carlile of Berriew (Chair) <i>appointed 15.09.16</i> Adrian Auer (Chair) <i>resigned 15.09.16</i> Mark Beaumont Anne Chapman Michael Dixon Ron Finlay <i>appointed 09.01.17</i> Richard Gould <i>appointed 14.01.17</i> John Harding CBE <i>resigned 15.09.16</i> Sandra Howard <i>resigned 15.09.16</i> Susan Ludgate Nigel McCorkell <i>appointed 14.01.17</i> Dr Martin Pickford John Podmore <i>resigned 09.01.17</i> Dr Angela Rouncefield <i>resigned 15.09.16</i> Debbie Simpson Conrad Persons <i>resigned 15.09.16</i> Jane Winehouse William Willis Charles Wilson <i>resigned 15.09.16</i></p>
Chief Executive	<p>Simon Antrobus <i>resigned 31.10.16</i> Mike Dixon <i>appointed 01.05.17</i></p>
Company Secretary	Howard Newman
Bankers	Lloyds Bank, 4th Floor, Gresham Street, London EC2 7HN
Solicitors	<p>Bond Dickinson LLP, St Ann's Wharf, 112 Quayside, Newcastle Upon Tyne NE1 3DX</p> <p>Kirvan Bond, 105-107 High Street, London SE20 7DT</p>
Auditors	BDO LLP, 2 City Place, Beehive Ring Road, Gatwick RH6 0PA



Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Annual report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.
- The Trustees are responsible for keeping adequate accounting records that are sufficient

to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 (as amended). They are also responsible for safeguarding the assets of the charity 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.



Independent Auditors' Report to the Members and Trustees of Addaction

We have audited the financial statements of Addaction for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Statement of Group Cash Flows 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 charity's Trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's Trustees and members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees and members 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 Trustees' responsibilities, 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.

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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. Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at

31 March 2017 and of the group's incoming resources and application of resources, including the income and expenditure, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation's 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, which includes the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements and the strategic report and the Trustees' report have been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the charity and its environment obtained during the course of the audit we have identified no material misstatements in the strategic report and Trustees' report.

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:

- adequate accounting records have not been kept by the parent charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity 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.

BDO LLP
20 July 2017

Fiona Condron (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
Gatwick, West Sussex, United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Annual Report

Financial Statements



Consolidated Statement of Financial Activities

(incorporating an income and expenditure account) for the year ended 31 March 2017

	Notes	Unrestricted funds £000	Restricted funds £000	Total funds 2017 £000	Total funds 2016 £000
INCOME FROM:					
Fundraising income		188	10	198	194
Grant income	2	-	7,595	7,595	7,838
Trading income		368	-	368	352
Investment income		21	-	21	28
Other income	3	473	-	473	679
		1,050	7,605	8,655	9,091
Charitable activities					
Young people's and transitional services		7,517	-	7,517	6,935
Adult services		53,994	247	54,241	50,136
Family services		1,162	125	1,287	2,144
Mental health services		7,157	-	7,157	6,473
		69,830	372	70,202	65,688
TOTAL INCOME		70,880	7,977	78,857	74,779
EXPENDITURE ON:					
Raising funds					
Fundraising and bidding for new services		626	-	626	573
Cost of trading		496	-	496	441
		1,122	-	1,122	1,014
Charitable activities					
Young people's and transitional services		6,668	1,367	8,035	7,987
Adult services		53,760	6,719	60,479	55,974
Family services		1,031	395	1,426	2,167
Mental health services		7,473	-	7,473	6,732
Public policy and communication		716	-	716	695
		69,648	8,481	78,129	73,555
TOTAL EXPENDITURE	4	70,770	8,481	79,251	74,569
Net gains on investments		-	-	-	543
NET INCOME/(EXPENDITURE) FOR THE YEAR		110	(504)	(394)	753
Other recognised gains:					
Actuarial gain on defined benefits pension scheme	21	70	-	70	40
NET MOVEMENT IN FUNDS		180	(504)	(324)	793
Funds brought forward at 1 April		7,379	2,526	9,905	9,112
FUNDS CARRIED FORWARD AT 31 MARCH		7,559	2,022	9,581	9,905

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 13 to the financial statements.

The notes on pages 45 to 57 form part of these financial statements. The detail of comparative figures for the previous year is shown in Note 19.

Balance Sheets

as at 31 March 2017

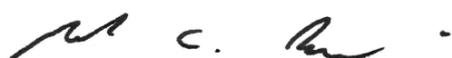
	Notes	The Group		The Charity	
		2017 £000	2016 £000	2017 £000	2016 £000
Fixed assets					
Tangible fixed assets	9	2,046	1,386	1,720	1,005
Investments	10	220	1,075	220	1,075
		2,266	2,461	1,940	2,080
Current assets					
Debtors	11	7,268	9,793	7,183	9,933
Stock		22	21	-	-
Cash at bank and in hand including short term deposits		7,054	5,070	7,092	5,057
		14,344	14,884	14,275	14,990
Creditors					
Amounts falling due within one year					
Creditors and accrued expenses	12	(7,029)	(7,160)	(6,816)	(7,249)
Net current assets		7,315	7,724	7,459	7,741
Net assets excluding pension liability		9,581	10,185	9,399	9,821
Defined benefit pension scheme liability	21	-	(280)	-	(280)
Net assets	15	9,581	9,905	9,399	9,541
Represented by					
FUNDS					
Unrestricted:					
Designated funds		1,656	1,246	1,656	1,246
General charitable funds		5,903	6,413	6,064	6,426
Less: pension scheme liability		-	(280)	-	(280)
		7,559	7,379	7,720	7,392
Restricted	14	2,022	2,526	1,679	2,149
Total funds	13	9,581	9,905	9,399	9,541

Company number 2580377

No charity-only Statement of Financial Activity is presented, as permitted by section 408 of the Companies Act 2006. The financial results of the Charity are summarised in Note 18.

The notes on pages 45 to 57 form part of these financial statements.

The Financial Statements were approved by the Trustees on 20 July 2017 and signed on their behalf by:



Mark Beaumont CA
Chair, Audit and Risk Committee

Consolidated Statement of Cash Flows

for the year ended 31 March 2017

	2017		2016	
	£000	£000	£000	£000
Cash flows from operating activities:				
Net cash provided by operating activities		2,140		(2,349)
Cash flows from investing activities:				
Payments to acquire tangible fixed assets	(1,011)		(238)	
Receipts from sales of investment properties	855		-	
Net cash used in investing activities		(156)		(238)
Change in cash and cash equivalents in the reporting period		1,984		(2,587)
Cash and cash equivalents at the beginning of the reporting period		5,070		7,657
Cash and cash equivalents at the end of the reporting period		7,054		5,070

Reconciliation of net income to net cash flow from operating activities

Net income for the reporting period (as per the statement of financial activities)

Adjustments for:

Depreciation charges	340	251
Gains on Investments	-	(543)
Profit on disposal of fixed assets	11	105
Settlement of defined benefits pension scheme liability	(210)	-
(Increase) / decrease in stock	(1)	5
(Increase) / decrease in debtors	2,525	(3,149)
(Decrease) / Increase in creditors	(131)	230
	2,534	(3,102)
	2,140	(2,349)

Net cash provided by (used in) operating activities

Analysis of changes in cash and short-term deposits

Cash at bank and in hand

	As at 31 Mar 2016 £000	Cash flows £000	As at 31 Mar 2017 £000
Cash at bank and in hand	5,070	1,984	7,054

The notes on pages 45 to 57 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2017

1 Accounting policies

a) The financial statements of Addaction are prepared in accordance with the Companies Act 2006, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, SORP 2015, and in accordance with FRS102. The financial statements are drawn up on the historic cost accounting basis apart from investment properties, which are measured at fair value.

The consolidated financial statements incorporate the results of Addaction and all its subsidiary undertakings from the date that control commences. Subsidiary undertakings are consolidated on a line by line basis. Details of subsidiary undertakings can be found in note 17. Addaction constitutes a public benefit entity as defined by FRS 102.

b) Critical accounting estimates and judgements

To be able to prepare financial statements in accordance with FRS102, Addaction must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual accounts. The estimates and judgments are based on historical experience and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made.

c) Parent charity disclosure exemptions

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS102:

- Disclosures in respect of the parent charity's financial statements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent charity as their remuneration is included in the totals for the group as a whole.

d) Income

Income received by way of donations and gifts to the charity is included in full in the Statement of Financial Activities (SOFA) when receivable.

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

Contract income is recognised when there is sufficient evidence that it has been earned. Income from some contracts is subject to a 'payment by results' element, which is calculated in relation to set criteria, the results of which may not be determined until some time after the accounting period. In these cases, income is recognised or deferred on the basis of the evidence available up to the date of this report.

Other income is recognised when earned.

e) Expenditure

All expenditure is accounted for under the accruals concept and stated gross of irrecoverable VAT. Expenditure is allocated to the particular activity where the cost relates directly to that activity. The support costs of Addaction are allocated to each of the activities in proportion to the total of direct expenditure. The support costs of Re: Source Kernow are allocated on the basis of the use of resources.

Governance costs comprise the costs incurred which are directly attributable to the constitutional activities of Addaction, and the necessary procedures for compliance with statutory requirements.

The costs of raising funds are those incurred by Addaction in raising income for its charitable work.

Rentals for leased assets held under the terms of operating leases are charged directly to the SOFA over the term of the lease.

f) Tangible fixed assets

Freehold property is held at cost or fair value at acquisition. Improvements to leasehold premises and fixtures, fittings and equipment are capitalised where the total cost of the asset or combined cost of the project exceeds £10,000 in Addaction, £1,000 in Re:Source Kernow. 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.

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:

Notes to the financial statements

for the year ended 31 March 2017

Freehold property	2% on cost or valuation at acquisition
Improvements to short leasehold premises	5% - 50% on cost
Fixtures, fittings and equipment	10% - 33% on cost
Computers and IT equipment	20% - 33% on cost
Motor vehicles	20% - 25% on cost

g) Investments

Addaction does not invest in stocks, shares or other financial assets. The investments of the group consist solely of investment properties. Investments are stated at market value at the balance sheet date and the consolidated statement of financial activities shows net investment gains and losses arising from revaluations and disposals during the year.

Investment properties are valued by a RICS Registered Valuer, either on the basis of RICS Valuation Professional Standards, or where properties have been marketed for sale, at accepted offer price.

h) Debtors

Trade and other debtors are recognised at the settlement amount due less a provision for any impairment losses. A provision is established for impairment when there is objective evidence that amounts due under the original payment terms will not be collected.

i) Creditors

Creditors and provisions are recognised where Addaction has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

j) Taxation

Addaction is eligible for the tax exemptions available for charitable activities. Addaction Social Enterprises Limited and Re:Source Kernow Limited, as wholly owned subsidiaries of the charity, will donate a sum equivalent to any taxable profits to Addaction, to reduce their tax liability to nil.

k) Unrestricted funds

These funds are received and applied to achieve the general objectives of Addaction.

l) Designated funds

These are unrestricted funds earmarked by the Trustees for particular purposes.

m) Restricted funds

These 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.

n) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the SOFA on a straight line basis over the minimum lease term.

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

o) Termination payments

All costs involved in terminating employee contracts are accounted for on an accruals basis and disclosed in aggregate in Note 8. Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

p) Pension schemes

The group operates or contributes to both defined contributions and defined benefit schemes for its employees. All defined benefit schemes are closed to new entrants and the numbers of active members can only grow as a result of the transfer of staff from other organisations.

The assets of any pension schemes are held separately from those of the group.

Pension costs charged in the Statement of Financial Activities represent the contributions payable by the group for the year together with any material provision to record the group's liability in relation to a defined benefit pension scheme, where this can be identified, in accordance with the accounting standard incorporated in FRS102.

Notes to the financial statements continued

Incoming Resources

2 Grant income

	Unrestricted £000	Restricted £000	2017 £000	2016 All restricted £000
Big Lottery Fund				
-Fulfilling Lives Multiple Needs - Blackpool (BLF Ref:30114808)	-	1,197	1,197	841
-Amy Winehouse Foundation Resilience Programme (BLF Ref:31006049)	-	1,074	1,074	1,314
-Drink Wise, Age Well (BLF Ref:31014853)	-	4,540	4,540	4,713
-Investing in Communities - Ayrshire Employment (BLF Ref:30070437)	-	-	-	66
-Forces in Mind Trust Grant (Ref:FiMT14/0513AD)	-	92	92	86
-St Helens	-	4	4	-
-Life Chances Fund Grant (BLF Ref:10298686)	-	30	30	-
Agnes Hunter Trust	-	7	7	-
Asda Stores Ltd	-	53	53	-
Barrow Cadbury Trust T2A Pathways - Liverpool	-	26	26	49
BBC Children in Need	-	36	36	20
Comic Relief UK Project Grants	-	10	10	30
Colyer-Fergusson Grant	-	20	20	-
Dept of Health				
-Vol. Sector Inv Prog Fund*- BtC St Helens	-	-	-	84
-via NCVYS (National Council for Voluntary Youth Services)	-	-	-	5
-via AYPH (Association for Young Peoples Health)	-	14	14	-
Heineken UK - Act for Addaction		12	12	162
Kawneer UK Ltd through The Alcoa Foundation	-	41	41	26
Lloyds TSB Foundation - Families Plus-East Dunbartonshire	-	-	-	50
Lloyds TSB Foundation - Families Together-Rewfrenshire	-	60	60	60
NHS - Health Education England Innovation Fund for Mind & Body	-	187	187	-
Peter Harrison Foundation	-	10	10	-
The Mickel Fund	-	10	10	10
The Scottish Government - Survivor Support**	-	23	23	-
Zurich Community Trust (UK) Ltd		25	25	108
Other grants	-	124	124	214
	-	7,595	7,595	7,838

* Volunteer Sector Investment Programme, Innovation, Excellence & Strategic Development Fund

**Innovation and Development Fund 2016/17

3 Other income

	Unrestricted £000	Restricted £000	2017 £000	2016 All unrestricted £000
Court reports	3	-	3	4
Training	96	-	96	94
Rental	280	-	280	274
Social placements	49	-	49	56
Other	45	-	45	251
	473	-	473	679

Notes to the financial statements continued

Resources Expended

4 Expenditure

	Staff costs £000	Other direct costs £000	Support costs £000	Total 2017 £000	Total 2016 £000
Costs of raising funds					
Fundraising and bidding for new services	159	417	50	626	573
Cost of trading	74	205	217	496	441
Charitable expenditure					
Young people's and transitional services	5,251	2,143	641	8,035	7,987
Adult services	35,383	20,238	4,858	60,479	55,974
Family services	1,021	291	114	1,426	2,167
Mental Health	5,574	1,303	596	7,473	6,732
Public policy and communication	405	254	57	716	695
Total	47,867	24,851	6,533	79,251	74,569

Included in support costs are staff costs totalling £3,620,574 (2016; 3,700,896)

5 Allocation of support costs

	Executive & Central Admin £000	Finance IT & HR £000	Governance £000	Quality £000	Rezolve Overheads £000	Total 2017 £000	Total 2016 £000
Fundraising and bidding for new services	3	34	1	12	-	50	46
Costs of trading	-	-	4	-	213	217	194
Young people's and transitional services	44	437	12	148	-	641	828
Adult services	331	3,288	87	1,115	37	4,858	4,502
Family services	8	78	2	26	-	114	178
Public policy and communication	4	39	1	13	-	57	49
Mental Health	41	406	12	137	-	596	554
Total	431	4,282	119	1,451	250	6,533	6,350

Support costs have been allocated in relation to direct costs, except for RE:SOURCE overheads allocated on the basis of resource usage.

Notes to the financial statements continued

Resources Expended

6 Governance Costs

	2017 £000	2016 £000
Staff costs	28	29
Audit fees and other fees payable to auditor	51	51
Trustees' expenses	2	1
Trustees' indemnity insurance	2	2
Company secretariat	36	25
	119	108

7 Net incoming resources for the year

are stated after charging:

	2017 £000	2016 £000
Depreciation	340	251
Trustees' indemnity insurance	2	2
Trustees' expenses	2	1
Auditors' remuneration:		
<i>Audit of the group accounts - current year</i>	44	44
<i>Audit of subsidiary accounts</i>	4	7
<i>Other services</i>	-	-
Operating lease rentals:		
Property	2,757	2,560

Trustees' expenses represent travel for 3 (2016: 6) trustees relating to attendance at meetings.

No trustee received any remuneration from Addaction in the current or preceding years.

During the year, £547,082 was payable to the Amy Winehouse Foundation under a partnership agreement for the delivery of the Resilience Programme. Jane Winehouse is a Trustee of the Charity and of the Amy Winehouse Foundation.

Other related transactions are shown in Note 17.

Notes to the financial statements continued

Employees

8 Employees

The total costs of salaries and wages were as follows:

	2017	2016
	£000	£000
Salaries and wages	42,710	39,779
Social security costs	3,985	3,649
Pension contributions	2,542	2,175
Agency/support staff	2,496	3,526
	51,733	49,129

Redundancy and other termination costs included in expenditure during the year were £457,841 (2016: £314,845)

The average number of employees (full-time equivalent) was as follows:

	2017	2016
Costs of generating funds	12	21
Young people's services	161	166
Adult services	1,036	991
Family services	35	52
Mental Health	177	172
Public policy and communication	9	14
Governance	1	1
Total employed by FTE	1,431	1,416
Total employed by Headcount	1,645	1,658

The number of employees whose emoluments exceeded £60,000 were:

	2017	2016
£60,001 - £70,000	19	10
£70,001 - £80,000	8	3
£80,001 - £90,000	4	3
£90,001 - £100,000	3	2
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
£120,001 - £130,000	-	1
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-

Most of these employees accrue benefits under the defined contribution pension scheme.

Total pension contributions paid for these employees were £187,328 (2016: £110,427)

During the year four members of Addaction's staff received a salary over £100,000. Three of these are senior clinicians and the highest paid member of staff is not the Chief Executive.

The total amount of remuneration and employee benefits received by key management personnel for their services during the year was £837,315 (2016: £856,172).

Notes to the financial statements continued

Assets and Liabilities

9 Tangible fixed assets

	Freehold Land & Buildings £000	Improvements to short leasehold premises £000	Fixtures, fittings, equipment & vehicles £000	Computers and IT equipment £000	Total 2017 £000
The group					
Cost at the start of the year	654	4,060	143	676	5,533
Additions	-	-	10	1,001	1,011
Disposals	-	-	(19)	-	(19)
Cost at the end of the year	654	4,060	134	1,677	6,525
Accumulated depreciation at the start of the year	100	3,477	120	450	4,147
Depreciation for the year	10	122	19	189	340
Depreciation for the year on disposals	-	-	(8)	-	(8)
Accumulated depreciation at the end of the year	110	3,599	131	639	4,479
Net book value at the end of the year	544	461	3	1,038	2,046
Net book value at the start of the year	554	583	23	226	1,386
The charity					
Cost at the start of the year	654	3,382	68	632	4,736
Additions	-	-	10	1,001	1,011
Cost at the end of the year	654	3,382	78	1,633	5,747
Accumulated depreciation at the start of the year	100	3,184	51	396	3,731
Depreciation for the year	10	88	9	189	296
Accumulated depreciation at the end of the year	110	3,272	60	585	4,027
Net book value at the end of the year	544	110	18	1,048	1,720
Net book value at the start of the year	554	198	17	236	1,005

10 Investments

Group

Investment Properties

Balance b/f £000	Disposals £000	Balance c/f £000
1,075	(855)	220

Charity

Investment Properties

Investment in unlisted shares at 31 March at cost (see note 16)

£	£	£
1,075,000	(855,000)	220,000
100	-	100
1,075,100	(855,000)	220,100

Notes to the financial statements continued

Assets and Liabilities

11 Debtors

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Trade debtors	4,734	6,073	4,676	6,069
Accrued income	1,420	1,861	1,420	1,861
Other debtors	506	1,266	479	1,251
Inter-company balances	-	-	-	178
Prepayments	608	593	608	574
	7,268	9,793	7,183	9,933

12 Creditors and accrued expenses

	Group		Charity	
	2017 £000	2016 £000	2017 £000	2016 £000
Trade creditors	2,657	2,114	2,441	2,248
Social security and other taxes	1,281	1,237	1,284	1,228
Deferred income	1,107	1,149	1,107	1,118
Inter-company balances	-	-	3	-
Accruals	1,984	2,660	1,981	2,655
	7,029	7,160	6,816	7,249

Movements in deferred income

	Balance b/f £000	Released to SOFA £000	Received in year £000	Balance c/f £000
Deferred due to timing of receipt	1,149	(1,149)	1,107	1,107

Included in accruals there is a provision for dilapidations relating to offices leases of £194,185 (2016: £252,621)
The estimated future costs of dilapidations are reviewed annually and adjusted as appropriate.

Notes to the financial statements continued

Funds

13 Movements in funds

	General charitable funds £000	Designated fund £000	Restricted funds £000	Total 2017 £000
Net Incoming/(Outgoing) Resources for the year before transfers	110	-	(504)	(394)
Transfers	(410)	410	-	-
Actuarial gain on pension scheme	70	-	-	70
Net Movement in Funds	(230)	410	(504)	(324)
Balance at the start of the year	6,133	1,246	2,526	9,905
Balance at the end of the year	5,903	1,656	2,022	9,581

In accordance with Addaction's reserves policy, the designated fund represents fixed and other assets that cannot be readily converted into cash. At 31 March 2017 this was made up of £1,656,000 representing the net book value of unrestricted fixed assets.

14 Restricted funds

	Balance at 1 April 2016 £000	Incoming Resources £000	Resources Expended £000	Balance at 31 March 2017 £000
Revenue grants				
Fulfilling Lives Multiple Needs - Blackpool	292	1,197	(1,362)	127
Amy Winehouse Foundation Resilience Programme	39	1,074	(1,022)	91
Drink Wise, Age Well	1,209	4,541	(4,778)	972
Life Chances Fund	-	30	(28)	2
Agnes Hunter Trust	-	7	(7)	-
Breaking the Cycle - St Helens	20	-	(19)	1
Other funds	521	1,020	(1,102)	439
	2,081	7,869	(8,318)	1,632
Capital grants	445	108	(163)	390
Total restricted funds	2,526	7,977	(8,481)	2,022

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, and new IT and office equipment purchases. Fund balances are reduced by depreciation on the relevant tangible fixed assets.

15 Analysis of group net assets between funds

	General charitable funds £000	Designated funds £000	Restricted funds £000	Total 2017 £000
Fixed assets	220	1,656	390	2,266
Current assets	12,712	-	1,632	14,344
Current liabilities	(7,029)	-	-	(7,029)
	5,903	1,656	2,022	9,581

Notes to the financial statements continued

Parent & Subsidiaries

16 Subsidiary undertakings

The charitable company owns the entire share capital of 100 shares of £1 each in Addaction Social Enterprises Limited, company registration number 03746032, a company registered in England and Wales. Addaction Social Enterprises Limited did not trade during the year. Addaction Social Enterprises Limited has entire control of Re:Source Kernow Limited, company registration number 04004464, a company registered in England and Wales and limited by guarantee. KCA (UK), company registration number 01955479, was a wholly owned subsidiary of the charitable company. It was acquired on 21 January 2015 and became part of the group on that date. Its operations and activities having been transferred to Addaction, it ceased trading on 30 September 2015 and was wound up and dissolved on 25 April 2017. A summary of the results of the subsidiaries is shown in Note 17.

17 Subsidiaries

Profit and Loss Account for the Year Ended 31 March 2015

	Re:Source Kernow Year		KCA (UK) Period*
	2017 £000	2016 £000	2016 £000
Turnover	464	619	4,453
Cost of sales	(232)	(230)	0
Gross profit	232	389	4,453
Administrative expenses	(380)	(382)	(4,944)
Operating (loss)/profit	(148)	7	(491)
Retained profit/(loss) brought forward	(67)	(74)	-
Accumulated profit (loss) carried forward	(215)	(67)	(491)

Balance Sheet as at 31 March 2015

	2017 £000	2016 £000
Tangible fixed assets	346	398
Debtors	55	22
Stock	22	21
Cash at bank and in hand	(38)	14
Creditors and accrued expenses	(546)	(468)
Net assets (liabilities)	(161)	(13)

* See Note 16.

The total amount of intragroup transactions during the year was £114,761 (2016: £196,195).

18 Parent charity

The parent charity's gross income and the results for the year were as follows:

	2017 £000	2016 £000
Gross income	78,545	70,483
Net incoming resources for the year	(142)	1,310

Notes to the financial statements continued

SOFA Comparatives

19 Statement of Financial Activities - detail of comparative figures

	Unrestricted funds £000	Restricted funds £000	Total funds 2016 £000
INCOME FROM:			
Fundraising income	169	25	194
Grant income	-	7,838	7,838
Trading income	352	-	352
Investment income	28	-	28
Fair value of acquired net assets	-	-	0
Other income	679	-	679
	1,228	7,863	9,091
Charitable activities			
Young people's and transitional services	6,903	32	6,935
Adult services	49,963	173	50,136
Family services	2,005	139	2,144
Mental health services	6,473	-	6,473
	65,344	344	65,688
TOTAL INCOME	66,572	8,207	74,779
EXPENDITURE ON:			
Raising funds			
Fundraising and bidding for new services	573	-	573
Costs of trading	441	-	441
	1,014	-	1,014
Charitable activities			
Young people's and transitional services	6,556	1,431	7,987
Adult services	50,235	5,739	55,974
Family services	1,805	362	2,167
Mental health services	6,732	-	6,732
Public policy and communication	695	-	695
	66,023	7,532	73,555
TOTAL EXPENDITURE	67,037	7,532	74,569
Net gains on investments	543	-	543
NET INCOME FOR THE YEAR	78	675	753
Other recognised gains:			
Actuarial gain on defined benefits pension scheme	40	-	40
NET MOVEMENT IN FUNDS	118	675	793
Funds brought forward at 1 April	7,261	1,851	9,112
FUNDS CARRIED FORWARD AT 31 MARCH	7,379	2,526	9,905

Notes to the financial statements continued

Lease obligations

20 Lease obligations

The following payments are committed to be paid in the future in respect of leases:

Operating leases on land, buildings vehicles and equipment, by expiry date:

Under one year

Two to five years

Over five years

Total commitment

The Group		The Charity	
2017 £000	2016 £000	2017 £000	2016 £000
1,015	1,098	1,015	1,092
1,373	1,358	1,373	1,358
621	32	621	32
3,009	2,488	3,009	2,482

Notes to the financial statements continued

Pension Schemes

21 Pension Schemes

The pension cost charge for the group's defined contributions schemes represents contributions payable under the schemes by the group and amounted to £1,683,320 (2016: £2,175,000).

Addaction had Direction Employer status with the NHS Pension Scheme in relation to employees at a number of its projects during the year. The Scheme is an unfunded, defined benefit scheme, preparing its own statements, that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable Addaction to identify its share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contributions scheme and the cost of the Scheme is taken as being equal to the contributions payable to the Scheme for the accounting period. The total employer contributions payable in the year were £739,926 (2016: £646,281). For both years employer contributions were paid at 14% of pensionable salary. Member contributions are between 5% - 14.5% of pensionable salary. At 31 March 2017 there were 166 (2016: 170) active members in the scheme employed by Addaction.

In addition the charity made contributions to the Teachers' Pension Scheme (a defined benefit scheme) of £2,216 (2016: £2,083). For this scheme, the employer's contributions are set in relation to the current service period only; consequently Addaction accounts for contributions to the scheme as if it was a defined contribution scheme.

Addaction has Admitted Body status with the Local Government Pension Scheme in Shropshire and Hereford. The Scheme is a multi-employer defined benefit scheme. The total employer contributions payable in the year 2016-2017 were £38,497 (2016: £Nil).

Addaction had Admitted Body status with the Local Government Pension Scheme in Merseyside. The Scheme is a multi-employer defined benefit scheme under which Addaction was required to make contributions in relation to on-going service and to a historic scheme deficit. Addaction ceased to be an Admitted Body on 31 January 2017. The total employer contributions payable in the year 2016-2017 were £6,900 (2016: £8,004). On cessation a termination liability was calculated on the basis of a valuation by the scheme actuary and this was determined at £210,000. The liability has been provided for as a creditor and was settled after the balance sheet date. An actuarially calculated liability of £280,000 had been brought forward from the previous year. The termination liability having been determined, this has allowed the balance of £70,000 to be released to unrestricted funds in the SOFA. The closing and comparative positions are represented as follows:

	2017	2016
	£000	£000
Balance Sheet		
Fair value of assets	-	337
Present value of liabilities	-	(617)
Deficit	-	(280)
Movement in deficit during the year		
Total expense recognised in the SOFA	(7)	(26)
Employer contributions	7	27
Actuarial gain/(loss) during the year	-	39
Actuarial deficit at start of the year	280	-
Termination liability	(21)	-
Net movement	70	40

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