

Company number: 3223265
Charity number: 1117375

Harm Reduction International

Report and financial statements
For the year ended 31 December 2020

Contents

For the year ended 31 December 2020

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Reference and administrative information

For the year ended 31 December 2020

Company number 3223265
Country of incorporation England & Wales

Charity number 1117375
Country of registration England & Wales

Registered office and operational address 61 Mansell Street, London E1 8AN, United Kingdom

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

Lucy Burns Chair (November 2020)
Ivan Varenstov Chair (June–November 2020)
John Ryan Chair (until June 2020)
Saumya Kailasapathy Vice Chair
Patricia Haddad Treasurer
Kojo Koram Secretary
Alexander Stevens
Patrick O'Hare
Olga Belyaeva
Oluseyi Kehinde (appointed April 2021)
Raminta Stuikyte (appointed April 2021)

Key management personnel Naomi Burke–Shyne, Executive Director
Anne Taiwo, Finance Manager
Colleen Daniels, Deputy Director

Bankers NatWest
Aintree Black Bull, Cedar Rd, Liverpool L9 0EG

Solicitors Bates Wells
10 Queen St Pl, London EC4R 1BE

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108–114 Golden Lane
LONDON
EC1Y 0TL

The trustees present their report and the audited financial statements for the year ended 31 December 2020.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

The objectives of Harm Reduction International (HRI) are to promote evidence-based and human rights compliant public health policy and practice by:

- a) undertaking research into drug use, drug related harm and evidence-based public health responses to drug use, drug enforcement and public health,
- b) undertaking research on human rights issues relating to drug use, drug enforcement and public health,
- c) promoting policies and strategies to reduce the negative health and social consequences associated with drug use,
- d) educating the public, national and international agencies involved in reducing the negative health and social consequences associated with drug use,
- e) disseminating and sharing information with national and international agencies involved in reducing the negative health and social consequences associated with drug use, and
- f) supporting the involvement of civil society, including the perspectives of people who use drugs within national and international policy and decision-making on drug related issues.

In 2020 Harm Reduction International undertook the following main activities to further the charity's purpose:

- a) Research and policy analysis on harm reduction and human rights (building the evidence base).
- b) Dissemination of information and promotion health-based, rights-based responses to drug use (sharing the evidence base).
- c) Support for civil society and community partners around the world (strengthening constituencies and build new alliances).
- d) Engagement of policy makers on harm reduction, human rights and drug policy (increasing political will).

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of

people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

HRI employed a three pronged strategy for progressing its aims and objectives for the period 2017–2021:

1. To build and share the evidence base for harm reduction policies, practices and laws;
2. To strengthen constituencies and build new alliances to advocate for harm reduction and human rights – including via the Harm Reduction International conference;
3. To increase political will to protect, respect and fulfil the human rights of vulnerable individuals and communities, by funding and implementing harm reduction.

HRI employs these three strategies to achieve our objectives of helping achieve a world in which individuals and communities benefit from drug policies, practices and laws that promote health, dignity and human rights. We do this across our priority issues: health, human rights, and new collaborations and emerging trends in drug use and harm reduction.

HRI's resources – staff and financial – are divided relatively evenly across our strategic approaches and priority issues.

In the priority issue of **health** we work to ensure that lifesaving harm reduction interventions are adequately funded and monitor gaps and progress globally in the availability of health and social services for people who use drugs; together with direct technical engagement with governments and UN agencies.

In the priority issue of **human rights** we advocate against the use of drug control as a justification for the violation of human rights; including tracking the use of the death penalty for drug offences, and the imprisonment and detention of people who use drugs. We advance this work through advocacy with UN agencies, governments and human rights mechanisms.

In the priority issue of **new collaborations and emerging trends**, we worked to foster and continue the new partnerships generated via the 2019 Harm Reduction International conference. This included increasing our focus on stimulants, and on the intersections of drug policy, gender and racial justice. Our conference is the main global forum for the exchange of information and best practice at the intersection of human rights, drug policy and harm reduction.

Harm Reduction International makes sub-grants to national partners when it advances our organisational objectives. As part of this process, HRI will issue a call for proposals for sub-grants involving work valued at more than USD10,000 in order to ensure the selection of a partner with the appropriate mix of skills. For all sub-grants HRI and the partner enter into a contract which

sets out charitable objectives and each parties' obligations. Sub-grant implementation is supported by narrative and financial reports from the sub-grantee.

Achievements and performance

The charity's main activities and who it tries to help are described below. All its charitable activities focus on reducing the negative health, social and legal impacts of drug use and drug policy; and are undertaken to further Harm Reduction International's charitable purposes for the public benefit.

In 2020, Harm Reduction International pivoted to respond to the impact of COVID-19 on people who use drugs and harm reduction services; including contributing to immediate response webinars, engaging with UN human rights mechanisms, tracking trends in prison decongestion schemes, assessing the impact of COVID-19 upon funding for harm reduction, and reporting on adaptations and challenges experienced by harm reductionists around the world.

Our response to COVID-19 also involved postponing the Harm Reduction International conference planned for 2021. This decision (further details below) was taken after developing an understanding of the possible timeline for potential roll out of vaccines and global economic recovery from COVID-19 (using the most accurate information available at the time), as well as regular risk assessments, and consultation with key partners and donors.

We undertook work to build the evidence base via our biennial global mapping initiative, the Global State of Harm Reduction; and our annual tracking of the use of the death penalty for drug offences. These initiatives track progress and regressions in practice, law and policy; and inform our advocacy.

We worked with national partners to support local advocacy, research and service delivery efforts; and engaged with governments, the UN and funders to convey the cost effectiveness, and overall effectiveness of harm reduction interventions in prevention transmission of blood-borne diseases.

Through this work we strengthened partnerships and built new alliances to contribute to the elevation of harm reduction and the rights of people who use drugs at major (virtual) international fora, at the UN Commission on Narcotic Drugs, through the development of the new Global AIDS Strategy, and directly with government representatives. As such, we made progress against our three overarching objectives of building the evidence base for harm reduction policies, practices and laws; strengthening new alliances; and increasing political will to protect, respect and fulfil the human rights of people who use drugs.

It remains a complex and challenging environment for harm reduction and drug policy globally. We observed a stall in the update of lifesaving harm reduction services around the world; a significant shortage of funding for critical health interventions in low- and middle-income countries; and discrete surges in punitive rhetoric supporting an escalation of the war on drugs. In

this context, HRI's global monitoring, analysis and advocacy remain essential contributions to efforts to achieve a world where drug policies and laws contribute to healthier, safer societies.

HRI made the decision to postpone the 2021 Harm Reduction International conference until April 2023. In addition to learning and exchange, an important part of the Harm Reduction International conference is networking and relationship-building with diverse actors from around the world. Recognising the medium term impact of COVID-19, the inequitable roll out of vaccines, HRI determined this could not be achieved to the same extent via a virtual event, and that it was preferable to delay the 2021 conference than plan for a smaller in-person event in a constantly changing, high risk public health environment.

We are addressing some of the learning and exchange gaps by hosting more frequent, short online events. We are addressing the negative impact of the conference postponement upon our income by embedding online events into our broader grant applications, fundraising early for the 2023 conference, and seeking funding support for an online harm reduction festival in late 2021 (Constellations).

Beneficiaries of our services

The ultimate beneficiaries of Harm Reduction International's work are vulnerable people who use drugs around the world. Because Harm Reduction International is a policy and advocacy organisation, it measures its impact by monitoring how its research and analysis are drawn upon by advocates and policy makers to contribute to, and inform changes to laws, policies and programming (at national, regional or international level). Our global monitoring work also provides insights into shifting human rights norms and uptake of international human rights standards in drug policy and practice at national or sub-national level, and our contribution to these significant trends.

Financial review

HRI's financial position at the end of the reporting period was in line with expectations, taking into account the turbulence of the year.

HRI's 2021–22 forecast demonstrated its ability to continue as a going concern, noting the particularly uncertainty associated with the COVID-19 pandemic and its impact upon the UK economy. HRI does not raise funds directly from the public or via public events, to this end, HRI has not suffered the loss of income experienced by other (more public facing) charities during 2020. As a policy and advocacy organisation, HRI has been able to continue many planned activities notwithstanding lockdown restrictions. Many convenings in the sector have proceeded in a virtual format, allowing HRI to continue its work via partnerships and advocacy with the UN, governments and donors.

HRI made the decision to postpone the 2021 Harm Reduction International conference until April 2023, which will have a negative impact upon its income for 2021. We are working to mitigate the

financial impact of conference postponement by reducing all conference-related costs, embedding plans for interim and smaller online events into our broader grant applications, fundraising early for the 2023 conference, and seeking funding support for an online festival in late 2021 (Constellations).

In line with its fundraising goals, HRI staff invested energy in fundraising with a view to diversifying and increasing funding, and ultimately holding three months' operational costs in reserves. The result was an increase in income of more than 30% at the end of 2020 (relative to 2018 and 2016 – recent non-conference years); with small contributions from a number of new funders and increases in funding from existing funders.

Fundraising activities were undertaken by HRI staff, there was no specific or material expenditure on fundraising.

Based on our forecast, cash flow, existing commitments from donors, active pursuit of new funds, and plans for the Harm Reduction International conference in 2023, we have basis to believe the organisation can continue to operate and meet its debts as they fall due in the coming 12–24 months.

Principal risks and uncertainties

HRI maintains a risk register, reviewed by the trustees twice a year. The risk register prompts the trustees to assess risks and decide upon mitigating actions across five categories: governance, operational, financial, environmental/external and compliance (law and regulation). In April 2020, the risk register was amended to include COVID-19 related risks across all categories. COVID-19 represents the major change in risk profile for 2020; mitigating actions were taken to reduce associated risks.

Broadly, we are currently work to mitigate the following key risks:

- Governance risks: in the context of HRI's focus on a highly specialised, yet stigmatised topic we face a risk of not being able to attract high quality trustee candidates from outside our sector. Trustees with diverse skills and experience are critical to the effective governance of the charity. We mitigate this risk by drawing on a board skills and diversity framework for board appointments, advertising on broader charity websites for our trustees, and regularly contributing ideas for a potential board candidate pool.
- Operational risks: in the context of HRI's small size and specialised focus, our staff are our greatest assets. As such, 2020 conditions posed new operational risks as we worked to support staff through uncertainty and significant changes, whilst bolstering IT capacity for virtual, and adjusting to work from home conditions.
- Financial risks: in the context of a limited pool of donors funding international harm reduction and drug policy, HRI must stay alert to shifts in donor priorities and work to make the case for health-based, rights-based approaches to drugs. Concurrently, HRI will continue to work on strengthening financial controls and improving our financial management systems for best practice.

- Environment/external risks: HRI works to mitigate the risks of the rapidly changing external environment by strengthening our external communications, and developing work which allows us to demonstrate harm reduction is a social justice and public health issue closely connected to many other complex issues in society.
- Compliance risks: in the context of HRI's small size/limited human resources, we rely on a network of external experts (including our auditors) to assist us to remain compliant with relevant policy and legislation.

Reserves policy and going concern

HRI's aim is to hold three months' operating costs in reserve, it has not achieved that in 2020. At the end of 2020, HRI carried forward approximately £12,000 in unrestricted funding.

HRI board and key management personnel have reset their ambitions for reaching this target over the next two–three years, and are actively engaged in continuing work against fundraising goals to diversify and increase funding.

Fundraising

HRI key management personnel lead on fundraising for the charity. HRI does not engage professional fundraisers or commercial entities in fundraising.

Plans for the future

HRI extended its 2017–2020 Strategic Plan to 2021, allowing it more time to reflect on the rapid and significant changes associated with the pandemic, as well as the constantly evolving global environment. With this reflection process ongoing throughout 2021, Harm Reduction International will be able to better contribute to achieving a world in which individuals and communities benefit from drug policies, practices and laws that promote health, dignity and human rights.

HRI is unique in its global mapping and data collection across health, funding for harm reduction and human rights (including a focus on the death penalty). HRI will continue its leading work across these areas.

HRI is also unique in convening the main global forum for the exchange of information and best practice at the intersection of human rights, drug policy and harm reduction (the biennial Harm Reduction International conference). HRI has communicated about the postponement of the 2021 conference due to COVID–19, and will continue to lead in this space via online events in the interim.

In the future, HRI plans to strengthen its research, advocacy and leadership on intersectional vulnerability, including the intersections between drug use and drug policy with poverty, gender, racism and disability.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 11 July 1996 and registered as a charity on 22 December 2006.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association. Decisions are made in compliance with these constituent documents. The Trustees delegate the day-to-day management of the charity to Executive Director, Naomi Burke-Shyne. Ms Burke-Shyne served as the Executive Director for the reporting period in question.

HRI follows a foundation model of governance in which the Trustees are the members. HRI has no subsidiaries and is not affiliated with a wider network.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 10 to the accounts.

Appointment of trustees

HRI's constituent documents set the minimum number of Trustees as six and the maximum as twelve. Trustees are appointed for three years and may stand for re-election once.

New Trustees are appointed by a decision of the Trustees, passed by a majority of two-thirds of the total number of sitting Trustees, in line with an agreed commitment to diversity of skills and experience. Appointments are recommended following candidate interviews with a Board Vacancies Sub-Committee (comprised of two Trustees and the Executive Director) and made at the meetings of the Trustees.

Trustee induction and training

HRI provides induction to new trustees via a briefing pack based on Charity Commission guidance, an induction meeting with HRI staff, and ongoing direct support.

HRI aims to hold Trustees Skills Refresher trainings biennially (for example with an NCVO trainer), this was postponed in 2020 due to the unusual circumstances of the pandemic.

Related parties and relationships with other organisations

HRI declares two matters pertaining to related parties and relationships:

- HRI employs two staff who are related to a trustee. The staff were appointed via open competition, without any influence of that trustee, and remunerated in accordance with the HRI salary bands, without influence of that trustee.

- In 2020, HRI had a written costs sharing agreement with HIT Projects Limited, for the rental of office space used by HRI employees in Liverpool. There are no outstanding balances. One director of HIT Projects Limited is a trustee– Patrick O'Hare.

Remuneration policy for key management personnel

Salary for staff other than the Executive Director is set using a salary banding system, which is based upon established market rates.

Salary for the Executive Director is set by the Trustees.

Statement of responsibilities of the trustees

The trustees (who are also directors of Harm Reduction International for the purposes of company law) are responsible for preparing the trustees' annual 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom

Trustees' annual report

For the year ended 31 December 2020

governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2020 was 9 (2019:9). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The directors' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on 21 June 2021 and signed on their behalf by

Lucy Burns
Chair

Independent examination report

To the members of

Harm Reduction International

Independent examiner's report to the trustees of Harm Reduction International

I report to the trustees on my examination of the accounts of Harm Reduction International for the year ended 31 December 2020.

This report is made solely to the trustees as a body, in accordance with the Charities Act 2011. My examination has been undertaken so that I might state to the trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the trustees as a body, for my examination, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the charity trustees of the Company you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act')/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 the Company's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Charities Act 2011 ('the 2011 Act').

Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accounts in England and Wales, which is one of the listed bodies.

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
- 1 The accounts do not accord with those records; or
- 2 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
- 3 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; or

Independent examination report

To the members of

Harm Reduction International

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.

Signed:

Name: Jonathan Orchard FCA

Address: Sayer Vincent LLP, Invicta House, 108–114 Golden Lane, London, EC1Y 0TL

Date: 16 August 2021

Harm Reduction International

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2020

	Notes	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Income from:							
Donations and legacies	2	48,005	–	48,005	90	–	90
Charitable activities							
Project work	3	271,615	578,285	849,900	235,305	495,625	730,930
Conferences & support	3	51	–	51	734,075	–	734,075
Investments	4	94	–	94	153	–	153
Total income		319,765	578,285	898,050	969,623	495,625	1,465,248
Expenditure on:							
Charitable activities							
Project work	5	256,230	459,915	716,145	440,779	532,344	973,123
Conference & support	5	98,834	–	98,834	411,958	48,892	460,850
Total expenditure		355,064	459,915	814,979	852,737	581,236	1,433,973
Net income / (expenditure) before net gains / (losses) on investments		(35,299)	118,370	83,071	116,886	(85,611)	31,275
Net income / (expenditure) for the year	7	(35,299)	118,370	83,071	116,886	(85,611)	31,275
Transfers between funds		(4,130)	4,130	–	(39)	39	–
Net income / (expenditure) before other recognised gains and losses		(39,429)	122,500	83,071	116,847	(85,572)	31,275
Net movement in funds		(39,429)	122,500	83,071	116,847	(85,572)	31,275
Reconciliation of funds:							
Total funds brought forward		51,374	54,203	105,577	(65,473)	139,775	74,302
Total funds carried forward		11,945	176,703	188,648	51,374	54,203	105,577

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 27a to the financial statements.

Balance sheet

Company no. 03223265

As at 31 December 2020

	Note	£	2020 £	£	2019 £
Fixed assets:					
Tangible assets	12		28,419		34,334
			<u>28,419</u>		<u>34,334</u>
Current assets:					
Debtors	13	83,536		60,878	
Cash at bank and in hand		511,288		369,550	
		<u>594,824</u>		<u>430,428</u>	
Liabilities:					
Creditors: amounts falling due within one year	14	(434,595)		(359,185)	
				<u></u>	
Net current assets			<u>160,229</u>		<u>71,243</u>
Total assets less current liabilities			<u>188,648</u>		<u>105,577</u>
Total net assets			<u><u>188,648</u></u>		<u><u>105,577</u></u>
The funds of the charity:	17a				
Restricted income funds			176,703		54,203
Unrestricted income funds:					
General funds		11,945		51,374	
Pension reserve		-		-	
		<u></u>	<u>11,945</u>	<u></u>	<u>51,374</u>
Total unrestricted funds			<u>11,945</u>		<u>51,374</u>
Total charity funds			<u><u>188,648</u></u>		<u><u>105,577</u></u>

The opinion of the directors is that the company is entitled to the exemptions conferred by Section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge the following responsibilities:

- (i) The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476
- (ii) The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

Approved by the trustees on 21 June 2021 and signed on their behalf by

Lucy Burns
Chair

Statement of cash flows

For the year ended 31 December 2020

	Note	2020 £	£	2019 £	£
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		83,071		31,275	
Depreciation charges		18,947		2,667	
(Gains)/losses on investments		(94)		(153)	
Dividends, interest and rent from investments		–		–	
(Profit)/loss on the disposal of fixed assets		–		–	
(Increase)/decrease in stocks		–		–	
(Increase)/decrease in debtors		(22,658)		269,314	
Increase/(decrease) in creditors		75,410		(80,489)	
Net cash provided by operating activities		154,676		222,614	
Cash flows from investing activities:					
Dividends, interest and rents from investments		94		153	
Proceeds from the sale of fixed assets		–		–	
Purchase of fixed assets		(13,032)		(14,334)	
Proceeds from sale of investments		–		–	
Purchase of investments		–		–	
Net cash (used in) investing activities		(12,938)		(14,181)	
Change in cash and cash equivalents in the year		141,738		208,433	
Cash and cash equivalents at the beginning of the year		369,550		161,117	
Change in cash and cash equivalents due to exchange rate movements		–		–	
Cash and cash equivalents at the end of the year		511,288		369,550	
Analysis of cash and cash equivalents and of net debt					
	At 1 January 2020 £	Cash flows £	Other non- cash changes £	At 31 December 2020 £	
Cash at bank and in hand	369,550	141,738	–	511,288	
Total cash and cash equivalents	369,550	141,738	–	511,288	

1 Accounting policies

a) Statutory information

Harm Reduction International is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address is 61 Mansell Street, Aldgate, London.

b) Basis of preparation

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) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006/Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Conference income is recognised as and when the actual event takes place.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1 Accounting policies (continued)

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of charitable activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1 Accounting policies (continued)

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

● Project Work	70%
● Support costs	20%
● Governance costs	10%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the statement of financial activities.

l) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Fixtures and fittings	25% reducing
● Computer equipment	25% on cost

n) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1 Accounting policies (continued)

o) Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

p) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

q) Creditors and provisions

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

r) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

s) Pensions

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

2 Income from donations and legacies

	Unrestricted £		2020 Total £	Unrestricted £		2019 Total £
Sundry income	82	–	82	90	–	90
Furlough grant	47,923	–	47,923	–	–	–
	<u>48,005</u>	<u>–</u>	<u>48,005</u>	<u>90</u>	<u>–</u>	<u>90</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Project work	24,100	578,285	602,385	235,305	495,625	730,930
OSF	217,637	–	217,637	–	–	–
Other income from charitable activities	29,878	–	29,878	–	–	–
Sub-total for Project work	271,615	578,285	849,900	235,305	495,625	730,930
Conferences & Support	51	–	51	734,075	–	734,075
Sub-total for Conferences	51	–	51	734,075	–	734,075
Total income from charitable activities	271,666	578,285	849,951	969,380	495,625	1,465,005

4 Income from investments

	Unrestricted £	Restricted	2020 Total £	Unrestricted £	Restricted	2019 Total £
Bank interest receivable	94	–	94	153	–	153
	94	–	94	153	–	153

All income from investments is unrestricted.

Harm Reduction International

Notes to the financial statements

For the year ended 31 December 2020

5 Analysis of expenditure (current year)

	Charitable activities						
	Raising funds £	Project Work £	Conference & support £	Governance costs £	Support costs £	2020 Total £	2019 Total £
Staff costs (Note 8)	-	414,355	-	-	-	414,355	491,237
Other staff costs	-	7,219	671	-	4,415	12,305	2,406
Project expenses	-	58,885	272	-	-	59,157	131,126
Travelling costs	-	9,911	-	-	1,010	10,921	102,819
Consultancy fees	-	154,631	-	-	9,150	163,781	112,840
Recruitment and training costs	-	4,872	-	-	11,344	16,216	10,360
Journals and subscription costs	-	1,386	-	-	90	1,476	9,515
Meeting expenses	-	1,173	-	3,384	361	4,918	11,403
Legal, professional and regulatory	-	-	614	-	-	614	6,642
Conference expenses	-	-	2,026	-	-	2,026	39,286
Conference scholarships	-	-	-	-	-	-	67,249
Depreciation	-	-	-	-	18,947	18,947	2,667
Advertising and promotion costs	-	-	-	-	-	-	25,517
Foreign exchange gains and losses	-	-	-	-	4,626	4,626	4,021
Audit and accountancy fees	-	4,050	-	8,783	-	12,833	10,578
Repairs and maintenance	-	-	-	-	30	30	495
Rent	-	9,175	5,392	-	14,425	28,992	38,969
Insurance	-	-	-	-	3,492	3,492	3,635
Printing, postage and stationery	-	148	-	-	339	487	10,418
Communications	-	34,065	7,244	-	7,676	48,985	51,985
Conference expenses	-	-	-	-	-	-	254,950
Website maintenance and computer running costs	-	2,894	-	-	3,533	6,427	31,793
Office expenses	-	1,214	1,814	-	1,363	4,391	14,062
	-	703,978	18,033	12,167	80,801	814,979	1,433,973
Support costs	-	-	80,801	-	(80,801)	-	-
Governance costs	-	12,167	-	(12,167)	-	-	-
Total expenditure 2020	-	716,145	98,834	-	-	814,979	
Total expenditure 2019	-	973,123	460,850	-	-		1,433,973

Harm Reduction International

Notes to the financial statements

For the year ended 31 December 2020

6 Analysis of expenditure (prior year)

	Charitable activities					
	Raising funds £	Project Work £	Conference & support £	Governance costs £	Support costs £	2019 Total £
Staff costs (Note 8)	-	491,237	-	-	-	491,237
Other staff costs	-	2,406	-	-	-	2,406
Project expenses	-	131,126	-	-	-	131,126
Travelling costs	-	102,819	-	-	-	102,819
Consultancy fees	-	112,807	-	-	33	112,840
Recruitment and training costs	-	10,360	-	-	-	10,360
Journals and subscription costs	-	1,136	-	-	8,379	9,515
Meeting expenses	-	480	-	10,923	-	11,403
Legal, professional and regulatory	-	5,382	-	-	1,260	6,642
Conference expenses	-	-	39,286	-	-	39,286
Conference scholarships	-	-	67,249	-	-	67,249
Depreciation	-	-	-	-	2,667	2,667
Advertising and promotion costs	-	-	-	-	25,517	25,517
Foreign exchange gains and losses	-	-	-	-	4,021	4,021
Audit and accountancy fees	-	-	-	10,578	-	10,578
Repairs and maintenance	-	-	-	-	495	495
Rent	-	-	-	-	38,969	38,969
Insurance	-	-	-	-	3,635	3,635
Printing, postage and stationery	-	-	-	-	10,418	10,418
Communications	-	-	-	-	51,985	51,985
Conference expenses	-	-	-	-	254,950	254,950
Website maintenance and computer running costs	-	-	-	-	31,793	31,793
Office expenses	-	-	-	-	14,062	14,062
	-	857,753	106,535	21,501	448,184	1,433,973
Support costs	-	93,869	354,315	-	(448,184)	-
Governance costs	-	21,501	-	(21,501)	-	-
Total expenditure 2019	-	973,123	460,850	-	-	1,433,973

7 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation	18,947	2,667
Operating lease rentals payable:		
Property	28,992	–
Auditor's remuneration (including VAT):		
Audit	–	10,578
Independent examination	7,200	–
Foreign exchange gains or losses	4,626	4,021
	<u>4,626</u>	<u>4,021</u>

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	349,137	426,013
Social security costs	34,942	39,651
Employer's contribution to defined contribution pension schemes	30,276	25,573
	<u>414,355</u>	<u>491,237</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2020 No.	2019 No.
£60,000 – £69,999	1	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £82,298 (2019: £84,069).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £3,384 (2019: £9,194) incurred by 2 (2019: 6) members relating to attendance at meetings of the trustees.

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 12 (2019: 9).

10 Related party transactions

HRI declares two matters pertaining to related parties and relationships:

- HRI employs two staff who are related to a trustee. The staff were appointed via open competition, without any influence of that trustee, and remunerated in accordance with the HRI salary bands, without influence of that trustee.
- In 2020, HRI had a written costs sharing agreement with HIT Projects Limited, for the rental of office space used by HRI employees in Liverpool (valued at HIT £748.95 + VAT per month). There are no outstanding balances. The directors of HIT Projects Limited are related parties: Patrick O'Hare, HRI trustee; Madeleine O'Hare, HRI employee and Lucy O'Hare, HRI employee.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

11 Taxation

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

12 Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At the start of the year	34,334	2,212	18,829	–	55,375
Additions in year	13,032	–	–	–	13,032
At the end of the year	47,366	2,212	18,829	–	68,407
Depreciation					
At the start of the year	–	2,212	18,829	–	21,041
Charge for the year	18,947	–	–	–	18,947
At the end of the year	18,947	2,212	18,829	–	39,988
Net book value					
At the end of the year	28,419	–	–	–	28,419
At the start of the year	34,334	–	–	–	34,334

All of the above assets are used for charitable purposes.

13 Debtors

	2020 £	2019 £
Trade debtors	23,051	6,676
Other debtors	4,567	2,378
Prepayments	33,707	51,824
Accrued income	22,211	–
	83,536	60,878

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	40,618	17,451
Taxation and social security	15,569	7,930
Other creditors	183	2,485
Amounts due for Pensions	13,109	–
Accruals	19,858	16,567
Deferred income (note 17)	345,258	314,752
	434,595	359,185

15 Deferred income

Deferred income comprises grant income received during the year for use in 2021.

	2020 £	2019 £
Balance at the beginning of the year	314,752	414,143
Amount released to income in the year	(314,752)	309,499
Amount deferred in the year	345,258	(408,890)
Balance at the end of the year	345,258	314,752

16a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	28,419	–	–	28,419
Current assets	418,122	–	176,703	594,825
Current liabilities	(434,596)	–	–	(434,596)
Net assets at 31 December 2020	11,945	–	176,703	188,648

16b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	34,334	–	–	34,334
Current assets	376,225	–	54,203	430,428
Current liabilities	(359,185)	–	–	(359,185)
Net assets at 31 December 2019	51,374	–	54,203	105,577

17a Movements in funds (current year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2020 £
Restricted funds:					
Global Fund/Alliance India	6,565	62,458	(70,487)	4,327	2,863
EC Death Penalty	28,895	54,825	(83,523)	(197)	–
Robert Carr Fund	18,743	116,324	(127,361)	–	7,706
Open Society Foundation – Emergency	–	1,646	(1,646)	–	–
GSHR 2020: Swiss Federal Office of	–	8,060	(7,197)	–	863
GSHR 2020: UNAIDS TSM	–	30,181	(30,181)	–	–
UNAIDS TSM – Sust.Financing	–	9,325	(4,390)	–	4,935
Open Society Foundation – SAME	–	56,071	(16,956)	–	39,115
EJAF COVID-19	–	23,818	(23,818)	–	–
Robert Carr – GDPI	–	45,057	(10,292)	–	34,765
MAC AIDS FUNDS UK	–	75,000	(64,853)	–	10,147
Open Society Foundation – LAWYERS	–	85,471	(9,162)	–	76,309
Global Fund/Alliance India – Impact	–	10,049	(10,049)	–	–
Total restricted funds	54,203	578,285	(459,915)	4,130	176,703
Unrestricted funds:					
General funds	51,374	319,765	(355,064)	(4,130)	11,945
Total unrestricted funds	51,374	319,765	(355,064)	(4,130)	11,945
Pension reserve	–	–	–	–	–
Total funds	105,577	898,050	(814,979)	–	188,648

The narrative to explain the purpose of each fund is given at the foot of the note below.

17b Movements in funds (prior year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 1 January 2020 £
Restricted funds:					
Global Fund/Alliance India	6,693	48,013	(48,141)	–	6,565
EC Death Penalty	110,263	153,732	(235,100)	–	28,895
EJAF	9,569	44,936	(54,544)	39	–
Robert Carr	(1,358)	115,521	(95,420)	–	18,743
Federal Office of Public Health	3,534	3,839	(7,373)	–	–
PITCH	(18)	24,061	(24,043)	–	–
OSF Death Penalty	11,092	59,005	(70,097)	–	–
TIDES (MAC AIDS)	–	46,518	(46,518)	–	–
Total restricted funds	139,775	495,625	(581,236)	39	54,203
Unrestricted funds:					
Total designated funds	–	–	–	–	–
General funds	(65,473)	969,623	(852,737)	(39)	51,374
Total unrestricted funds	(65,473)	969,623	(852,737)	(39)	51,374
Pension reserve	–	–	–	–	–
Total funds	74,302	1,465,248	(1,433,973)	–	105,577

Purposes of restricted funds

Global Fund/Alliance India

Global Fund support for research on the investment in harm reduction in seven countries in Asia.
Transfers from Unrestricted funds, made to agree balance brought forward with donor's audited account,

EC Death Penalty

European Commission funding for Harm Reduction International's research and advocacy related to the abolition of the death penalty for drug offences.

As project closed in March 2020, the transfer is to write off outstanding exchange differences against unrestricted funds.

Robert Carr Fund

Robert Carr funding provides support for HRI's research and advocacy across all teams – public health, human rights, sustainable financing and conference.

Open Society Foundation – Emergency Powers

OSF support for HRI to undertake research and advocacy on the impact of COVID-19 emergency powers on the rights of marginalised populations; part of a global human rights campaign.

GSHR 2020: Swiss Federal Office of Public Health

The Federal Office of Public Health provided a small amount of funding in support of research and documentation of the status of harm reduction in Western Europe, linked to the Global State of Harm Reduction report.

GSHR 2020: UNAIDS TSM

Via the technical support mechanism, UNAIDS supported consultants around the world to undertake research for the Global State of Harm Reduction.

UNAIDS TSM – Sust.Financing

Via the technical support mechanism, UNAIDS supported HRI to undertake analysis on funding for harm reduction in low- and middle-income countries.

Open Society Foundations – SAME

OSF support for HRI to facilitate a regional coordination and advocacy amongst human rights and criminal justice actors in South Asia and the Middle East.

Elton John AIDS Foundation – COVID-19

EJAF funding for HRI to support a partner in Kenya with HIV prevention and harm reduction during the pandemic.

Robert Carr Fund – GDPI

Robert Carr Fund support for a consortium of actors to develop a global drug policy index.

MAC AIDS Fund UK

MAC AIDS Fund support for the Global State of Harm Reduction 2020, and additional research and advocacy for harm reduction with partners in Kenya and Uganda.

Open Society Foundation – LAWYERS

OSF support for HRI to host a global network of lawyers providing services for populations vulnerable to HIV, including advocacy and training.

Global Fund/Alliance India – Impact Report

Global Fund support for a study documenting the impact of the regional advocacy grant.

18 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property		Equipment	
	2020	2019	2020	2019
	£	£	£	£
Less than one year	36,000	10,785	–	–
One to five years	72,000	7,190	–	–
Over five years	–	–	–	–
	108,000	17,975	–	–

19 Post balance sheet events

The charity decided to postpone its 2021 conference to April 2023 due to the impact of the Corona Virus and in recognition of the global inequity surrounding vaccine roll out, however, instead of the 2021 Conference, the Charity have plans for an online festival at the end of 2021 ('Constellations'), which will also allow for the celebration of HRI's 25th anniversary.

20 Legal status of the charity

The Charity is controlled by the Trustees.

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.