

Charity Registration No. 1074874

Company Registration No. 3736193 (England and Wales)

**LEY COMMUNITY DRUG SERVICES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

LEY COMMUNITY DRUG SERVICES

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Dr Simon Street J Phillips (Treasurer) Dr S Graham-Jones D Jones	(Appointed 5 November 2021)
	S Mandelbrote A Poole	
Chief Executive	Darren Worthington	
Charity number	1074874	
Company number	3736193	
Registered office	The Ley Community Mandelbrote House 26 Sandy Lane Yarnton Oxford OX5 1PB	
Auditor	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford Oxfordshire OX1 2EP	
Bankers	Barclays Bank plc P O Box 858 Wytham Court 11 West Way Botley OX2 0XP	

LEY COMMUNITY DRUG SERVICES

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LEY COMMUNITY DRUG SERVICES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Trustees present their annual report and financial statements for the year ended 30 September 2021.

The financial statements have been prepared in accordance with the accounting policies set out in the notes 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "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) (effective 1 January 2019)".

Objectives and activities

The charity's objects are 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 is an inclusive, peer-led therapeutic community that uses evidence-based practice to challenge harmful behaviours and equips the people it helps with the learning, self-belief and resilience needed to transform their lives'.

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 paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

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 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.

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.

LEY COMMUNITY DRUG SERVICES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Fees Charges to Local Authorities purchasing bodies

The programme 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 exist and include certain high category offenders but all admissions are evaluated on a case-by-case basis. This is to protect other vulnerable adults within the programme.

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.

Achievement and Performance 2020 - 2021

In the reporting period, the Ley Community has remained operationally dormant and continued to focus all efforts and resources on completing the sale of land assets for reinvestment, and the associated activities.

Principally, these efforts have been directed at achieving the necessary agreements and permissions to redevelop the Ley site. These matters were resolved with the permissions for redevelopment granted by the Local Planning Authority in October 2020 and sale completed in April 2021.

The funds from the sale of land assets means that the Ley service is able to remain on the current site and the Charity is now in a healthy financial position and with no liabilities to constrain future development of the retained properties and service.

The Board of Trustees have also worked tirelessly to fully understand the range of strategic options now available to the Ley and this work continues with the aim of completion in 2022.

Although many challenges were faced, and overcome, in arriving at this position, not least the impacts on the redevelopment process created by the C-19 pandemic, the Ley can now look toward the future with renewed optimism.

Our primary objective for the next year is to ensure that remaining Ley assets are optimised to deliver the intended service user benefits and purpose of the Charity.

Financial review

Admissions were suspended and the service wound down in the previous financial year. Therefore, the organisation received no income from traditional operational activities. This was expected and accounted for by Trustees.

Financial overview

Plans to redevelop the site and programme had a significant impact on The Leys finances. Unexpected delays resulting from the Covid 19 pandemic increased this impact substantially. Costs were strictly controlled during this extended period ensuring that The Ley could meet all of its financial commitments and governance requirements up to the point of sale. The organisation continued to receive the support of its bankers, Barclays Bank, throughout this period. On completion of the sale in April 2021 our obligations to Barclays Bank and the Department of Health and Social Care (in respect of an aged land charge) were met in full.

Reserves policy

The current Ley reserves policy is to maintain unrestricted cash reserves to cover six-months operating costs.

LEY COMMUNITY DRUG SERVICES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

Organisational Risk Management

The Board of Trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. Risk assessments are reviewed regularly by the Trustees.

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.

As stated in the Memorandum of Association, the Ley Community does not have share capital. 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 regularly to oversee the work of the Community. The Chief Executive provides a full report on the activities of the Charity. These reports have included detailed consideration of the strategic options for the Charity, financial viability and associated risks.

The Board of Trustees has set-up a number of sub-committees to deal with specific and current issues.

Recruitment and Appointment of Trustees

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Dr Simon Street

J Phillips (Treasurer)

P Bradley

(Resigned 21 January 2021)

S Elliott

(Resigned 10 August 2021)

Dr S Graham-Jones

D Jones

(Appointed 5 November 2021)

S Mandelbrote

A Poole

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 and retired General Practitioners with experience of working in the substance misuse treatment sector.

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

LEY COMMUNITY DRUG SERVICES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

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 11 and 21 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.

Future Strategy and Developments

All work during the reporting period has continued to focus on preparing the Ley to deliver its strategic vision, and against the backdrop of an increasingly challenging funding environment

To enable this transition, the Ley has raised the required funds through sale of land assets. This will provide investment to deliver its future strategy.

Although the Ley has experienced delays in implementing its change vision, the Boards commitment to the guiding principle of protecting the Ley's legacy and Mission remains.

Work continues to finalise strategy and complete redevelopment of the site and we envisage this work will continue through 2022.

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
- Ensure the CEO is adequately equipped and supported to deliver all aspects of strategy
- Ensure all investment decisions are effectively appraised
- Learn from our experiences and use this as the backdrop for all development decisions

The trustees' report was approved by the Board of Trustees.

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Dr Simon Street

Chair of the Board of Trustees

Dated: 31.3.22

LEY COMMUNITY DRUG SERVICES

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 30 SEPTEMBER 2021

The Trustees, who are also the directors of Ley Community Drug Services for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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

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

The Trustees are responsible for keeping adequate accounting records that 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. 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.

LEY COMMUNITY DRUG SERVICES

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF LEY COMMUNITY DRUG SERVICES

Opinion

We have audited the financial statements of Ley Community Drug Services (the 'charity') for the year ended 30 September 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Comparative information in the financial statements is derived from the company's prior period financial statements which were not audited.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LEY COMMUNITY DRUG SERVICES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF LEY COMMUNITY DRUG SERVICES

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with Directors/Trustees, and from our knowledge and experience of the client's sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company,
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

LEY COMMUNITY DRUG SERVICES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF LEY COMMUNITY DRUG SERVICES

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions; and

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

LEY COMMUNITY DRUG SERVICES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF LEY COMMUNITY DRUG SERVICES

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Katherine Wilkes (Senior Statutory Auditor)
for and on behalf of Critchleys Audit LLP

14 April 2022
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Chartered Accountants
Statutory Auditor

Beaver House
23-38 Hythe Bridge Street
Oxford
Oxfordshire
OX1 2EP

Critchleys Audit LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

LEY COMMUNITY DRUG SERVICES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2021

		Unrestricted funds 2021	Restricted funds 2021	Total Unrestricted funds 2021	Unrestricted funds 2020 Unaudited	Restricted funds 2020 Unaudited	Total 2020 Unaudited
	Notes	£	£	£	£	£	£
<u>Income and endowments from:</u>							
Donations and legacies	3	1,602	-	1,602	2,377	125,000	127,377
Charitable activities - Drug rehabilitation income	4	40,477	-	40,477	31,849	-	31,849
Investments	5	93	-	93	282	-	282
Other income	6	1,718,480	-	1,718,480	11,729	-	11,729
Total income		1,760,652	-	1,760,652	46,237	125,000	171,237
<u>Expenditure on:</u>							
Raising funds	7	258	-	258	216	-	216
Charitable activities	8	426,681	-	426,681	235,254	-	235,254
Total resources expended		426,939	-	426,939	235,470	-	235,470
Net income/(expenditure) for the year/ Net movement in funds		1,333,713	-	1,333,713	(189,233)	125,000	(64,233)
Fund balances at 1 October 2020		967,558	156,387	1,123,945	1,156,791	31,387	1,188,178
Fund balances at 30 September 2021		2,301,271	156,387	2,457,658	967,558	156,387	1,123,945

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

LEY COMMUNITY DRUG SERVICES

BALANCE SHEET

AS AT 30 SEPTEMBER 2021

	Notes	2021		2020 Unaudited	
		£	£	£	£
Fixed assets					
Tangible assets	13		414,810		1,286,462
Current assets					
Debtors	14	10,173		16,147	
Cash at bank and in hand		2,112,515		125,834	
		<u>2,122,688</u>		<u>141,981</u>	
Creditors: amounts falling due within one year	15	(79,840)		(304,498)	
Net current assets/(liabilities)			2,042,848		(162,517)
Total assets less current liabilities			<u>2,457,658</u>		<u>1,123,945</u>
Income funds					
Restricted funds	18	156,387		156,387	
Unrestricted funds		2,301,271		967,558	
		<u>2,457,658</u>		<u>1,123,945</u>	

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 30 September 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 31.3.22

Dr Simon Street
Trustee

Company Registration No. 3736193

LEY COMMUNITY DRUG SERVICES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021		2020 Unaudited	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	22		(354,321)		(111,340)
Investing activities					
Proceeds on disposal of tangible fixed assets		2,557,836		1,200	
Investment income received		93		282	
Net cash generated from investing activities			2,557,929		1,482
Financing activities					
Repayment of borrowings		(216,927)		216,927	
Net cash (used in)/generated from financing activities			(216,927)		216,927
Net increase in cash and cash equivalents			1,986,681		107,069
Cash and cash equivalents at beginning of year			125,834		18,765
Cash and cash equivalents at end of year			<u>2,112,515</u>		<u>125,834</u>

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

Charity information

Ley Community Drug Services is a private company limited by guarantee incorporated in England and Wales. The registered office is The Ley Community, Mandelbrote House, 26 Sandy Lane, Yarnton, Oxford, OX5 1PB.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The trustees consider that there are no material uncertainties about the charities ability to continue as a going concern. The recent realisation of the land asset has ensured that funds are available to the organisation. The trustees are aware of key risks that may arise and have arrangements in place to mitigate those risks.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

No amount is included in the financial statements for the volunteer time in line with the SORP (FRS 102).

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

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.

Support Costs

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.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Assets costing more than £1,000 are capitalised.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Nil
Fixtures and fittings	33% straight line / 25% reducing balance
Improvements to freehold property	2% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Taxation

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.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 Accounting policies

(Continued)

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Tangible fixed assets (see note 13)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values,

3 Donations and legacies

	Unrestricted funds	Unrestricted funds	Restricted funds	Total
	2021	2020	2020	2020
	£	Unaudited £	Unaudited £	Unaudited £
Donations and gifts	1,602	2,377	125,000	127,377

4 Charitable activities - Drug rehabilitation income

	2021	2020
	£	Unaudited £
Local Authority Fees	40,477	31,849
Analysis by fund		
Unrestricted funds	40,477	31,849

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

5 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	Unaudited £
Bank interest received	93	282

6 Other income

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	Unaudited £
Net gain on disposal of tangible fixed assets	1,716,014	1,200
State benefits	2,466	10,524
Other	-	5
	<u>1,718,480</u>	<u>11,729</u>

7 Raising funds

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	Unaudited £
Professional services and consultancy	258	216
	<u>258</u>	<u>216</u>

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

8 Charitable activities

	Unrestricted funds 2021 £	Unrestricted funds 2020 Unaudited £
Staff costs	64,803	78,786
Depreciation and impairment	29,830	33,881
Consultancy salary costs	62,825	63,782
Subscriptions and renewals	1,283	994
Printing, postage, stationary and photocopying	344	(43)
Household, tuck shop and personal expenses	3,297	575
Other staff costs (inc motor expenses)	1,379	199
Bad debts and sales ledger credits written off	(1,988)	(11,332)
Telephone	2,657	2,116
Sundries	9,237	7,928
Lighting and heating	1,674	12,387
Rates and insurance	18,595	27,297
Repairs and renewals	6,574	15,084
Building project	161,059	-
Professional fees	57,792	-
	<u>419,361</u>	<u>231,654</u>
Share of governance costs (see note 9)	7,320	3,600
	<u>426,681</u>	<u>235,254</u>

9 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 Unaudited £
Auditor's fees	-	7,320	7,320	-	3,600	3,600
	<u>-</u>	<u>7,320</u>	<u>7,320</u>	<u>-</u>	<u>3,600</u>	<u>3,600</u>
Analysed between Charitable activities	-	7,320	7,320	-	3,600	3,600
	<u>-</u>	<u>7,320</u>	<u>7,320</u>	<u>-</u>	<u>3,600</u>	<u>3,600</u>

Governance costs includes payments to the auditors of £7,320 (2020 Unaudited- £nil) for audit fees. In 2020, governance costs were in respect of an Independent Examination.

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 Auditor's remuneration

The analysis of auditor's remuneration is as follows:

Fees payable to the charity's auditor and associates:

	2021	2020
	£	Unaudited £
Audit of the charity's annual accounts	7,320	-

11 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

No Trustees (2020: none) are accruing pension arrangements.

During the year Directors' liability insurance of £983 was paid (2020: £983).
The Directors are also the Trustees.

The total amount of employee benefits received by key management personnel was £nil (2020: £nil), as the CEO post was covered on a consultancy agreement basis as detailed in the Related Party transaction note to the accounts. The charity considers its key management personnel comprise the Board of Trustees and CEO.

12 Employees

The average monthly number of employees during the year was:

	2021	2020
	Number	Unaudited Number
Programme staff	1	1
Administrative staff	1	1
Total	2	2

Employment costs

	2021	2020
	£	Unaudited £
Wages and salaries	59,581	70,599
Social security costs	5,050	7,898
Other pension costs	172	289
	64,803	78,786

Redundancy payments totalling £10,976 (2020: none) were paid out to 2 employees in the year (2020: none)

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 Employees

(Continued)

There were no employees whose annual remuneration was more than £60,000.

13 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Improvements to freehold property	Total
	£	£	£	£
Cost				
At 1 October 2020	467,803	157,524	1,488,528	2,113,855
Disposals	(308,748)	(157,524)	(998,503)	(1,464,775)
At 30 September 2021	159,055	-	490,025	649,080
Depreciation and impairment				
At 1 October 2020	153,984	155,365	518,044	827,393
Depreciation charged in the year	-	609	29,221	29,830
Eliminated in respect of disposals	(101,629)	(155,974)	(365,350)	(622,953)
At 30 September 2021	52,355	-	181,915	234,270
Carrying amount				
At 30 September 2021	106,700	-	308,110	414,810
At 30 September 2020	313,819	2,159	970,484	1,286,462

14 Debtors

	2021	2020
	£	Unaudited £
Amounts falling due within one year:		
Prepayments and accrued income	10,173	16,147

15 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	Unaudited £
Bank overdraft		-	216,927
Other taxation and social security		-	1,145
Deferred income	16	6,006	47,674
Trade creditors		54,812	21,139
Other creditors		11,754	15,463
Accruals		7,268	2,150
		79,840	304,498

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

16 Deferred income

	2021	2020
	£	Unaudited £
Arising from Deferred income	6,006	47,674

The balance comprises of £47,674 brought forward, £nil charged to deferred income and £41,668 released to income in the year to reach a year end balance of £6,006.

The balance mostly relates to funding received for residents from the council/ directly from the residents themselves. It has built up when residents leave and then the funding is not clawed back. It is the policy of the charity to write off these balances and take to income after 3 years as by this point it is very unlikely funds will be clawed back.

17 Retirement benefit schemes

Defined contribution schemes

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 charge to profit or loss in respect of defined contribution schemes was £172 (2020 Unaudited - £289).

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

18 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 October 2019	Movement in funds Incoming resources	Balance at 1 October 2020	Movement in funds Incoming resources	Balance at 30 September 2021
	£	£	£	£	£
Kitchen refurbishment	622	-	622	-	622
Refurbishment funds	5,947	-	5,947	-	5,947
Resident activities	12,848	-	12,848	-	12,848
Computers	240	-	240	-	240
PHE - Recovery housing	6,380	-	6,380	-	6,380
Library	350	-	350	-	350
Female accommodation	5,000	-	5,000	-	5,000
Adrian Van Hoorn Bursary	-	125,000	125,000	-	125,000
	<u>31,387</u>	<u>125,000</u>	<u>156,387</u>	<u>-</u>	<u>156,387</u>

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

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.

Library

This fund is for the purchase of books for residents.

Female accommodation

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

Adrian Van Hoorn Bursary

This fund will be used to provide future placements on the Ley Community programme for individuals that cannot access funding - full or in part - via traditional funding routes, but require urgent care.

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

19 Analysis of net assets between funds

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 Unaudited £	Restricted funds 2020 Unaudited £	Total 2020 Unaudited £
Fund balances at 30 September 2021 are represented by:						
Tangible assets	414,810	-	414,810	1,286,462	-	1,286,462
Current assets/ (liabilities)	2,042,848	-	2,042,848	(162,517)	-	(162,517)
	<u>2,457,658</u>	<u>-</u>	<u>2,457,658</u>	<u>1,123,945</u>	<u>-</u>	<u>1,123,945</u>

20 Financial commitments, guarantees and 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. The charge to the Department of Health and Social Care was settled in full in April 2021.

21 Related party transactions

During the year £57,000 (2020: £49,500) was paid to CaN Consulting which is owned by D Worthington (Chief Executive) for interim CEO duties.

22 Cash generated from operations

	2021 £	2020 Unaudited £
Surplus/(deficit) for the year	1,333,713	(64,233)
Adjustments for:		
Investment income recognised in statement of financial activities	(93)	(282)
Gain on disposal of tangible fixed assets	(1,716,014)	(1,200)
Depreciation and impairment of tangible fixed assets	29,830	33,881
Movements in working capital:		
Decrease in debtors	5,974	34,178
Increase/(decrease) in creditors	33,937	(161,358)
(Decrease)/increase in deferred income	(41,668)	47,674
Cash absorbed by operations	<u>(354,321)</u>	<u>(111,340)</u>

LEY COMMUNITY DRUG SERVICES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

23 Analysis of changes in net funds/(debt)

	At 1 October 2020 £	Cash flows At 30 September 2021 £	£
Cash at bank and in hand	125,834	1,986,681	2,112,515
Loans falling due within one year	(216,927)	216,927	-
	<u>(91,093)</u>	<u>2,203,608</u>	<u>2,112,515</u>