

Charity number: 1117375

Harm Reduction International

Trustees' report and financial statements

For the year ended 31 December 2016

Harm Reduction International (formally known as The International Harm Reduction Association)

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Harm Reduction International (formally known as The International Harm Reduction Association)

Reference and administrative details of the charity, its trustees and advisers For the year ended 31 December 2016

| | |
|----------------------------------|---|
| Trustees | J P Kools, Chair R Pearman, Vice Chair P Haddad, Treasurer I Varentsov, Secretary J A Bridge (resigned 1 November 2016) J Ryan S Mclean Prof P O'Hare S Masanja |
| Charity registered number | 1117375 |
| Principal office | Unit 2C09 South Bank Technopark 90 London Road London SE1 6LN |
| Secretary | I Varentsov |
| Executive director | R Lines |
| Independent auditors | Kreston Reeves LLP Chartered Accountants Third Floor 24 Chiswell Street London EC1Y 4YX |
| Bankers | National Westminster Bank Plc PO Box 1264 4th Floor 1 Princes Street London EC2R 8PB |
| Solicitors | Bates Wells & Braithwaite London LLP 2-6 Cannon Street London EC4M 6YH |

Harm Reduction International (formally known as The International Harm Reduction Association)

Trustees' report

For the year ended 31 December 2016

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Harm Reduction International (HRI) (the charity) for the year ended 31 December 2016. The Trustees confirm that the Annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Objectives and Activities

• Policies and objectives

In setting objectives and planning for activities, the Trustees have given due regard to the general guidance published by the Charity Commission relating to public benefit. In planning for the future, we therefore seek to promote public health policies and practices that are based on scientific evidence and compliant with international human rights obligations. In doing so, we promote health responses to drug use and drug related harms (i.e. HIV, viral hepatitis, overdose) that are effective in terms of health outcomes and costs, and that respect and protect the rights of vulnerable populations and communities that are most affected by drug use and HIV. There are no potential harms arising from our aims.

Charitable Objectives

The Objectives of 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.

Principal activities

The main activities of HRI are:

- a) The provision of information
- b) Research and policy analysis about harm reduction and human rights
- c) Campaigns and engagement with policy makers
- d) Strengthening our civil society partners

Harm Reduction International (formally known as The International Harm Reduction Association)

Trustees' report (continued) For the year ended 31 December 2016

Aims

HRI's vision is a world in which individuals and communities benefit from drug laws, policies and practices that promote health, dignity and human rights. We work to reduce drug related harms by promoting evidence based public health policy and practices and human rights based approaches to drug policy through an integrated programme of research, analysis, advocacy and civil society strengthening.

We seek to ensure that multilateral agencies, major donors, national governments and major non governmental organisations have in place and implement policies and programmes which promote and support harm reduction for psychoactive substances, including interventions, delivery and best practice at international, regional and national levels. We also promote the involvement of civil society organisations, including the perspectives of people who use drugs, within national and international policy and decision making on drug related issues.

In shaping the objectives for the year and planning the charity's activities, the members 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 future activities.

● Activities for achieving objectives

We promote public health legislation, policy and practice that is based on scientific evidence and compliant with international human rights obligations. In doing so, we promote public health responses to drug use and drug related harms (i.e. HIV, viral hepatitis, overdose) that are effective in terms of health outcomes and costs, and that respect and protect the rights of vulnerable populations and communities that are most affected by drug use and HIV. There are no potential harms arising from our aims.

Through our efforts to promote evidence based and human rights compliant approaches to drug use and drug related harms, our work benefits the public at large through improved overall public health standards and outcomes. Our work also benefits specific vulnerable groups (i.e. people who use drugs, people living with HIV) by promoting better quality and more responsive health care services specific to the needs of these populations. In both of these regards, our work produces benefit on a global basis.

Our main objective is to promote a conducive international environment for the implementation and scaling up of harm reduction policies and programmes. To advance this objective, we pursue a diverse programme of activities including research and policy analysis, engagement with national and international policy makers, information dissemination and exchange, support for new harm reduction networks and organising international events.

Volunteers make an important contribution to our work in various capacities, including Board Members, postgraduate research interns and conference assistants.

● Achievements and performance

The year 2016 was a successful one for HRI, during which time we advanced a number of core activities. It was an important year for HRI, as it represented the 20th anniversary of the founding of the organisation in 1996. To commemorate this milestone, all of our activities for the year were built around the anniversary theme, and branded with a special logo commemorating our 20th year. This culminated with an anniversary event at the House of Commons at the end of the year.

The key benchmarks for the year were the UN General Assembly Special Session on Drugs in April and the UN High Level Meeting on HIV in June, both meetings held at the UN headquarters in New York. These events were key platforms for promoting our core messages, engaging with Member States and collaborating with our partner NGOs to work towards common objectives. Many of our activities for the year were designed to feed into these key international meetings.

HRI published several new research reports and briefings during the year. The most significant of these was the 2016 edition of 'The Global State of Harm Reduction', our flagship publication. This biennial report, now in its tenth year, is the only independent, civil society led project monitoring harm reduction policy and implementation worldwide. In addition to the Global State, HRI also published the 'Harm Reduction Decade'

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Trustees' report (continued) For the year ended 31 December 2016

report, which included ground-breaking mathematical modelling on the investment necessary to end HIV among people who inject drugs worldwide.

We worked with our partners around the world – including harm reduction organisations and networks, drug user activists, human rights defenders and multilateral agencies/donors – to promote an increased international commitment to harm reduction, with a particular focus on the need for increased international and national investment in harm reduction services. The central element of this work was our ongoing ‘10 by 20 campaign’, which calls on governments to redirect 10% of the resources that they currently spend in the war on drugs to harm reduction.

We advocated for harm reduction at both national and international levels, and worked with many different international agencies – including the United Nations Office on Drugs and Crime, the World Health Organization, UNICEF and UNAIDS – towards improving multilateral policy commitments.

We raised drugs and human rights issues at international political forums, including the UN Human Rights Council, the UN Commission on Narcotic Drugs, the UNAIDS Programme Coordinating Board, the Global Fund and the European Union.

Following an open tendering process, we selected Montreal, Canada as the host city for our 25th international conference, to be held in May 2017.

On October 19, 2015 the company passed a resolution to change the entities name from The International Harm Reduction Association to Harm Reduction International.

Financial review

● Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

● Reserves policy

The Board and Executive Director seek to build and maintain the organisational reserves is a level that is at least equivalent to three months operational expenditure. The Board and Executive Director recognise that achieving this objective requires a commitment over time, and seek to increase the total reserve fund annually, based on budgeting and the availability of unrestricted funds for this purpose. The current status of the reserves fund, as well as the forecast for increasing the fund, is reviewed annually by the Board and Executive Director.

● Principal funding

HRI's principal funders for 2016 were the Open Society Foundations, the European Commission, the Robert Carr civil society Networks Fund, the MAC AIDS Fund, the Elton John AIDS Foundation and various United Nations agencies. We also receive grant income as part of our work from the International HIV/AIDS Alliance, from memberships, unrestricted donations and conference income. A percentage of HRI's core operational running costs are funded via designated budget lines within restricted grants. This may manifest itself in the end-of-year accounts as a perceived 'overspend' in unrestricted funding.

● International conference

HRI organises a major international conference every two years. As a consequence, the annual turnover recorded in our accounts will increase or decrease each year, depending whether the year in question is a conference year or not.

Harm Reduction International (formally known as The International Harm Reduction Association)

Trustees' report (continued) For the year ended 31 December 2016

In the current year costs have been incurred in respect of 2017 conference. These costs will be covered by the conference income.

Structure, governance and management

- **Constitution**

Governing Document

HRI is a charitable company. It is a company limited by guarantee registered in England and Wales (No 03223265) and incorporated on the 11 July 1996. It is also a charity registered in England and Wales (No 1117375) and was registered with the Charity Commission on 22 December 2006. Members of the Board are directors of the company and Trustees of the charity. HRI's legal documents are the Memorandum of Association, which sets out the reasons for establishing the company, and the Articles of Association, which are our rules. In the event of the company being wound up, all members present and 12 months past are required to contribute an amount not exceeding £1.

- **Method of appointment or election of Trustees**

The minimum number of Trustees is six and the maximum is twelve. Trustees are appointed for three years and may stand for re election. HRI follows a foundation model of governance in which the Trustees are the members. New Trustees are appointed by a decision of the Trustees, passed by a majority of two-thirds of the total number of sitting Trustees. Appointments are made at the Annual General Meeting which is held once in every calendar year.

- **Policies adopted for the induction and training of Trustees**

Trustees are provided with an induction document giving the history, aims and objectives of HRI, the governance structure, and details of their responsibilities as trustees and are directed to the appropriate section of the Charity Commission's website. They are also required to sign a trustee Code of Conduct, which also highlights potential areas where conflicts of interest may arise.

- **Pay policy for senior staff**

Salary for all 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 Board of Directors.

- **Organisational structure and decision making**

The governing body is the Board of Directors which comprises all Trustees. Trustees have ultimate responsibility for directing the affairs of HRI, ensuring that it is solvent, well run and delivering the charitable outcomes for the benefit of the public for which it was set up. The main areas of responsibility are compliance, prudence and a duty of care. Trustees set the overall strategic direction of the Association. The Board of Directors meets face-to-face twice annually, for two days at a time. Should additional meetings be required, these are organised on an 'as needed' basis via teleconference.

A Board Executive Committee, made up of the four elected Officers, meets monthly via teleconference with the Executive Director and Finance Manager to review operations and manage accounts.

Operational decisions are the responsibility of the Executive Director. The Executive Director reports to the Board and is responsible to the Chair of Trustees. The Executive Director is responsible for hiring and managing all staff.

Harm Reduction International (formally known as The International Harm Reduction Association)

Trustees' report (continued) For the year ended 31 December 2016

• Related party relationships

HRI works with a large number of NGOs around the world, mainly working in the field of HIV/AIDS, human rights and drug policy. These informal relationships are orientated around joint research initiatives and opportunities to engage in collaborative efforts to promote harm reduction. HRI has close working relationships with regional harm reduction networks in Eurasia, the Middle East and North Africa, the European Union and North America. These are separate bodies but with similar aims and objectives as HRI. HRI also works closely with organisations promoting harm reduction, including organisations of people who use drugs and people living with HIV.

• Risk management

Reputation

HRI works in areas that may be deemed by some to be controversial - reducing risks from drug use, and promoting the human rights of people who use drugs. Activities with potential risks to our reputation are referred by the Executive Director to HRI's Board of Directors. We have a policy of not accepting funding from tobacco companies and alcohol beverage companies.

Financial

As a small organisation we are particularly vulnerable to changes in income. These are managed through the annual budgeting and accounting systems, quarterly financial reports which are submitted to the Board of Directors and financial oversight by the Treasurer and Board Executive Committee.

Plans for future periods

• Future developments

HRI's current strategic plan runs from 2014-17. The strategy focuses on three core areas of activity:

- To contribute towards increased recognition at the international level of the value and effectiveness of harm reduction approaches
- To contribute towards an increased understanding of the funding environment for harm reduction and the benefits of increased investment
- To strengthen and modernise HRI's governance and strengthen HRI's funding base to support institutional capacity and stability

The degree to which these activities flourish will be largely affected by our success in fundraising and income generation.

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**Trustees' report (continued)
For the year ended 31 December 2016**

Trustees' responsibilities statement

The Trustees 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).

The law applicable to charities in England & Wales 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 of the charity for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

This report was approved by the Trustees on 28 June 2017 and signed on their behalf by:

.....

J P Kools, Chair

Harm Reduction International (formally known as The International Harm Reduction Association)

Independent auditors' report to the Trustees of Harm Reduction International (formally known as The International Harm Reduction Association)

We have audited the financial statements of Harm Reduction International (formally known as The International Harm Reduction Association) for the year ended 31 December 2016 set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice),

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 its trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 145 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 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.

Harm Reduction International (formally known as The International Harm Reduction Association)

Independent auditors' report to the Trustees of Harm Reduction International (formally known as The International Harm Reduction Association)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Third Floor
24 Chiswell Street
London
EC1Y 4YX
Date:

Harm Reduction International (formally known as The International Harm Reduction Association)

**Statement of financial activities (including the income and expenditure account)
For the year ended 31 December 2016**

| | Note | Restricted funds 2016 £ | Unrestricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations and legacies | 3 | - | - | - | 1,367 |
| Charitable activities | 5 | 294,384 | 179,706 | 474,090 | 1,154,102 |
| Investments | 4 | - | 69 | 69 | 81 |
| Total income | | 294,384 | 179,775 | 474,159 | 1,155,550 |
| Expenditure on: | | | | | |
| Charitable activities | 6 | 469,403 | 305,299 | 774,702 | 1,094,046 |
| Total expenditure | 6 | 469,403 | 305,299 | 774,702 | 1,094,046 |
| Net income / (expenditure) before transfers | | (175,019) | (125,524) | (300,543) | 61,504 |
| Transfers between Funds | 16 | (34,354) | 34,354 | - | - |
| Net income / (expenditure) before other recognised gains and losses | | (209,373) | (91,170) | (300,543) | 61,504 |
| Net movement in funds | | (209,373) | (91,170) | (300,543) | 61,504 |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 240,784 | 114,995 | 355,779 | 294,275 |
| Total funds carried forward | | 31,411 | 23,825 | 55,236 | 355,779 |

All activities relate to continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

Harm Reduction International (formally known as The International Harm Reduction Association)

**Balance sheet
As at 31 December 2016**

| | Note | £ | 2016 £ | £ | 2015 £ |
|---|------|------------------|-----------------------|----------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 5,170 | | 4,445 |
| Current assets | | | | | |
| Debtors | 14 | 171,478 | | 159,593 | |
| Cash at bank and in hand | | 263,228 | | 690,029 | |
| | | | <u>434,706</u> | <u>849,622</u> | |
| Creditors: amounts falling due within one year | 15 | (384,640) | | (498,288) | |
| Net current assets | | | <u>50,066</u> | | <u>351,334</u> |
| Net assets | | | <u>55,236</u> | | <u>355,779</u> |
| Charity Funds | | | | | |
| Restricted funds | 16 | | 31,411 | | 240,784 |
| Unrestricted funds | 16 | | 23,825 | | 114,995 |
| Total funds | | | <u>55,236</u> | | <u>355,779</u> |

The financial statements were approved by the Trustees on 28 June 2017 and signed on their behalf, by:

.....
J P Kools, Chair

The notes on pages 12 to 24 form part of these financial statements.

Harm Reduction International (formally known as The International Harm Reduction Association)

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

Harm Reduction International (formally known as The International Harm Reduction Association) constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The financial statements have been based on the expectation of the Charity continuing as a going concern for the next 12 months. The Trustees believe that there are no uncertainties regarding the accounts being prepared on a going concern basis.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**Notes to the financial statements
For the year ended 31 December 2016**

1. Accounting policies (continued)

1.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Grants, where entitlement is not conditional on the delivery of a specific performance by the Charity, are recognised when the Charity becomes unconditionally entitled to the grant. Income is only deferred when:

- the donor specifies the grant of donation must only be used in future accounting period, or
- the donor has imposed conditions which must be met before the Charity has unconditional entitlement.

Grant income received under contract or where entitlement to the funding is subject to performance and specific deliverables conditions, is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Harm Reduction International (formally known as The International Harm Reduction Association)

Notes to the financial statements For the year ended 31 December 2016

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 allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at the registered office. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.6 Cash flow

The charity has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small charitable charity.

1.7 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|---------------------|---|----------------------|
| Fixtures & fittings | - | 25% reducing balance |
| Computer equipment | - | 25% on cost |

1.8 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.

1.9 Debtors

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

1.10 Cash at Bank and in hand

Cash at bank and 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.

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Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies (continued)

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 Foreign currencies

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

1.14 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. Judgements in applying accounting policies and key sources of estimation uncertainty

No significant judgements have been made by management in preparing these financial statements and there are no key sources of estimation uncertainty.

3. Income from donations and legacies

| | Restricted funds 2016 £ | Unrestricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Membership income | - | - | - | 160 |
| Sundry income | - | - | - | 1,207 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total donations and legacies | - | - | - | 1,367 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

In 2015, of the total income from donations and legacies, £1,367 was to unrestricted funds and £ NIL was to restricted funds

Harm Reduction International (formally known as The International Harm Reduction Association)

Notes to the financial statements For the year ended 31 December 2016

4. Investment income

| | Restricted funds 2016 £ | Unrestricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Bank interest received | - | 69 | 69 | 81 |

In 2015, of the total investment income, £ 81 was to unrestricted funds and £ NIL was to restricted funds.

5. Income from charitable activities

| | Restricted funds 2016 £ | Unrestricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-----------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Project work | 294,384 | 179,120 | 473,504 | 706,498 |
| Conferences & support | - | 586 | 586 | 447,604 |
| | <u>294,384</u> | <u>179,706</u> | <u>474,090</u> | <u>1,154,102</u> |

In 2015, of the total income from charitable activities, £475,769 was to unrestricted funds and £678,333 was to restricted funds.

6. Analysis of resources expended by expenditure type

| | Staff costs 2016 £ | Depreciation 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|----------------------------------|--------------------------|---------------------------|--------------------------|--------------------|--------------------|
| Project work | 461,110 | 963 | 233,627 | 695,700 | 797,226 |
| Conferences & support | - | - | 61,541 | 61,541 | 278,637 |
| Charitable activities | <u>461,110</u> | <u>963</u> | <u>295,168</u> | <u>757,241</u> | <u>1,075,863</u> |
| Expenditure on governance | - | - | 17,461 | 17,461 | 18,183 |
| | <u>461,110</u> | <u>963</u> | <u>312,629</u> | <u>774,702</u> | <u>1,094,046</u> |

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**Notes to the financial statements
For the year ended 31 December 2016**

7. Analysis of resources expended by activities

| | Activities undertaken directly 2016 £ | Support costs 2016 £ | Total 2016 £ | Total 2015 £ |
|-----------------------|---|-------------------------------|-----------------------|-------------------------|
| Project work | 587,259 | 108,441 | 695,700 | 797,226 |
| Conferences & support | 33,610 | 27,931 | 61,541 | 278,637 |
| | <u>587,259</u> | <u>108,441</u> | <u>695,700</u> | |
| | <u>33,610</u> | <u>27,931</u> | <u>61,541</u> | |
| Total | <u><u>620,869</u></u> | <u><u>136,372</u></u> | <u><u>757,241</u></u> | <u><u>1,075,863</u></u> |

8. Activities directly undertaken

| | Project work £ | Conference & support £ | Total 2016 £ | Total 2015 £ |
|---|----------------------|------------------------------|--------------------|--------------------|
| Other staff costs | 780 | - | 780 | 650 |
| Project expenses | 22,440 | 1,500 | 23,940 | 88,776 |
| Travelling costs | 52,984 | 16,406 | 69,390 | 79,267 |
| Consultancy fees | 44,277 | 14,210 | 58,487 | 96,962 |
| Recruitment and training costs | - | 1,494 | 1,494 | 3,859 |
| Journals and subscription costs | 1,387 | - | 1,387 | 481 |
| Meeting expenses | 1,815 | - | 1,815 | 100 |
| Legal, professional and regulatory fees | 2,466 | - | 2,466 | 7,505 |
| Conference expenses | - | - | - | 5,381 |
| Conference expenses | - | - | - | 59,196 |
| Wages and salaries | 392,126 | - | 392,126 | 359,769 |
| National insurance | 46,257 | - | 46,257 | 45,653 |
| Pension cost | 22,727 | - | 22,727 | 10,773 |
| | <u>587,259</u> | <u>33,610</u> | <u>620,869</u> | <u>758,372</u> |

In 2015, the charity incurred the following Direct costs:

£666,790 in respect of Project work

£91,582 in respect of Conferences & support

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**Notes to the financial statements
For the year ended 31 December 2016**

9. Support costs

| | Project work £ | Conference & support £ | Total 2016 £ | Total 2015 £ |
|--|----------------------|------------------------------|--------------------|--------------------|
| Other staff costs | 9,171 | - | 9,171 | 126,036 |
| Advertising and promotion costs | 17,480 | - | 17,480 | 50,800 |
| Meeting expenses | 17,606 | - | 17,606 | 15,197 |
| Legal, professional and regulatory fees | 2,479 | 701 | 3,180 | 4,142 |
| Support costs | 585 | - | 585 | 390 |
| Rent | 34,818 | 1,591 | 36,409 | 34,675 |
| Insurance | 3,397 | - | 3,397 | 6,360 |
| Printing, postage and stationery | 8,044 | 83 | 8,127 | 25,808 |
| Communications | 2,369 | 1,051 | 3,420 | 8,260 |
| Conference expenses | - | - | - | 2,959 |
| Repairs and maintenance | 682 | - | 682 | - |
| Website maintenance and computer running costs | 8,081 | 24,505 | 32,586 | 25,923 |
| Office expenses | - | - | - | 10,700 |
| Bank charges | 2,766 | - | 2,766 | 3,551 |
| Depreciation | 963 | - | 963 | 2,690 |
| | <u>108,441</u> | <u>27,931</u> | <u>136,372</u> | <u>317,491</u> |

In 2015, the charity incurred the following Support costs:

£130,436 in respect of Project work

£187,055 in respect of Conferences & support

10. Governance costs

| | Restricted funds 2016 £ | Unrestricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Auditors' remuneration | - | 8,958 | 8,958 | 8,856 |
| Accounting services | - | 8,503 | 8,503 | 9,327 |
| | <u>-</u> | <u>17,461</u> | <u>17,461</u> | <u>18,183</u> |

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**Notes to the financial statements
For the year ended 31 December 2016**

11. Staff costs

Staff costs were as follows:

| | 2016 | 2015 |
|-----------------------|-----------------------|----------------|
| | £ | £ |
| Wages and salaries | 392,126 | 359,769 |
| Social security costs | 46,257 | 45,653 |
| Other pension costs | 22,727 | 10,773 |
| | <u>461,110</u> | <u>416,195</u> |

The average number of persons employed by the charity during the year was as follows:

| | 2016 | 2015 |
|----------------|------------------|-----------|
| | No. | No. |
| Project work | 11 | 9 |
| Administrative | 1 | 1 |
| | <u>12</u> | <u>10</u> |

Average headcount expressed as a full time equivalent:

| | 2016 | 2015 |
|-------------------|-------------|------|
| | No. | No. |
| Average headcount | 12 | 10 |

The number of higher paid employees was:

| | 2016 | 2015 |
|-------------------------------|-------------|------|
| | No. | No. |
| In the band £80,001 - £90,000 | 1 | 1 |

12. Net incoming resources/(resources expended)

This is stated after charging:

| | 2016 | 2015 |
|--|---------------------|---------------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 963 | 2,690 |
| Pension costs | 9,941 | 10,773 |
| Auditors' remuneration | 8,958 | 8,856 |
| | <u>9,902</u> | <u>22,319</u> |

During the year, no Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

7 Trustees received reimbursement of expenses amounting to £17,606 in the current year, (2015 - 7 Trustees - £6,374).

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Notes to the financial statements
For the year ended 31 December 2016

13. Tangible fixed assets

| | Fixtures & fittings £ | Computer equipment £ | Total £ |
|-----------------------|-----------------------------|----------------------------|---------------|
| Cost | | | |
| At 1 January 2016 | 1,083 | 12,531 | 13,614 |
| Additions | - | 3,251 | 3,251 |
| At 31 December 2016 | <u>1,083</u> | <u>15,782</u> | <u>16,865</u> |
| Depreciation | | | |
| At 1 January 2016 | 542 | 8,627 | 9,169 |
| Charge for the year | 85 | 2,441 | 2,526 |
| At 31 December 2016 | <u>627</u> | <u>11,068</u> | <u>11,695</u> |
| Net book value | | | |
| At 31 December 2016 | <u>456</u> | <u>4,714</u> | <u>5,170</u> |
| At 31 December 2015 | <u>541</u> | <u>3,904</u> | <u>4,445</u> |

14. Debtors

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 4,257 | 45,375 |
| Other debtors | 27,052 | 2,927 |
| Prepayments and accrued income | 140,169 | 111,291 |
| | <u>171,478</u> | <u>159,593</u> |

15. Creditors: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 25,066 | 44,798 |
| Other taxation and social security | 11,376 | 10,652 |
| Other creditors | 9,941 | - |
| Accruals and deferred income | 338,257 | 442,838 |
| | <u>384,640</u> | <u>498,288</u> |

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Notes to the financial statements
For the year ended 31 December 2016

15. Creditors: Amounts falling due within one year (continued)

| | £ |
|--------------------------------------|----------------|
| Deferred income | |
| Deferred income at 1 January 2016 | 423,494 |
| Resources deferred during the year | 103,368 |
| Amounts released from previous years | (203,277) |
| | <hr/> |
| Deferred income at 31 December 2016 | 323,585 |
| | <hr/> <hr/> |

Deferred income comprises funding received in advance in respect of project expenses up to January 31, 2018.

16. Statement of funds

| | Brought Forward £ | Income £ | Expenditur e £ | Transfers in/out £ | Carried Forward £ |
|---------------------------|-------------------------|----------------|----------------------|--------------------------|-------------------------|
| Designated funds | | | | | |
| Project fund | 25,000 | - | - | - | 25,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| General funds | | | | | |
| General Funds - Core | 89,995 | 179,775 | (243,758) | 34,354 | 60,366 |
| General Fund - Conference | - | - | (61,541) | - | (61,541) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 89,995 | 179,775 | (305,299) | 34,354 | (1,175) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Unrestricted funds | 114,995 | 179,775 | (305,299) | 34,354 | 23,825 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Designated funds

The Trustees have designated £25,000 as a fund to assist with financing future projects.

Transfers between funds

Any restricted fund project surpluses or deficits that have come to an end as at the year end date are transferred from the core funding reserves in the year, amounting to £34,354, as detailed below.

Harm Reduction International (formally known as The International Harm Reduction Association)

Notes to the financial statements For the year ended 31 December 2016

16. Statement of funds (continued)

Restricted funds

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Carried Forward £ |
|--|----------------------|----------------|------------------|-----------------------|----------------------|
| Revenue | | | | | |
| EC Prison | 27,517 | 6,293 | (62,335) | 28,525 | - |
| Robert Carr | 45,336 | 48,757 | (3,394) | (90,699) | - |
| UNGASS | 5,317 | - | - | (5,317) | - |
| Geneva PCB Grant from UNODC | 4,722 | - | - | (4,722) | - |
| Carol and Travis Jenkins Memorial Fund | 2,801 | - | - | (2,801) | - |
| UN Aids Kids 2013 | 10,370 | - | - | (10,370) | - |
| OSF grant for photos at CND | 8,168 | - | - | (8,168) | - |
| EC Harm Reduction Works | 125,503 | 25,728 | (168,210) | 16,979 | - |
| Death Penalty | 11,050 | 13,751 | (25,896) | 1,095 | - |
| GSHR 2016 General | - | - | (9,054) | 9,054 | - |
| GSHR 2016 Foreign Office for Public Health | - | 17,991 | (17,991) | - | - |
| GSHR UN Aids Grant | - | 11,145 | (11,145) | - | - |
| Beating the Aids Epidemic (Aids Alliance) | - | 29,887 | (35,410) | 5,523 | - |
| Euro HRN II | - | - | (23,940) | 23,940 | - |
| GSHR-Global Fund to Fight AIDS | - | 15,000 | (15,000) | - | - |
| EJAF 2016-17 | - | - | (2,607) | 2,607 | - |
| Robert Carr 2016-17 | - | 108,332 | (76,921) | - | 31,411 |
| WHO Grant for GSHR 2016 | - | 17,500 | (17,500) | - | - |
| | 240,784 | 294,384 | (469,403) | (34,354) | 31,411 |
| Total of funds | 355,779 | 474,159 | (774,702) | - | 55,236 |

Restricted funds - Revenue

EC Prison is a seven country project working to improve monitoring of infectious diseases and related health care programmes in prisons.

Robert Carr support for work on international funding for harm reduction and human rights as a member of the Harm Reduction Consortium.

UNGASS support for our work coordinating the engagement of global and regional harm reduction organisations within the UNGASS process.

Geneva PCB Grant from UNODC support for a side event on international financing for harm reduction held the UNAIDS PCB meeting in December 2014.

Carol and Travis Jenkins Memorial Fund provides for an award every two years. To be given out during our 2015 conference.

UN AIDS funding to support review of research on injecting drug use among under-18s.

The Foundation to Promote Open Society awarded the charity a grant to hang large-scale portraits highlighting the impact of harm reduction at a United Nations event of import to the global drug policy conversation.

Harm Reduction International (formally known as The International Harm Reduction Association)

Notes to the financial statements For the year ended 31 December 2016

16. Statement of funds (continued)

EC Harm Reduction works is a European Union funded project to research and monitor financial support for harm reduction in EU member states.

Death Penalty is a UK Foreign and Commonwealth Office grant to support HRI's death penalty for drugs research project.

GSHR 2016 General – General funding raised for the Global State of Harm Reduction 2016

GSHR 2016 Foreign Office for Public Health – Grant from the Swiss Government for the Global State of Harm Reduction 2016

GSHR UN Aids Grant – Grant from the UNAIDS for the Global State of Harm Reduction 2016

Beating the Aids Epidemic (Aids Alliance) – Grant to support work around the UNGASS on drugs and UN High Level Meeting on HIV

European HRN2 is funded by the European Commission to promote harm reduction networking and collaboration within the European Union.

GSHR-Global Fund to Fight AIDS – Grant from The Global Fund to Fight AIDS, Tuberculosis and Malaria' for the Global State of Harm Reduction Report 2016

EJAF 2016-17 – Grant to support HRI campaigns

Robert Carr 2016-17 – Grant to support HRI campaigns

WHO Grant for GSHR 2016 Grant from the World Health Organization for the Global State of Harm Reduction 2016

Summary of funds

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Carried Forward £ |
|------------------|----------------------|----------------|------------------|-----------------------|----------------------|
| Designated funds | 25,000 | - | - | - | 25,000 |
| General funds | 89,995 | 179,775 | (305,299) | 34,354 | (1,175) |
| | <u>114,995</u> | <u>179,775</u> | <u>(305,299)</u> | <u>34,354</u> | <u>23,825</u> |
| Restricted funds | 240,784 | 294,384 | (469,403) | (34,354) | 31,411 |
| | <u>355,779</u> | <u>474,159</u> | <u>(774,702)</u> | <u>-</u> | <u>55,236</u> |

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Notes to the financial statements For the year ended 31 December 2016

17. Analysis of net assets between funds

| | Restricted funds 2016 £ | Unrestricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | - | 4,445 |
| Current assets | 37,748 | 396,958 | 434,706 | 849,622 |
| Creditors due within one year | (6,337) | (378,303) | (384,640) | (498,288) |
| | <u>31,411</u> | <u>23,825</u> | <u>55,236</u> | <u>355,779</u> |

18. Pension commitments

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £9,941 (2015 - £10,773).

19. Related party transactions

At the year end there was £147 (2015: £Nil) owed to the company by key management personnel. This amount is included within trade creditors in Note 15. Key management personnel remuneration in the year amounted to £84,875 (2015: £82,400)

20. Controlling party

The Charity is controlled by its Trustees.

21. First time adoption of FRS 102

It is the first year that the charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 December 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 January 2015. As a consequence of adopting FRS 102 and SORP 2015, there has been no material change to the accounting policies to comply with those standards.

The policies applied under the charity's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.