

Registered number: 03223265
Charity number: 1117375

Harm Reduction International
(A company limited by guarantee)

Trustees' report and financial statements

For the year ended 31 December 2018

Harm Reduction International
(A company limited by guarantee)

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Reference and administrative details of the charity, its trustees and advisers
For the year ended 31 December 2018

Trustees	J Ryan, Chair S McLean, Vice Chair P Haddad, Treasurer I Varentsov, Secretary Prof P O'Hare A Crocket O Belyaeva
Company registered number	03223265
Charity registered number	1117375
Registered office	61 Mansell Street Aldgate London E1 8AN
Company secretary	I Varentsov
Executive director	Naomi Burke-Shyne
Independent auditors	Kreston Reeves LLP Chartered Accountants Statutory Auditor 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
(A company limited by guarantee)

Trustees' report
For the year ended 31 December 2018

The Trustees present their annual report together with the audited financial statements of Harm Reduction International (HRI) (the charity) for the year ended 31 December 2018. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the charity qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

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) 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

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Trustees' report (continued)
For the year ended 31 December 2018

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 scale 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 2018 was a successful one for HRI, during which time we advanced a number of core activities.

HRI was active in international policy making arenas, at the International AIDS Conference, and key United Nations events during the year, including the annual meeting of the UN Commission on Narcotic Drugs. We also participated as members of key advisory groups including the Strategic Advisory Group to the United Nations on HIV and Drug Use and the Civil Society Advisory Group to the HIV Programme of the UN Office on Drugs and Crime. HRI collaborated throughout the year with the International Network of People who Use Drugs and regional/national networks of people who use drugs, and key UN partners including the World Health Organization, UNAIDS, UNODC and the Office of the UN High Commissioner on Human Rights to advance and promote our core issues and charitable objectives.

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Trustees' report (continued)
For the year ended 31 December 2018

HRI published a major research reports in harm reduction, financing for harm reduction and human rights; respectively:

- 'The Global State of Harm Reduction, 2018',
- 'The Lost Decade: Neglect for harm reduction funding and the health crisis among people who use drugs', and
- 'The Death Penalty for Drug Offences: Global Overview 2017.'

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. We raised drugs and human rights issues at international political forums, including the UN Commission on Narcotic Drugs, the Global Fund for AIDS, TB and Malaria, and the European Union.

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 maintain the organisational reserves to 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. 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 2018 were the Open Society Foundations, the European Commission, the Robert Carr Fund, the MAC AIDS Fund, the Elton John AIDS Foundation and various United Nations agencies. We also receive (minor) income from unrestricted donations/fundraising. 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.

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Trustees' report (continued)
For the year ended 31 December 2018

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 meetings of the Trustees.

- **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 disclose any potential conflicts of interest.

- **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 regularly 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.

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Trustees' report (continued)
For the year ended 31 December 2018

● **Related party relationships**

HRI works with a large number of NGOs around the world, mainly working in the field of HIV/AIDS, public health, 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.

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 Executive Committee.

Plans for future periods

● **Future developments**

HRI's current strategic plan runs from 2018-20. The strategy focuses on three core objectives:

- To increase political will to protect, respect and fulfil the human rights of vulnerable individuals and communities, by funding and implementing harm reduction.
- To build and and share the evidence-base for harm reduction policies, practices and laws.
- To build new allies and constituencies to advocate for harm reduction and human rights.

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 2018

Trustees' responsibilities statement

The Trustees (who are also directors of Harm Reduction International for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

Disclosure of information to auditors

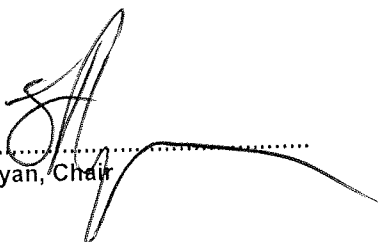
Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing have report and to establish that the charitable company's auditors are aware of that information.

Auditors

The charity's auditors, Kreston Reeves LLP, will be proposed for reappointment at the charity's annual general meeting.

This report was approved by the Trustees, on 6 June 2019 and signed on their behalf by:


.....
J Ryan, Chair

Harm Reduction International
(A company limited by guarantee)

Independent auditors' report to the members of Harm Reduction International

Opinion

We have audited the financial statements of Harm Reduction International (the 'charity') for the year ended 31 December 2018 set out on pages 12 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Harm Reduction International
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Independent auditors' report to the members of Harm Reduction International

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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Independent auditors' report to the members of Harm Reduction International

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Harm Reduction International
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Independent auditors' report to the members of Harm Reduction International

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Hudson BA FCA (Senior statutory auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

London
6 June 2019

Harm Reduction International
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Statement of financial activities incorporating income and expenditure account
For the year ended 31 December 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:					
Donations and legacies	3	218	-	218	100
Charitable activities	5	227,874	417,168	645,042	1,320,140
Investments	4	92	-	92	20
Total income		228,184	417,168	645,352	1,320,260
Expenditure on:					
Charitable activities	10	371,282	377,317	748,599	1,197,947
Total expenditure	6	371,282	377,317	748,599	1,197,947
Net income / (expenditure) before transfers		(143,098)	39,851	(103,247)	122,313
Transfers between Funds	16	(44)	44	-	-
Net income / (expenditure) before other recognised gains and losses		(143,142)	39,895	(103,247)	122,313
Net movement in funds		(143,142)	39,895	(103,247)	122,313
Reconciliation of funds:					
Total funds brought forward		77,669	99,880	177,549	55,236
Total funds carried forward		(65,473)	139,775	74,302	177,549

The notes on pages 15 to 30 form part of these financial statements.


Harm Reduction International
(A company limited by guarantee)
Registered number: 03223265

Balance sheet
As at 31 December 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	13		22,667		1,538
Current assets					
Debtors	14	330,192		29,881	
Cash at bank and in hand		161,117		659,624	
		<u>491,309</u>		<u>689,505</u>	
Creditors: amounts falling due within one year	15	<u>(439,674)</u>		<u>(513,494)</u>	
Net current assets			<u>51,635</u>		<u>176,011</u>
Net assets			<u>74,302</u>		<u>177,549</u>
Charity Funds					
Restricted funds	16		139,775		99,880
Unrestricted funds	16		(65,473)		77,669
Total funds			<u>74,302</u>		<u>177,549</u>

The charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustees on 6 June 2019 and signed on their behalf, by:



.....
J Ryan, Chair

The notes on pages 15 to 30 form part of these financial statements.

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Statement of cash flows
For the year ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	18	<u>(474,917)</u>	<u>396,870</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		92	20
Purchase of tangible fixed assets		<u>(23,682)</u>	<u>(494)</u>
Net cash used in investing activities		<u>(23,590)</u>	<u>(474)</u>
Change in cash and cash equivalents in the year		(498,507)	396,396
Cash and cash equivalents brought forward		<u>659,624</u>	<u>263,228</u>
Cash and cash equivalents carried forward	19	<u><u>161,117</u></u>	<u><u>659,624</u></u>

The notes on pages 15 to 30 form part of these financial statements.

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Notes to the financial statements
For the year ended 31 December 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Harm Reduction International meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

1.3 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.

1.4 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.

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Notes to the financial statements
For the year ended 31 December 2018

1. Accounting policies (continued)

1.5 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.

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.

Notes to the financial statements
For the year ended 31 December 2018

1. Accounting policies (continued)

1.6 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 expenditure is inclusive of irrecoverable VAT.

1.7 Cash flow

The charity has prepared a cashflow statement and related notes inline with SORP.

1.8 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

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

1.9 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.

1.10 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.

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1. Accounting policies (continued)

1.11 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.

1.12 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.

1.13 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.

1.14 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 incorporating income and expenditure account.

1.15 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.

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3. Income from donations and legacies

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Sundry income	218	-	218	100
Total 2017	100	-	100	

4. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest received	92	-	92	20
Total 2017	20	-	20	

5. Income from charitable activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Project work	227,874	417,168	645,042	586,223
Conferences & support	-	-	-	733,917
	227,874	417,168	645,042	1,320,140
Total 2017	759,318	560,822	1,320,140	

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6. Analysis of Expenditure by expenditure type

	Staff costs 2018 £	Depreciation 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Project work	452,890	2,553	252,423	707,866	866,396
Conferences & support	-	-	32,983	32,983	321,378
Charitable activities	452,890	2,553	285,406	740,849	1,187,774
Expenditure on governance	-	-	7,750	7,750	10,173
	452,890	2,553	293,156	748,599	1,197,947
Total 2017	424,433	4,126	769,388	1,197,947	

7. Analysis of expenditure by activities

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Project work	605,979	101,887	707,866	866,396
Conferences & support	2,000	30,983	32,983	321,378
Total 2018	607,979	132,870	740,849	1,187,774
Total 2017	823,101	364,673	1,187,774	

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8. Activities directly undertaken

	Project work £	Conference & support £	Total 2018 £	Total 2017 £
Other staff costs	797	-	797	-
Project expenses	25,776	-	25,776	143,879
Travelling costs	31,526	-	31,526	72,201
Consultancy fees	77,870	-	77,870	48,207
Recruitment and training costs	8,211	-	8,211	3,630
Journals and subscription costs	935	-	935	1,008
Meeting expenses	-	-	-	169
Legal, professional and regulatory fees	7,974	-	7,974	11,233
Conference expenses	-	2,000	2,000	16,018
Conference Scholarships	-	-	-	102,323
Wages and salaries	390,959	-	390,959	372,170
National insurance	40,369	-	40,369	35,606
Pension cost	21,562	-	21,562	16,657
	<u>605,979</u>	<u>2,000</u>	<u>607,979</u>	<u>823,101</u>
Total 2017	<u>704,760</u>	<u>118,341</u>	<u>823,101</u>	

9. Support costs

	Project work £	Conference & support £	Total 2018 £	Total 2017 £
Conference expenses	-	5,247	5,247	122,867
Project expenses	10	-	10	62
Travelling costs	-	-	-	13,551
Advertising and promotion costs	-	16,760	16,760	16,866
Meeting expenses	14,370	-	14,370	18,081
Legal, professional and regulatory fees	1,452	-	1,452	6,108
Foreign exchange gains/losses	6,337	-	6,337	13,611
Support costs	-	-	-	585
Rent	32,900	-	32,900	36,694
Insurance	6,289	-	6,289	8,434
Printing, postage and stationery	15,008	-	15,008	12,338
Communications	669	-	669	45,802
Repairs and maintenance	6,107	-	6,107	1,517
Website maintenance and computer running costs	10,728	5,479	16,207	24,140
Office expenses	5,464	-	5,464	36,934
Bank charges	-	3,497	3,497	2,957
Depreciation	2,553	-	2,553	4,126
	<u>101,887</u>	<u>30,983</u>	<u>132,870</u>	<u>364,673</u>
Total 2017	<u>161,636</u>	<u>203,037</u>	<u>364,673</u>	

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10. Governance costs

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Auditors' remuneration	7,750	-	7,750	10,173

11. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	390,959	372,170
Social security costs	40,369	35,606
Other pension costs	21,562	16,657
	<u>452,890</u>	<u>424,433</u>

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

	2018 No.	2017 No.
Project work	10	10
Administrative	1	1
	<u>11</u>	<u>11</u>

Average headcount expressed as a full time equivalent:

	2018 No.	2017 No.
Average headcount	11	11

The number of higher paid employees was:

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	0
In the band £80,001 - £90,000	0	1

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12. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets: - owned by the charity	2,553	4,126
Auditors' remuneration - audit	7,750	10,173
	<u>7,750</u>	<u>10,173</u>

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year, 4 Trustees received reimbursement of expenses amounting to £10,636 (2017 - 4 Trustees - £7,387).

13. Tangible fixed assets

	L/Term Leasehold Property £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2018	-	1,083	16,276	17,359
Additions	20,000	1,129	2,553	23,682
At 31 December 2018	<u>20,000</u>	<u>2,212</u>	<u>18,829</u>	<u>41,041</u>
Depreciation				
At 1 January 2018	-	740	15,081	15,821
Charge for the year	-	368	2,185	2,553
At 31 December 2018	<u>-</u>	<u>1,108</u>	<u>17,266</u>	<u>18,374</u>
Net book value				
At 31 December 2018	<u>20,000</u>	<u>1,104</u>	<u>1,563</u>	<u>22,667</u>
At 31 December 2017	<u>-</u>	<u>343</u>	<u>1,195</u>	<u>1,538</u>

14. Debtors

	2018 £	2017 £
Trade debtors	7,630	14,592
Other debtors	-	2,889
Prepayments and accrued income	322,562	12,400
	<u>330,192</u>	<u>29,881</u>

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Notes to the financial statements
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15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	8,871	4,633
Other creditors	-	281
Accruals and deferred income	430,803	508,580
	<u>439,674</u>	<u>513,494</u>
		£
Deferred income		486,200
Deferred income at 1 January 2018		162,857
Resources deferred during the year		(234,914)
Amounts released from previous years		<u>414,143</u>
Deferred income at 31 December 2018		<u>414,143</u>

Deferred income comprises funding received in advance in respect of project expenses.

16. Statement of funds

Statement of funds - current year

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2018 £
Designated funds					
Project fund	55,000	-	-	-	55,000
	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,000</u>
General funds					
General Funds - Core	22,669	228,184	(371,282)	(44)	(120,473)
	<u>22,669</u>	<u>228,184</u>	<u>(371,282)</u>	<u>(44)</u>	<u>(120,473)</u>
Total Unrestricted funds	77,669	228,184	(371,282)	(44)	(65,473)
	<u>77,669</u>	<u>228,184</u>	<u>(371,282)</u>	<u>(44)</u>	<u>(65,473)</u>

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Notes to the financial statements
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Restricted funds

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2018 £
GSHR	7,552	62,409	(69,961)	-	-
Global Fund / Alliance India	14,506	39,561	(47,374)	-	6,693
EC Death Penalty	77,822	144,707	(112,266)	-	110,263
EJAF	-	59,915	(50,346)	-	9,569
Robert Carr	-	68,429	(69,787)	-	(1,358)
Federal Office of Public Health	-	5,034	(1,500)	-	3,534
PITCH	-	20,332	(20,350)	-	(18)
OSF Death Penalty	-	16,092	(5,000)	-	11,092
COPOLAD	-	689	(733)	44	-
	<u>99,880</u>	<u>417,168</u>	<u>(377,317)</u>	<u>44</u>	<u>139,775</u>

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16. Statement of funds (continued)

Designated funds

The Trustees have designated £55,000 as a fund to assist with financing future projects.

Restricted funds

GSHR - Comprises five funds: (i) Swiss Federal Office of Public Health Grant from the Swiss Government for the Global State of Harm Reduction report 2018; (ii) UNODC Grant – UNODC provided a small amount of funding in support of research on the status of harm reduction policy and interventions around the world, as part of HRI's flagship Global State of Harm Reduction report; (iii) MAC AIDS - Tides – MAC AIDS provided support for UN advocacy for harm reduction and for research on the status of harm reduction policy and interventions around the world, as part of HRI's flagship Global State of Harm Reduction report; (iv) WHO: GSHR – WHO provided a small amount of funding in support of research on the status of harm reduction policy and interventions around the world, as part of HRI's flagship Global State of Harm Reduction report; and (v) General – these funds support research on the status of harm reduction policy and interventions around the world, as part of HRI's flagship Global State of Harm Reduction report.

Global Fund / Alliance India - Funding to support research on harm reduction in seven countries in Asia.

EC Death Penalty - European Union funded project to support HRI's death penalty for drugs research project.

EJAF - Comprises two funds (i) Grant for 10 by 20: Elton John AIDS Foundation grant to support work on increasing international tuning for harm reduction; and (ii) The Elton John AIDS Foundation continues to provide support for analysis and advocacy for funding for harm reduction, including engagement at the Commission on Narcotic Drugs and other UN fora.

Robert Carr - Comprises two funds (i) 2016-17 – Grant to support HRI campaigns; and (ii) 2018-2019 – Robert Carr provides funding for staff salaries and supports work on human rights, advocacy for harm reduction at international fora, and research on funding for harm reduction.

Federal Office of Public Health Report for HR – The Federal Office 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.

PITCH – The Partnership to Inspire, Transform and Connect the HIV response ('PITCH') provides a small amount of funding in support of research on the status of harm reduction policy and interventions around the world, as part of HRI's flagship Global State of Harm Reduction report; as well as support for a technical assistance on advocacy for harm reduction funding.

OSF Death Penalty – the Open Society Foundations Human Rights Initiative provides support for work to support South Asian leaders to strengthen their advocacy for the abolition of the death penalty, including the death penalty for drug offences.

COPOLAD – COPOLAD is a cooperation programme implemented between the Community of Latin American and Caribbean States (CELAC) and the European Union (EU) countries. COPOLAD provided a small amount of funding for the development of an online learning module on harm reduction in prisons.

Total of funds	<u>177,549</u>	<u>645,352</u>	<u>(748,599)</u>	<u>-</u>	<u>74,302</u>
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Notes to the financial statements
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16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2017 £
Project fund	25,000	-	-	30,000	55,000
General funds					
General Funds - Core	60,366	203,281	(261,223)	20,245	22,669
General Fund - Conference	(61,541)	556,157	(407,117)	(87,499)	-
	<u>(1,175)</u>	<u>759,438</u>	<u>(668,340)</u>	<u>(67,254)</u>	<u>22,669</u>
Restricted funds					
	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2017 £
EC Death Penalty	-	247,780	(169,958)	-	77,822
Global Fund	-	58,828	(44,322)	-	14,506
EC Harm Reduction Works Conference 2017	-	(20,508)	(13,615)	34,123	-
GSHR 2018: Swiss Federal Office of Public Health	-	7,552	-	-	7,552
GSHR-Global Fund to Fight AIDS	-	38	-	(38)	-
EJAF 2016-17	-	7,907	(28,318)	20,411	-
Robert Carr 2016-17	31,411	81,465	(95,634)	(17,242)	-
	<u>31,411</u>	<u>560,822</u>	<u>(529,607)</u>	<u>37,254</u>	<u>99,880</u>
Total of funds	<u>55,236</u>	<u>1,320,260</u>	<u>(1,197,947)</u>	<u>-</u>	<u>177,549</u>

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16. Statement of funds (continued)

Summary of funds - current year

	Balance at 1 January 2018 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2018 £
Designated funds	55,000	-	-	-	55,000
General funds	22,669	228,184	(371,282)	(44)	(120,473)
	<u>77,669</u>	<u>228,184</u>	<u>(371,282)</u>	<u>(44)</u>	<u>(65,473)</u>
Restricted funds	99,880	417,168	(377,317)	44	139,775
	<u>177,549</u>	<u>645,352</u>	<u>(748,599)</u>	<u>-</u>	<u>74,302</u>

Summary of funds - prior year

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 December 2017 £
Designated funds	25,000	-	-	30,000	55,000
General funds	(1,175)	759,438	(668,340)	(67,254)	22,669
	<u>23,825</u>	<u>759,438</u>	<u>(668,340)</u>	<u>(37,254)</u>	<u>77,669</u>
Restricted funds	31,411	560,822	(529,607)	37,254	99,880
	<u>55,236</u>	<u>1,320,260</u>	<u>(1,197,947)</u>	<u>-</u>	<u>177,549</u>

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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	22,667	-	22,667
Current assets	351,534	139,775	491,309
Creditors due within one year	(439,674)	-	(439,674)
	<u>(65,473)</u>	<u>139,775</u>	<u>74,302</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	1,538	-	1,538
Current assets	589,625	99,880	689,505
Creditors due within one year	(513,494)	-	(513,494)
	<u>77,669</u>	<u>99,880</u>	<u>177,549</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(103,247)	122,313
Adjustment for:		
Depreciation charges	2,553	4,126
Interest received	(92)	(20)
(Increase)/decrease in debtors	(300,311)	141,597
(Decrease)/increase in creditors	(73,820)	128,854
Net cash (used in)/provided by operating activities	<u>(474,917)</u>	<u>396,870</u>

19. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	161,117	659,624
Total	<u>161,117</u>	<u>659,624</u>

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20. 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 £21,562 (2017: £16,657). Amounts payable as at the year end in relation to the pension scheme were £nil (2017: £281).

21. Related party transactions

Key management personnel remuneration in the year amounted to £81,057 (2017: £84,875).

22. Controlling party

The Charity is controlled by its Trustees.