

LEY COMMUNITY DRUG SERVICES

(A company limited by guarantee)

Registered charity number: 1074874

Registered private limited company number: 3736193

Accounts for the Period from 1st April 2018 to 30th September 2019

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LEY COMMUNITY DRUG SERVICES**FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019****LEGAL AND ADMINISTRATIVE INFORMATION**

Registered charity number:	1074874
Registered company number:	3736193
Principal and Registered Office:	The Ley Community Sandy Croft Sandy Lane Yarnton Oxford OX5 1PB
Trustees:	Prisca Bradley (Chair) Stephen Elliott (Treasurer) Dr Susanna Graham-Jones Robert Kennedy (resigned 26th April 2019) Scott Mandelbrote Dr Simon Street Amanda Poole (appointed 13th July 2019) Julian Phillips (appointed 24th January 2019)
Chief Executive:	Darren Worthington
Principal Bank:	Barclays Bank plc P O Box 858 Wytham Court 11 West Way Botley OX2 0XP
Independent Examiners:	Critchleys Audit LLP Beaver House 23 – 38 Hythe Bridge Street Oxford OX1 2EP
Solicitors	Hedges Law 13 Beaumont Street Oxford OX1 2LP

LEY COMMUNITY DRUG SERVICES

REPORT OF THE BOARD OF TRUSTEES FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019

The trustees present their report and the financial statements of the Charity for the period from 1 April 2018 to 30 September 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the Charity.

Structure, Governance and Management

The Ley Community was founded in 1971. It had formerly been registered as an Industrial and Provident Society (No 20881R) until 15 March 1999, when by Special Resolution, its status was changed to that of a charitable company limited by guarantee under the name of Ley Community Drug Services (No 3736193). The Ley Community Drug Services was registered as a charity (No 1074874) on 16 September 1998.

The governing documents are the Memorandum and Articles of Association.

The Ley Community Drug Services does not have a share capital, as stated in its Memorandum of Association. Every member of the Charity undertakes to contribute such amount as may be required (not exceeding £1) to the charity's assets if it should be wound up.

The Ley Community Drug Services aims to have twelve Trustees. The Board of Trustees meets five times a year to oversee the work of the Community. The Chief Executive provides each meeting of the Board of Trustees with a full report outlining the main activities carried out in the Community, statistical information in respect to the current resident group, and a financial report agreed with the Hon Treasurer. In addition, each month a Trustee carries out an inspection of the Community to ensure that the standards set by the Care Quality Commission regulated activities are met.

The Board of Trustees has set up a number of short life Sub-Committees to deal with specific issues; current subcommittees include, finance, strategic review, trustee inspection, remuneration and clinical governance.

Recruitment and Appointment of Trustees

The Trustees and Directors set out below held office during the whole of the period except where otherwise stated.

Prisca Bradley (Chair)
Stephen Elliott (Treasurer)
Dr Susanna Graham-Jones
Robert Kennedy (resigned 26th April 2019)
Scott Mandelbrote
Dr Simon Street
Amanda Poole (appointed 13th July 2019)
Julian Phillips (appointed 24th January 2019)

The overall responsibility of the Ley Community Drug Services rests with the Board of Trustees, who are also appointed as Directors of the Charitable Company. An informal skills audit process governs the selection of Trustees, and appointments are made in accordance with the Articles of Association by receipt and approval of an application for membership. The current Board of Trustees includes members with experience of running businesses in the private sector, a qualified accountant, a practising lawyer, and retired General Practitioners, some with experience of working in the drug treatment field, and a number of ex-residents who have themselves completed the Ley Community programme successfully. All new Trustees undertake an induction process into taking up the role, with training events put on periodically specifically for Board members. Appointments are made for the period of three years.

LEY COMMUNITY DRUG SERVICES

REPORT OF THE BOARD OF TRUSTEES FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019

Recruitment and Appointment of Trustees (cont.)

Authority from the Board of Trustees is delegated to the Chief Executive who is responsible for the day to day running of the charity.

Key Management Personnel Remuneration

The Trustees consider the Board of Trustees and the Chief Executive as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. All Trustees give their time freely and no Trustee remuneration was paid in the period. Details of Trustee expenses and related party transactions are disclosed in notes 10 and 16 to the accounts.

Trustees are required to disclose all relevant interests and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

The pay of the Chief Executive is reviewed annually and is normally increased in accordance with average earnings. The remuneration is reviewed to ensure that it is fair and not out of line with similar roles.

Organisational Risk Management

The Trustees have identified the major risks to which the charity is exposed and systems have been established to mitigate those risks. Risk assessments are reviewed every year by the Trustees. The principal risks faced by the charity are:

- Low resident numbers leading to financial instability.
- Changes in legislation affecting housing benefit payments.
- Decreased availability of government funding overall.

Objectives and Activities for the Public Benefit

The Objects of the charity as set out in the Memorandum of Association are 'the relief of sickness and destructive behaviour of persons caused by the use of drugs, alcohol and other substance abuse or by disorder of personality'.

The Mission Statement for the Ley Community Drug Services states: 'The Ley Community is committed to providing men and women with the opportunity to overcome serious drug and/or alcohol problems, and subsequently to lead full and fulfilling lives, through a structured residential peer driven rehabilitation programme'.

Each year, the Board of Trustees adopts a Three Year Rolling Strategic Business and Operational Plan at the December Board Meeting. The Operational Plan sets out clear objectives for the year covering the full remit of the charity's activities. At each year's October Board Meeting, the Chief Executive provides the Board with a report on the progress made towards achieving the objectives in the first six months of the annual cycle.

Public Benefit Statement

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

LEY COMMUNITY DRUG SERVICES

REPORT OF THE BOARD OF TRUSTEES FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019 (CONTINUED)

Beneficiaries from the Ley Community Charities work

The Ley Community is a national resource accepting adult (18 years+) men and women who have serious addiction problems. We accept referrals from throughout the UK.

The residential therapeutic community recovery programme approach is aimed at providing residents with an abstinence route to recovery and re-engagement into mainstream society as contributing citizens. On completion of the programme residents secure employment, independent housing, often re-engaging with their family and develop and sustain healthy relationships and friendships within the community providing social and economic benefit to the wider community.

The Ley Community therapeutic recovery programme route to recovery reduces crime and criminal activities, dependence on an illegal substance, a burden on families, the general public, police, courts and the health service.

The Ley Community is a member of the European Federation of Therapeutic Communities (EFTC) and the Recovery Group UK (RGUK), and all staff are members of the Federation of Drug and Alcohol Professionals (FDAP). The recovery programme is targeted at men and women with drug and alcohol addition including prolific offenders.

How we respond to residents' need and how do residents influence the Ley Community Charity's developments?

A person centred care plan is established with each resident and their key worker with clear well defined and achievable goals set within a staged intensive structured process of progression.

The therapeutic approach to recovery is peer driven and as residents progress through the stages they take on increased responsibility for the operational activities and management of the programme and become role models for new residents to learn from.

This approach enables residents to develop a range of coping strategies to use post programme completion to remain substance free and live a healthy lifestyle.

Fees Charges to Local Authorities purchasing bodies

The annual fee is worked out by analysing the overall budget for the operational delivery element, leadership, management and administration costs. This is kept to a minimum as the Ley is a not-for-profit organisation and its intention is always to enable as many addicts entry into its treatment programme without too many barriers, cost being one of them.

Restrictions to our service

Some restrictions to the treatment programme include people with dual diagnosis mental health issues, some sexual offences and arson. This is to protect other vulnerable adults within the programme.

LEY COMMUNITY DRUG SERVICES**REPORT OF THE BOARD OF TRUSTEES
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019 (CONTINUED)****Equality and Diversity**

The Ley Community values and respects diversity, promoting equality of opportunity and respecting human rights in all areas of activity. We recognise the benefits that a diverse organisation can bring to all areas of our work, and acknowledge our responsibility to promote awareness and sensitivity beyond the boundaries of the organisation through our partnerships, suppliers and service users. The Ley Community aims to ensure that the best candidate is chosen for each job regardless of sex, race, disability or other personal characteristics.

Achievements and Performance 2018 - 2019***Operations***

The period included extensive wind-down in preparation for closure and redevelopment works. The last referral was received in May 2018 and this final cohort successfully completed the Ley programme in March 2019.

Financial and Governance

Gradual wind-down of placements meant income for the period was significantly less than the previous year, and this was expected and accounted for. Decreasing income was offset with reduced costs over the period to minimise impact on cash-flow and reserves. Thus, ensuring we entered the period beyond closure with adequate reserves to support redevelopment planning.

In the period, the Ley met all of its financial obligations and governance requirements. This included informing Charity Commission, as instructed by guidance, of our intentions to close and redevelop the site.

During the period, the Ley changed Auditor's from Wenn Townsend to Critchleys Audit LLP (Oxford).

Financial Overview

Plans to redevelop the site and programme have had a significant impact on the Ley's finances. However, the decision is founded on robust analysis that highlighted the need to adapt the business model to ensure future sustainability in an increasingly difficult environment (see 'future strategy and developments').

To support the redevelopment programme, the Ley has engaged the support of our Bankers (Barclays) and has renegotiated the terms of an aged land 'charge' with the Dept. for Health and Social Care. Both obligations will be met in full and in part on receipt of funds from the proposed land sale.

The accounts for the period ending 30 September 2019 are unaudited as the Ley Community Drug Services do not fulfill two of the three requirements for an audit to be required. The previous period's accounts ending 31 March 2018 were audited.

Reserves Policy

The current Ley reserves policy is to maintain c£500,000 of unrestricted cash reserves.

During the period reserves were used to support operational and redevelopment planning costs, meaning the reserves policy was not sustained. And, this will continue until the agreed land sale is transacted in full.

LEY COMMUNITY DRUG SERVICES

REPORT OF THE BOARD OF TRUSTEES FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019 (CONTINUED)

Future Strategy and Developments

All work during the reporting period has focused on preparing the Ley to deliver its change vision. Which is to create a sustainable business model that is able to deliver value in an increasingly difficult funding environment.

To enable this transition, the Ley has raised the required funds through sale of a land assets. This will provide investment for improving the site facilities and adequate reserves to protect and support the business as we embed change.

We forecast all works to be completed by September 2021 and doors-open on the new venture in early 2022.

Our redevelopment aims are:

- Improve service user facilities – redevelopment will focus on improvements to all service user facilities to promote and deliver a higher value offering. This will include a rationalisation of bed space and capacity to reach an optimum number of sustainable units.
- Sustainable and efficient environment – complete redesign of the environment will improve self-sufficiency through greater focus on sustainable technologies and design.
- Improved specialisms – the new service will include dedicated medical, clinical and learning services to meet a broader range of complex needs.
- Broader product portfolio – to meet the increasingly varied demands of the market, we will broaden the product range and offer a more bespoke package of support. This will include a range of packaged options that are better tailored to individual care needs and budgets.
- Partnerships and strategic alliance – the Ley will focus resources on forging mutual relationships with local and national providers to enhance our business potential and the opportunities to those we serve. This includes improved partnerships with local employers and specialist services.

This work will be complemented by investment in all areas of business, specifically the core capabilities and competencies that support business development. This will include the introduction of specialist roles and an overhaul of the governance, quality assurance and learning and development frameworks.

The business model reflects the changing market conditions and will mean we are less reliant on a single income stream, specifically, the state funded sector. The intention is to retain the not-for-profit status, but this might be adapted to enable more focus on commercial activities.

In summary, the Ley has had to respond to the broader market forces that have impacted on the Ley and the wider sector in recent years in order to protect our future. We are in a fortunate position in that we have an asset base that can be utilised to enable development.

The guiding principle through strategic review and development has been to protect the Ley's legacy and to create a platform that enables us to continue delivering our core Mission. However, we have also maintained awareness of the need to adapt and improve certain aspects of the business to ensure we deliver services that are better geared to meeting the changing needs of the target cohort.

Overall, we are confident that we now have a clear purpose and are excited by the prospects and opportunities in front of us.

LEY COMMUNITY DRUG SERVICES**REPORT OF THE BOARD OF TRUSTEES
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019 (CONTINUED)****Management and Controls**

The priority is to ensure the Ley has the capabilities and competencies needed to deliver its strategy and meet the required governance expectations. This requires strong leadership at all levels of the organisation. To ensure the Ley has the right platform in place to deliver its strategy it will:

- Ensure all Board of Trustee members are aware of their role and responsibilities as guardians and Governors of The Ley Community, that they operate accordingly and that they have the requisite skills needed (financial, legal, accounting, development, clinical and other as identified) to provide governance oversight of all organisational activities.
- Ensure the CEO is adequately equipped and supported to deliver all aspects of strategy
- Ensure the strategy is reviewed periodically and that objectives are being met
- Ensure all investment decisions are effectively appraised
- Implement robust quality review processes that extend to Board level and capture the full experience, specifically, service users
- Learn from our experiences and use this as the backdrop for all development decisions

During the period, the Ley enlisted support of an 'advisory group' to provide additional expert advice and guidance during the critical early stages of redevelopment planning. The group is temporarily suspended and will be reconvened to support planning in the final phase of redevelopment (Jan 2021).

LEY COMMUNITY DRUG SERVICES**REPORT OF THE BOARD OF TRUSTEES
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019 (CONTINUED)****TRUSTEES' RESPONSIBILITIES**


The Trustees are responsible for preparing the annual report and the accounts in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law requires the Trustees to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period. In preparing those accounts, the Trustees are required to:

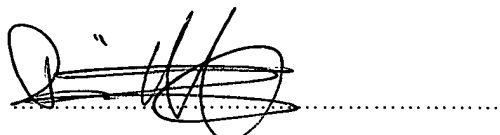
- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the accounts on the going-concern basis unless it is inappropriate to presume that the Trust will continue in operational existence.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and to enable them to ensure that the accounts comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Trustees on... 30th January 2020... and signed on its behalf:



Prisca Bradley
Chair of the Board of Trustees



Darren Worthington
Chief Executive

LEY COMMUNITY DRUG SERVICES

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STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	18 months to 30 September 2019 Total £	Unrestricted funds 2018 £	Restricted funds 2018 £	12 month to 31 March 2018 Total £
INCOME AND ENDOWMENTS							
Income from:							
Donations and grants	2	7,818	16,700	24,518	8,805	69,399	78,204
Investments		667	-	667	416	-	416
Charitable activities	3	234,485	-	234,485	481,173	-	481,173
Other income	4	3,631	-	3,631	7,472	-	7,472
Gain on sale of tangible fixed assets		13,060	-	13,060	600	-	600
TOTAL INCOME		259,661	16,700	276,361	498,466	69,399	567,865
EXPENDITURE							
Expenditure on:							
Raising funds	5	1,886	-	1,886	9,986	-	9,986
Charitable activities	6	672,494	101,639	774,133	707,393	93,631	801,024
TOTAL RESOURCES EXPENDED		674,380	101,639	776,019	717,379	93,631	811,010
NET INCOME / (EXPENDITURE)		(414,719)	(84,939)	(499,658)	(218,913)	(24,232)	(243,145)
Transfer between funds	14	46,683	(46,683)	-	-	-	-
NET MOVEMENT IN FUNDS		(368,036)	(131,622)	(499,658)	(218,913)	(24,232)	(243,145)
OPENING FUND BALANCES		1,524,827	163,009	1,687,836	1,743,740	187,241	1,930,981
CLOSING FUND BALANCES		1,156,791	31,387	1,188,178	1,524,827	163,009	1,687,836

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the period.

LEY COMMUNITY DRUG SERVICES
(REGISTERED COMPANY NUMBER: 3736193)
BALANCE SHEET AS AT 30 SEPTEMBER 2019


		30 September 2019		31 March 2018	
	Note	£	£	£	£
FIXED ASSETS					
Freehold property	11		1,314,074		1,358,726
Fixtures and equipment	11		6,269		17,973
Motor vehicles	11		-		-
			<u>1,320,343</u>		<u>1,376,699</u>
CURRENT ASSETS					
Debtors	12	50,325		122,119	
Cash at bank and in hand		18,765		389,826	
		<u>69,090</u>		<u>511,945</u>	
CURRENT LIABILITIES					
Creditors due within one year	13	<u>(201,255)</u>		<u>(200,808)</u>	
NET CURRENT ASSETS / (LIABILITIES)			(132,165)		311,137
NET ASSETS			<u>1,188,178</u>		<u>1,687,836</u>
REPRESENTING FUNDS OF THE CHARITY					
Unrestricted funds			1,156,791		1,524,827
Restricted funds	14		31,387		163,009
Total funds			<u>1,188,178</u>		<u>1,687,836</u>

The directors consider that for the period ended 30 September 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. No member or members have deposited a notice requesting an audit for the current financial period under section 476 of the Act.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its surplus or deficit for the financial period in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts are prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved and authorised for issue by the Board of Trustees on 30.01.20 and signed on its behalf by:


 Prisca Bradley (Chair)

**NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019**

1 Summary of significant accounting policies**a) General information and basis of preparation**

Ley Community Drug Services is a company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements. The nature of the charity's operations and principle activities are noted in the Trustees Report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with 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), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

b) Funds**i) *Unrestricted funds***

These funds may be used in furtherance of the objects of the charity at the discretion of the Trustees.

ii) *Restricted funds*

These funds can only be used for the purposes specified by the provider of the funds.

c) Income recognition

All income is included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

For donations to be recognised the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

There were no volunteers during the period included in the financial statements as per the SORP (FRS 102) requirements.

**NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019**

1 Summary of significant accounting policies (continued)

d) Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes the costs which are associated with raising funds from all the possible sources of incoming resources;
- Expenditure on charitable activities includes the expenditure incurred by the charity in furtherance of the charity's objects; and
- Other expenditure represents those items not falling into the categories above.

e) Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Fund-raising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

f) Support costs allocation

Tangible fixed assets costing more than £1,000 are capitalised and included at cost. Depreciation of tangible fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold property	Nil
Improvements to freehold property	2% Straight line
Fixtures and equipment	33% Straight line / 25% Reducing balance
Motor vehicles	33% Straight line

g) Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019**

1 Summary of significant accounting policies (continued)**h) Operating leases**

Rentals paid under operating leases are charged to income as incurred.

i) Pensions

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

j) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

k) Going concern

The charity has temporarily suspended services during in the current financial period in order to restructure operations and carry out refurbishment works. The estimated cost of the refurbishment works is budgeted to be £1.48m.

The charity will reopen post temporary closure, which is expected to be in 2022, and therefore the financial statements have been prepared on a going concern basis.

2 Donations and grants

	Unrestricted funds £	Restricted funds £	18 Months to September 2019 £	12 Months to March 2018 £
Donations	<u>7,818</u>	<u>16,700</u>	<u>24,518</u>	<u>78,204</u>

3 Drug rehabilitation income

	18 Months to September 2019 £	12 Months to March 2018 £
Local Authority fees	187,985	422,939
State benefits	46,500	54,349
Consultancy and training provision	-	3,885
	<u>234,485</u>	<u>481,173</u>

4 Other income

	18 Months to September 2019 £	12 Months to March 2018 £
Tuck shop sales	<u>3,631</u>	<u>7,472</u>
	<u>3,631</u>	<u>7,472</u>

NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019

5 Cost of generating funds

	Unrestricted funds £	Restricted funds £	18 Months to September 2019 £	12 Months to March 2018 £
Brochures, leaflets and artwork	-	-	-	572
Professional services and consultancy	1,886	-	1,886	9,414
	<u>1,886</u>	<u>-</u>	<u>1,886</u>	<u>9,986</u>

6 Charitable Activities

	Unrestricted funds £	Restricted funds £	18 Months to September 2019 £	12 Months to March 2018 £
Salaries	304,560	17,470	322,030	385,324
Staff pension costs	9,029	-	9,029	6,927
Consultancy salary costs	92,280	-	92,280	74,126
Other staff costs (incl motor expenses)	10,292	-	10,292	7,755
Travelling expenses	3,674	-	3,674	3,059
Food	17,286	300	17,586	41,754
Household, tuck shop and personal expenses	34,848	-	34,848	44,266
Telephone	11,155	-	11,155	8,977
Lighting and heating	24,550	-	24,550	24,310
Printing, postage, stationery and photocopying	2,341	-	2,341	4,903
Rates and insurance	55,912	-	55,912	41,580
Subscriptions and registration	4,000	-	4,000	10,718
Repairs and renewals	41,114	2,137	43,251	39,782
Staff training	-	-	-	2,124
Bursary funded placements	-	50,994	50,994	16,641
Depreciation	44,977	11,379	56,356	45,421
Ley Association costs	-	-	-	1,255
Residents' activities	-	7,017	7,017	11,828
Bad debts and sales ledger credits written off	8,537	-	8,537	20,076
Sundries	4,819	12,342	17,161	2,278
Governance costs (see note 7)	3,120	-	3,120	7,920
	<u>672,494</u>	<u>101,639</u>	<u>774,133</u>	<u>801,024</u>

7 Governance costs

	18 Months to September 2019 £	12 Months to March 2018 £
Independent examiner's fees	3,120	-
Auditors' remuneration - audit	-	4,300
- non-audit	-	2,000
Under-provision in respect of prior period	-	1,620
	<u>3,120</u>	<u>7,920</u>

**NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019**

8 Pension costs

The charity makes contributions to the personal pension schemes of individual employees. The charity has made a stakeholder scheme available to its employees and contributes up to 6% of salary. The costs incurred by the charity are shown in note 9.

9 Staff costs

The average monthly number of employees and full time equivalent (FTE) during the period was:

	18 Month period to 30 September 2019		March 2018	
	Number	FTE	Number	FTE
Programme staff	4	4	11	9
Administrative staff	2	2	4	4
	<u>6</u>	<u>6</u>	<u>15</u>	<u>13</u>

The total remuneration was:

	18 Months to September 2019 £	12 Months to March 2018 £
Wages and salaries	303,256	351,820
Social security costs	18,774	33,504
Pension costs	<u>9,029</u>	<u>6,927</u>
	<u>331,059</u>	<u>392,251</u>

There were no employees who earned in excess of £60,000 during the period (2018: none).

10 Trustees' and key management personnel remuneration and expenses

There were no Trustees' remuneration or expenses either reimbursed to or waived by Trustees during the period (2018: nil).

No Trustees (2018: none) are accruing pension arrangements.

During the period Directors' liability insurance of £967 was paid (2018: £1,343). The Directors are also the Trustees.

The total amount of employee benefits received by key management personnel was £nil in 2019 (2018: nil), as the CEO post was covered on a consultancy agreement basis as detailed in note 16. The charity considers its key management personnel comprise the Board of Trustees and CEO.

**NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019**

11 Fixed assets

	Freehold property	Improvements to freehold property	Fixtures & equipment	Motor Vehicles	Total
At 1st April 2018	467,803	1,488,528	157,524	23,025	2,136,880
Additions	-	-	-	-	-
Disposals	-	-	-	(23,025)	(23,025)
Cost carried forward	<u>467,803</u>	<u>1,488,528</u>	<u>157,524</u>	<u>-</u>	<u>2,113,855</u>
Depreciation					
At 1st April 2018	153,984	443,621	139,551	23,025	760,181
Charge for the period	-	44,652	11,704	-	56,356
Eliminated on disposals	-	-	-	(23,025)	(23,025)
Depreciation carried forward	<u>153,984</u>	<u>488,273</u>	<u>151,255</u>	<u>-</u>	<u>793,512</u>
Net book value					
At 30th September 2019	<u>313,819</u>	<u>1,000,255</u>	<u>6,269</u>	<u>-</u>	<u>1,320,343</u>
At 31st March 2018	<u>313,819</u>	<u>1,044,907</u>	<u>17,973</u>	<u>-</u>	<u>1,376,699</u>

12 Debtors

	2019 £	2018 £
Residents' fees due	32,640	96,769
Prepayments and accrued income	<u>17,685</u>	<u>25,350</u>
	<u>50,325</u>	<u>122,119</u>

13 Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	55,727	35,931
Other creditors	32,745	41,648
Taxation and social security	5,249	9,208
Accruals	4,208	12,725
Deferred income	<u>103,326</u>	<u>101,296</u>
	<u>201,255</u>	<u>200,808</u>

NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019

13 Creditors: Amounts falling due within one year (continued)

	2019 £
Deferred income comprises:	
At 1st April 2018	101,296
Additions during the period	15,143
Amounts released to income	<u>(13,113)</u>
At 30th September 2019	<u>103,326</u>

14 Restricted funds

	Balance at 1st April 2018 £	Income £	Expenditure £	Transfers £	Balance at 30th Sep 2019 £
Refectory table	475	-	(238)	(237)	-
Sports pitch	25,200	-	(1,050)	(24,150)	-
Art fund	90	-	(45)	(45)	-
Sculpture trail	19,396	-	(618)	(18,778)	-
Isle of Wight PCT	501	-	(250)	(251)	-
Resettlement salaries	100	-	(100)	-	-
Kitchen refurbishment	1,243	-	(621)	-	622
Refurbishment funds	6,568	-	-	(621)	5,947
Resident activities	20,207	-	(7,359)	-	12,848
Activity funding	1,747	-	(1,747)	-	-
Key worker salaries	-	-	-	-	-
Computers	1,759	-	(1,421)	(98)	240
PHE - Recovery housing	18,154	-	(9,271)	(2,503)	6,380
PHE - Social enterprise	-	-	-	-	-
PHE - Refurbishment	1	-	(1)	-	-
Library	350	-	-	-	350
Graduation	-	-	-	-	-
Christmas	-	300	(300)	-	-
Eating and exercise for recovery	4,624	11,000	(15,624)	-	-
Targeted Bursary	50,594	400	(50,994)	-	-
Female accommodation	12,000	5,000	(12,000)	-	5,000
	<u>163,009</u>	<u>16,700</u>	<u>(101,639)</u>	<u>(46,683)</u>	<u>31,387</u>

Refectory table

This fund provides a refectory table.

Sports pitch

This fund assists with paying for the new sports pitch.

Art fund

This fund pays for art projects.

Sculpture trail

This fund builds a sculpture trail.

NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019

14 Restricted funds (continued)

Isle of Wight PCT

This fund pays for refurbishment of the premises.

Resettlement salaries

This fund assists with paying for the salaries of resettlement workers.

Kitchen refurbishment

This fund pays for refurbishment of the kitchen.

Refurbishment funds

This fund consisted of monies donated for general refurbishment and site redecoration..

Resident activities

This fund consists of monies donated for hobby activities.

Activity funding

This fund is monies given to fund activities.

Key worker salaries

This fund is towards the salary of a therapeutic key worker.

Computers

This fund is for the provision of new computers and IT equipment.

PHE - Recovery housing

This fund was originally awarded to build five recovery housing units. An amendment to the purpose of the funds was agreed during 2015/16, with the monies to be used for the refurbishment of Palmer House to enable its use for recovery housing.

PHE - Social enterprise

This fund is to develop a social enterprise project engaging Ley Community resources.

PHE - Refurbishment

This fund is for refurbishment.

Library

This fund is for the purchase of books for residents.

Graduation

This fund is for the costs of the graduation ceremony held in September 2015.

Christmas

This fund is for food and Christmas activities.

Eating and exercise for recovery

This fund is to develop a greater understanding of the importance of a healthy diet and exercise in improving recovery.

Targeted Bursary

This fund is to fund residents with no recourse to any other funding source.

**NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019**

14 Restricted funds (continued)**Female accommodation**

This fund is to fund female residents with improvements to their accommodation.

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	2019 £
Debtors	37,703	12,622	50,325
Cash	-	18,765	18,765
Current liabilities	(201,255)	-	(201,255)
	<u>(163,552)</u>	<u>31,387</u>	<u>(132,165)</u>
 Tangible fixed assets	 <u>1,320,343</u>	 <u>-</u>	 <u>1,320,343</u>
	<u><u>1,156,791</u></u>	<u><u>31,387</u></u>	<u><u>1,188,178</u></u>

16 Related party transactions

During the current period, amounts were paid to businesses relating to the trustees or chief executives as follows:-

D Worthington (Chief executive): £80,500 (2018: £52,928) was paid to CaN Consulting for interim CEO duties.

P Bradley (Trustee/Chair): £8,990 (2018: £2,502) was paid to Hedges Law Ltd for human resources and legal advice. P Bradley is a director of this business.

17 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2019 £	2018 £
Net (expenditure)/income for period	(499,658)	(243,145)
Interest receivable	(667)	(416)
Depreciation of tangible fixed assets	56,356	45,421
Gain on disposal of tangible fixed assets	(13,060)	(600)
Decrease / (increase) in debtors	71,794	9,863
Increase/(decrease) in creditors	<u>447</u>	<u>22,573</u>
Net cash flow from operating activities	<u><u>(384,788)</u></u>	<u><u>(166,304)</u></u>

**NOTES TO THE ACCOUNTS
FOR THE PERIOD FROM 1 APRIL 2018 TO 30 SEPTEMBER 2019**

18 Contingent liabilities

On completion of the sale of freehold property held by the charity a payment of £300,000 has been agreed in regards to a covenant charge on the property. It has been agreed that this will be paid in two instalments, the first £150,000 will be due at the point of sale. The remaining £150,000 will be carried forward with a first charge on the retained section of property and will be paid within 10 years of the sale with interest applied annually in line with the consumer price index.

19 Post balance sheet event

There is currently a temporary suspension on services of the charity while refurbishment works are carried out. There was no commitment to this refurbishment work as at the 2019 period end date as planning has not yet been approved, therefore the estimated costs of the refurbishment are not included in the period ended 2019 financial statements.

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF LEY COMMUNITY DRUG SERVICES

I report to the charity trustees on my examination of the accounts of Ley Community Drug Services (the charity) for the period from 1 April 2018 to 30 September 2019, which are set out on pages 9 to 20.

Responsibilities and basis of report

As the charity's trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 (the '2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 (the '2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1) accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
- 2) the accounts do not accord with those accounting records; or
- 3) the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- 4) the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Name of principal:	Andrew Rodzynski FCA
Name of firm:	Critchleys Audit LLP
Relevant professional body:	Institute of Chartered Accountants in England and Wales
Address:	Beaver House, 23-38 Hythe Bridge Street, Oxford, OX1 2EP

Date: