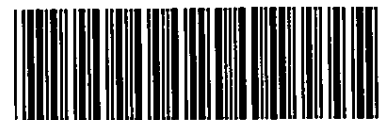


Charity Registration No. 1098004

Company Registration No 04305687 (England and Wales)

NARCONON LONDON
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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NARCONON LONDON

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Sheila MacLean RGN Michael Woodmansey
Secretary	Sheila MacLean RGN
Charity number	1098004
Company number	04305687
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

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NARCONON LONDON

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The trustees present their report and accounts for the year ended 31 December 2011

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 sixth 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 2011

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 £40,541

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 had a deficit of £34,459 in the year, but this was after receiving donations of £48,421 of which £40,541 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.

Expenditure exceeded income by £34,459 and increased the accumulated deficit of funds to £258,689.

The premises, at Hastings, were vacated in July 2012, due to the expiry of the lease, and activities ceased. All outstanding liabilities were settled by the end of July 2013, using funds provided by 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

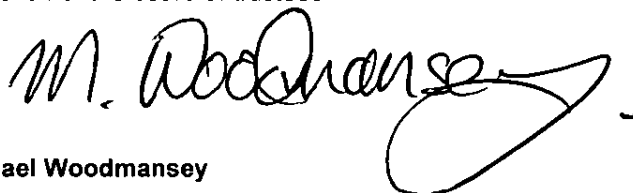
TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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, appearing to read 'M. Woodmansey', with a large, stylized loop at the end.

Michael Woodmansey

Trustee

Dated 24 July 2013

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 2011 set out on pages 7 to 12. 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 144 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully 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 the preparation of the accounts and for being satisfied that they give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for qualified opinion

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.

Qualified opinion limitation in scope of audit

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2011 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.

NARCONON LONDON

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE TRUSTEES OF NARCONON LONDON

Matters on which we are required to report by exception

- 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

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 accounts, or
- the charitable company has not kept adequate accounting records, or
- the accounts 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

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 24 July 2013

NARCONON LONDON

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
<u>Incoming resources from generated funds</u>			
Donations and legacies	2	48,421	50,521
Activities for generating funds		346,195	332,738
Total incoming resources		394,616	383,259
<u>Resources expended</u>	3		
<u>Charitable activities</u>			
Provision of courses		419,795	425,261
Governance costs		9,280	18,248
Total resources expended		429,075	443,509
Net expenditure for the year/ Net movement in funds		(34,459)	(60,250)
Fund balances at 1 January 2011		(224,230)	(163,980)
Fund balances at 31 December 2011		(258,689)	(224,230)

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 2011

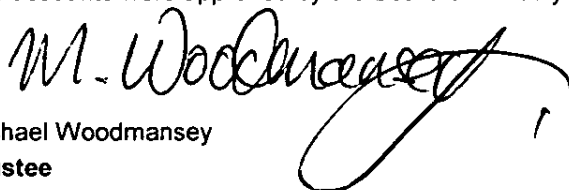
	Notes	2011 £	£	2010 £	£
Current assets					
Cash at bank and in hand		2,113		3,650	
Creditors: amounts falling due within one year	9	<u>(260,802)</u>		<u>(227,880)</u>	
Total assets less current liabilities			<u>(258,689)</u>		<u>(224,230)</u>
Income funds					
Unrestricted funds			<u>(258,689)</u>		<u>(224,230)</u>
			<u>(258,689)</u>		<u>(224,230)</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 2011, although an audit has been carried out under section 144 of the Charities Act 2011. 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.

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The accounts were approved by the Board on 24 July 2013



Michael Woodmansey
Trustee

Company Registration No 04305687

NARCONON LONDON

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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 when received

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, fittings & equipment	4-7 years

2 Donations and legacies

	2011 £	2010 £
Donations and gifts	<u>48,421</u>	<u>50,521</u>

The principal donations in the year were from Narconon International of £40,541 (2010 - £48,809)

NARCONON LONDON

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

3 Total resources expended

	Staff costs £	Other costs £	Total 2011 £	Total 2010 £
Charitable activities				
<u>Provision of courses</u>				
Activities undertaken directly	119,702	242,722	362,424	364,212
Support costs	-	57,371	57,371	61,049
Total	119,702	300,093	419,795	425,261
Governance costs	-	9,280	9,280	18,248
	119,702	309,373	429,075	443,509

Governance comprises auditors fees £7,200 (2010 - £7,200), book-keeping, accountancy and payroll services £1,965 (2010 - £1,210) and legal and other costs £115 (2010 - £9,838)

4 Activities undertaken directly

	2011 £	2010 £
Other costs relating to provision of courses comprise		
Provision of meals	35,433	33,128
Technical and medical services	26,224	19,028
Accommodation costs	181,065	166,165
	242,722	218,321

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

5 Support costs

	2011 £	2010 £
General support costs	57,371	61,049
	57,371	61,049

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 2011

7 Employees

Number of employees

The average monthly number of employees during the year was

	2011 Number	2010 Number
Directly providing services	7	10

Employment costs

	2011 £	2010 £
Wages and salaries	119,702	145,891

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

8 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2011 and at 31 December 2011	143,822	5,026	33,001	181,849
Depreciation				
At 1 January 2011 and at 31 December 2011	143,822	5,026	33,001	181,849
Net book value				
At 31 December 2011	-	-	-	-

9 Creditors, amounts falling due within one year

	2011 £	2010 £
Bank overdrafts	256	-
Trade creditors	94,096	104,068
Taxes and social security costs	45,896	42,606
Wages control	41,114	15,388
Other creditors	63,668	38,493
Accruals	15,772	27,325
	260,802	227,880

NARCONON LONDON

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Going concern

The company's balance sheet shows an accumulated deficit of £258,689. This deficit has now been fully settled in accordance with the note on post balance sheet events.

11 Post balance sheet events

The company's activities, which were carried on at St Leonards on Sea, ceased in July 2012 due to the expiry of the lease. A substantial amount of debt remained to be settled. Over the succeeding months its liabilities were fully assessed. Funds were provided by Narconon International and an informal settlement was made with each creditor. The process was completed by July 2013, with the result that all liabilities were fully settled.