

Charity Registration No 1098004

Company Registration No. 04305687 (England and Wales)

NARCONON LONDON
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2009



NARCONON LONDON

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Sheila MacLean RGN Michael Woodmansey
Secretary	Sheila MacLean RGN
Charity number	1098004
Company number	04305687
Principal address	Caple Ne Ferne 2 Albany Road St Leonards on Sea West Sussex TN38 0LN
Registered office	42-44 Copthorne Road Felbridge East Grinstead RH19 2NS West Sussex
Auditors	Derek Field and Co 37 High Street East Grinstead West Sussex RH19 3AF
Bankers	National Westminster Bank Plc 15 London Road East Grinstead West Sussex RH19 1GP
Solicitors	Hodkin and Company 42-44 Copthorne Road Felbridge East Grinstead RH19 2NS West Sussex

NARCONON LONDON

CONTENTS

	Page
Trustees' report	1 - 3
Statement of trustees' responsibilities	4
Independent auditors' report	5 - 6
Statement of financial activities	7
Balance sheet	8
Notes to the accounts	9 - 13

NARCONON LONDON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009

The trustees present their report and accounts for the year ended 31 December 2009

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005

Structure, governance and management

The charity is a company limited by guarantee governed by its Memorandum and Articles of Association dated 16th October 2001 and amended by special resolution of 30th April 2003 to clarify its objectives

The trustees, who are also the directors for the purpose of company law, and who served during the year were

Sheila MacLean RGN
Michael Woodmansey

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Recruitment and appointment of trustees

No new trustees were appointed in the year but the policy on recruitment and appointment is that they are given an induction pack consisting of the Trust's governing documents, the latest annual report and accounts, minutes of the most recent trustees' meeting, the newsletter, and the Charity Commission's Publication CC3a THE ESSENTIAL TRUSTEE. They are encouraged to download and study the full document CC3.

Organisational structure

Narconon London operates in the fields of drug abuse and criminal rehabilitation.

It is governed by two trustees who meet from time to time in the year.

It engaged in its fourth year of activities at Caple Ne Ferne, St Leonards on Sea. The facility is managed with a defined organisational structure under the day-to-day direction of a chief executive who has delegated authority for operational matters.

The trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

The charity operates as an independent entity. It has fraternal links to a world-wide network of Narconons which pursue the same objectives. The network is headed by Narconon International of Los Angeles which provides technical help and advice.

Objectives and activities

The charity's objectives are the reformation and rehabilitation of drug addicts and the advancement of education and public awareness in this area using the technology of L Ron Hubbard.

The continuing activity is to provide drug rehabilitation by using an entirely drug-free social education programme.

NARCONON LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Achievements and performance

We were successful in getting students through the Narconon programme who thereafter had drug-free lives to the benefit of themselves and the community

There has been increasing public interest in Narconon and we expended resources to facilitate the increased delivery of services over the long-term

Our desire to expand and improve facilities placed a strain on our financial budget. We were materially helped by Narconon International who donated £60,220

We were able to enrol more voluntary help - mainly on a part-time basis - particularly in administrative and book-keeping posts. All staff members worked extremely hard to produce the results we are now witnessing in terms of successful programme outcomes. When questioned the reason most often given by staff and volunteers for their dedication was "Narconon is immensely valuable, it is needed and wanted, and we can see for ourselves that it very definitely works."

The implications of these successes have begun to impact on the wider field of drug and alcohol treatment in the UK and specifically on the "drug free" model of rehabilitation, in which Narconon plays a pivotal role.

We continued on our First Step programme. This is a programme for those who cannot fit residential addiction recovery training into their availability of time and / or finance. Assistance is given to support students unable to totally fund themselves.

The trustees are also developing the recently founded "Friends of Narconon" community support operation to not only raise awareness of Narconon's successes but also to provide local forums in major towns and cities for the raising of charitably donated funds.

Financial review

The financial position is reflected in the financial statements.

We achieved a surplus in the year of £18,933, but this was after receiving donations of £63,892 of which £60,220 came from Narconon International.

The financial downturn and the credit crunch in 2008 has affected the ability of students to pay fees and we have had to adjust our operations to the changed financial climate.

Income exceeded expenditure by £18,933 and reduced the accumulated deficit of funds to £163,980.

The financial security of the activity has been assisted by donations received from Narconon International.

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

NARCONON LONDON

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

Auditors

A resolution dealing with the appointment of auditors for the ensuing year will be put to the members

On behalf of the board of trustees

A handwritten signature in black ink, reading "M. Woodmansey". The signature is written in a cursive style with a large, looping 'M' and a trailing flourish.

Michael Woodmansey

Trustee

Dated 2 December 2011

NARCONON LONDON

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees, who are also the directors of Narconon London for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

In preparing these accounts, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

NARCONON LONDON

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF NARCONON LONDON

We have audited the accounts of Narconon London for the year ended 31 December 2009 set out on pages 7 to 13. These accounts have been prepared under the accounting policies set out on page 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the statement of trustees' responsibilities, the trustees, who are also the directors of Narconon London for the purposes of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the accounts give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 1993 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with section 44 of that Act.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are prepared in accordance with the Companies Act 2006. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with those accounts, the charity has not kept adequate accounting records, if the charity's accounts are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

We could not locate copy sales invoices for a substantial part of the year and despite other work were unable to adequately verify the sales income.

NARCONON LONDON

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE TRUSTEES OF NARCONON LONDON

Qualified opinion limitation in scope of audit

Except for any adjustments that might have been necessary if the full information had been available concerning the sales invoices,

In our opinion

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources in the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- In respect of the limitation of our work relating to sales invoices we have not obtained all the information and explanations that we considered necessary for the purposes of our audit and we were unable to determine whether proper accounting records have been maintained

D B M Field FCA (Senior Statutory Auditor)
for and on behalf of Derek Field and Co.

Chartered Accountants
Statutory Auditor

37 High Street
East Grinstead
West Sussex
RH19 3AF

Dated 2 December 2011

NARCONON LONDON

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
<u>Incoming resources from generated funds</u>			
Donations and legacies	2	63,892	222,855
Activities for generating funds		<u>508,000</u>	<u>439,623</u>
Total incoming resources		<u>571,892</u>	<u>662,478</u>
<u>Resources expended</u>	3		
Charitable activities			
Provision of courses		<u>540,865</u>	<u>617,146</u>
Governance costs		<u>12,094</u>	<u>16,923</u>
Total resources expended		<u>552,959</u>	<u>634,069</u>
Net income for the year/ Net movement in funds		18,933	28,409
Fund balances at 1 January 2009		<u>(182,913)</u>	<u>(211,322)</u>
Fund balances at 31 December 2009		<u>(163,980)</u>	<u>(182,913)</u>

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

NARCONON LONDON

BALANCE SHEET

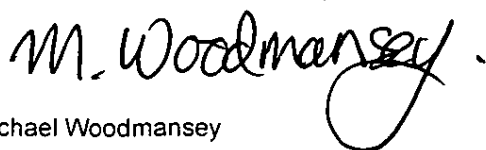
AS AT 31 DECEMBER 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	8		-		22,832
Current assets					
Debtors	9	-		16,000	
Cash at bank and in hand		6,782		17,863	
		<u>6,782</u>		<u>33,863</u>	
Creditors, amounts falling due within one year	10	<u>(170,762)</u>		<u>(239,608)</u>	
Net current liabilities			<u>(163,980)</u>		<u>(205,745)</u>
Total assets less current liabilities			<u>(163,980)</u>		<u>(182,913)</u>
Income funds					
Unrestricted funds			<u>(163,980)</u>		<u>(182,913)</u>
			<u>(163,980)</u>		<u>(182,913)</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2009, although an audit has been carried out under section 43 of the Charities Act 1993. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

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

The accounts were approved by the Board on 2 December 2011



Michael Woodmansey
Trustee

Company Registration No 04305687

NARCONON LONDON

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006

1.2 Incoming resources

Income arising from the provision of courses is recognised as earned. Income from donations is recognised where there is entitlement and certainty of receipt

1.3 Resources expended

Expenditure is recognised when a liability is incurred

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Leasehold property	over the period of the lease
Plant and machinery	4 years
Fixtures and fittings	4-7 years

2 Donations and legacies

	2009 £	2008 £
Donations	<u>63,892</u>	<u>222,855</u>

The principal donations in the year were from Narconon International of £60,220 (2008 - £211,450)

NARCONON LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

3 Total resources expended

	Staff costs £	Depreciation £	Other costs £	Total 2009 £	Total 2008 £
Charitable activities					
<u>Provision of courses</u>					
Direct expenditures	168,618	-	287,839	456,457	472,768
Support costs	-	22,831	61,577	84,408	144,378
	168,618	22,831	349,416	540,865	617,146
 Governance costs	 -	 -	 12,094	 12,094	 16,923
 Total	 168,618	 22,831	 361,510	 552,959	 634,069

Governance comprises auditors fees £7,200 (2008 - £10,000), book-keeping, accountancy and payroll services £3,597 (2008 - £6,013) and legal and other costs £1,297 (2008 - £910)

4 Direct expenditures

	2009 £	2008 £
Other costs relating to provision of courses comprise		
Provision of meals	62,832	46,700
Technical and medical services	17,009	20,344
Accommodation costs	207,998	222,289
	287,839	289,333

Activities in the provision of courses include the provision of all services involved in helping a student through drug rehabilitation including accommodation

NARCONON LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

5 Support costs

	2009 £	2008 £
General support costs		
Consultancy	14,242	34,965
Promotional costs	13,080	33,351
General office expenses	7,208	14,126
Telephone and internet	17,301	12,830
Motor and travel expenses	4,951	2,670
Bank charges	4,795	2,893
Interest and penalties on overdue tax	-	7,374
	61,577	108,209
Depreciation		
Amortisation - leasehold premises	17,300	27,700
Depreciation - plant and machinery	1	999
Depreciation - fixtures and fittings	5,530	7,470
	22,831	36,169
Total support costs	84,408	144,378

6 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, and none of them were reimbursed for travelling expenses

NARCONON LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

7 Employees

Number of employees

The average monthly number of employees during the year was

	2009 Number	2008 Number
Directly providing services	<u>10</u>	<u>12</u>
Employment costs	2009 £	2008 £
Wages and salaries	<u>168,618</u>	<u>183,435</u>

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

8 Tangible fixed assets

	Leasehold land and buildings £	Plant and machinery £	Fixture and fittings £	Total £
Cost				
At 1 January 2009 and at 31 December 2009	<u>143,822</u>	<u>5,026</u>	<u>33,001</u>	<u>181,849</u>
Depreciation				
At 1 January 2009	126,522	5,024	27,471	159,017
Charge for the year	<u>17,300</u>	<u>2</u>	<u>5,530</u>	<u>22,832</u>
At 31 December 2009	<u>143,822</u>	<u>5,026</u>	<u>33,001</u>	<u>181,849</u>
Net book value				
At 31 December 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2008	<u>17,300</u>	<u>2</u>	<u>5,530</u>	<u>22,832</u>

9 Debtors

	2009 £	2008 £
Rent deposit	<u>-</u>	<u>16,000</u>

NARCONON LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

10 Creditors amounts falling due within one year	2009 £	2008 £
Bank overdrafts	156	-
Trade creditors	103,269	81,779
Taxes and social security costs	29,154	59,841
Other creditors	8,858	57,844
Accruals	29,325	40,144
	<u>170,762</u>	<u>239,608</u>

11 Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2009 £	2008 £
Expiry date		
Between one to two years	-	157,000

The five year lease of the premises expired in August 2009. Currently the charity is operating on a twelve month license agreement.

12 Going concern

The solvency of this charity has been guaranteed over a number of years by donations from Narconon International. However Narconon International has taken steps to limit its future commitments. In this respect it has reviewed the creditors of the charity at 31st October 2011 and it has undertaken to pay these to the extent the charity is unable to meet them out of surpluses achieved from that date. Essentially Narconon International has confirmed the solvency of the charity at 31st October 2011. Thereafter the solvency of the charity will rest on its ability to achieve a surplus without recourse to Narconon International.