



ANNUAL REPORT AND ACCOUNTS

Year ended 31 March 2010

ALCOHOL EDUCATION AND RESEARCH COUNCIL

ANNUAL REPORT AND ACCOUNTS

Year ended 31 March 2010

Presented to Parliament pursuant to section 10 of the Licensing
(Alcohol Education and Research) Act 1981

Registered Charity No. 284748

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Report of the Alcohol Education and Research Council for the year ended 31 March 2010

The Council presents its report along with the financial statements of the charity for the year ended 31 March 2010. The financial statements comply with the provisions of section 10 of the Licensing (Alcohol Education and Research) Act 1981, the Statement of Recommended Practice ‘*Accounting and Reporting by Charities*’ and the Financial Reporting Manual (FRoM) and guidance published by the Charity Commission.

Constitution and objects

The Alcohol Education and Research Fund is constituted under the provisions of section 6 of the Licensing (Alcohol Education and Research) Act 1981 and is a registered charity. This Act was introduced by the Government to wind up the *Licensing Compensation Scheme*, which had been established early in the 20th century as a mechanism for reducing the number of pubs in the hope that this would reduce drunkenness and drunken offences. The liquidation of the licensing compensation funds, which was finally completed in 1997, produced a total of £3,118,599.

Section 7 of the 1981 Act provides that the Fund is to be vested in and administered by the Council and applied for such charitable purposes within the United Kingdom as the Council may from time to time determine from among the following:

- (a) The education of the public as to the causes and effects of, and means of preventing, excessive consumption of alcohol;
- (b) The care and rehabilitation of persons convicted of offences involving drunkenness;
- (c) The provision of treatment and other help for persons dependent on alcohol or given to excessive consumption of alcohol; and
- (d) Research into matters relevant to any of the purposes mentioned in paragraphs (a) to (c), and the publication of the results of such research.

The Act provides additionally that, in determining how the Fund is to be applied for the purposes of (b) and (c), the Council *shall* give priority to support for novel schemes for achieving those purposes.

The Council has defined its function in the following *Mission Statement*:

“To be a major contributor to actual reductions in alcohol related harm through its role as the leading independent provider of reliable, research-based, evidence to all of the major agencies involved in developing alcohol policy and practice”

Establishment through an Act of Parliament means that the Council is classed as a Non-Departmental Public Body. The Act sets out the extent to which the Council is responsible to the Government. The Secretary of State for the Department of Health is the sponsoring authority for the Council.

Organisational structure, governance & management

The AERC is overseen by the full Council of members. The organisation has started to make progress in changing the profile of its membership to ensure that it has the right balance of skills to meet the new challenges set out in its Business Plan.

Changes were also made to the governance and management structure of the AERC at the level below full Council during the year. The former Research and Development Committee has been replaced by a Grants Advisory Panel. While the former was composed entirely of Council members, the latter is comprised of both Council members and Associates (i.e. experts who are not Council members) in broadly equal numbers (approximately 8 of each). Unlike the Research and Development Committee, the Grants Advisory Panel will focus exclusively on the consideration of grant applications, leaving strategy development to the full Council. The Panel does not have delegated powers to make decisions on behalf of the Council. A sub-panel has been established specifically to consider applications to the AERC's studentship scheme.

All major Research or Development applications are reviewed by at least two experts in the field. Small grants are assessed by one member and the Research Director unless they are clearly inappropriate, in which case the Research Director has delegated authority to reject them.

A Development Advisory Panel, to focus on fund development, has also been established, although this had not begun to operate by the year end.

The former Finance and General Purposes Committee has been retained, comprised entirely of Council members and with specified delegated authority.

Each Committee and Panel operates according to agreed terms of reference.

Responsibility for day-to-day activity at the AERC is delegated to the staff team, headed by the Chief Executive who reports directly to the full Council.

During the year, the AERC introduced a range of new organisational policies and procedures and revised many of those that already existed. In this regard, the Council is now confident that it meets all of the expectations for an organisation of its size.

Membership of the Council

The Members of the Council who served during the financial year are listed on page 11 of this Annual Report. Council Members are initially appointed by the Secretary of State for Health to serve for a period of three years, and may be reappointed for a second period of three years (the maximum period any member can serve is six years). Council members are non-executive and are unpaid. Newly appointed members attend an induction session involving the Council as a whole before attending their first Council meeting. The full Council normally meets three times annually. Council members also act as trustees of the Alcohol Education and Research Fund.

Council members conform to job descriptions and there are special job descriptions for the roles of Chair/ Vice-Chair and Treasurer.

The Council has access to independent financial and legal advice to ensure that the Council manages its affairs in a proper manner.

Strategic development

The 2009/10 year was a significant one in the development of the AERC.

In May 2009, Dave Roberts was recruited as the first Chief Executive and Accounting Officer, with the purpose of helping the Council to drive forward the strategic development of the AERC. His role has a particular focus on increasing and diversifying income.

The Council also published its first Business Plan in September 2009; revising and updating it in March 2010. The key elements are summarised in *Objectives and Aims* below. Many of the *objectives* set out within the Plan have already been achieved and such progress is described within the relevant sections of this Annual Report.

Council Members and Staff Transactions

A full Register of Interests of Council members and staff is held by the Council at its offices, where it may be seen on application to the Accounting Officer. The register of interests is also available from the Council's website, www.aerc.org.uk. Details of related party transactions in 2009/10 are disclosed in note 22 in the financial statements.

Networks

The AERC is autonomous in so much as it is not a branch or subsidiary of a larger organisation, other than its relatively remote relationship with Government in its capacity as a Non Departmental Public Body. However, it is a voluntary member of a number of useful networks, including the Association of Medical Research Charities.

Objectives and aims

The current Business Plan sets out a *Vision* and key *Objectives* for the five-year period from April 2010.

The Council's Vision is:

“To reduce levels of alcohol-related harm by ensuring that policy and practice can always be developed on the basis of reliable, research-based, evidence”

The Council's Aims for the next five years are to:

Increase the quantity of research that it funds

Increase the quality and impact of the research that it funds

Improve its profile amongst, and influence over, policymakers, practitioners, scientists and general stakeholders

The Council's key Objectives for the next five years are to:

Grant-making and Research

- 1 See all grant funding going to projects that will demonstrably contribute to the evidence base
- 2 Fund first flagship project at £100,000 p.a. for three years
- 3 See all relevant significant studies (whether AERC funded or not) being included in evidence base
- 4 Undertake systematic analysis of all studies in evidence base
- 5 Introduce effective web-based systems for presenting the evidence base

Income Generation

- 6 Secure at least three sources of revenue grant funds or commissions
- 7 Secure grant(s) to meet cost of employing Research Officer
- 8 Secure co-financer for first flagship project

Marketing and Communications

- 9 Undertake full brand review and produce complete/ marketing materials
- 10 See new website operational
- 11 Undertake Stakeholder survey

Governance

- 12 See an operational Development Advisory Panel*
- 13 Agree system for measuring impact of different types of relationship
- 14 See Trustees using work plans
- 15 Submit application to Investors in People
- 16 Review all policies and procedures
- 17 Achieve New Board profile

Partnerships

- 18 Be actively represented on 8 significant partnerships or forums
- 19 Meet with 10 previously unapproached potential partners
- 20 Have formal arrangements with 3 partners

Accompanying the Business Plan are a Fund Development Strategy and a Grant-Making Strategy, which set out in more detail how the *objectives* will be achieved. A Marketing and Communications Strategy was under development at the year end.

*The Development Advisory Panel will be a forum comprising Council members and non-Council members (Associates) who will oversee the AERC's fund development activities

Significant Activities

The main area of charitable activity is the awarding of grants to individuals and organisations to enable them to improve the evidence base in relation to the prevention of alcohol-related harm. This activity has historically been funded by the income from the Council's invested funds. While this will continue to be the main source of income for the foreseeable future, the Business Plan sets out objectives to grow income from other sources. During the year, the first such sources were secured, with the AERC delivering grants on behalf of Joseph Rowntree Foundation, Comic Relief and Drinkaware Trust.

Public Benefit

The Council confirms that it has referred to the Charity Commission's guidance on public benefit when reviewing the AERC's aims and objectives and in planning future activities and setting the grant making policy for the year.

The AERC benefits the public by managing a charitable endowment and distributing the income as grants to support charitable activities that help to reduce and/or understand the health problems caused by excessive drinking of alcohol. Before any grant is made, the Council carefully and thoroughly assesses the public benefits of the proposed activities and it also monitors the impact of the project after the grant has been made to identify the resulting public benefit.

The main beneficiaries of the work of the AERC are people who are suffering, or are at risk of suffering, from the negative consequences of excessive alcohol consumption. The AERC's work encompasses the whole of the United Kingdom and it adheres to best practice in making sure that the grant programmes and the evidence base that they create are widely accessible.

Any benefit received by researchers and research institutions and healthcare bodies is purely coincidental to the objects of the AERC's work.

Grant-Making Policies

The Council's approach to research and development is set out in its Grant-Making and Research Strategy, which is supported by a range of policy, procedural and guidance documents that are available to applicants on its website.

The Council is open to a wide range of methodologies including qualitative and quantitative approaches, single case studies and systematic reviews. As matters of policy the Council will not normally contribute to the running costs of organisations or fund bio-medical projects. One development aim is to improve the alcohol-related practice of both generic and specialist alcohol workers. Promoting organisational development and translating evidence into policy and practice are other main objectives.

The Council also asks that researchers publishing in academic journals should use a part of their research grant to fund open access so that everybody has free access to their publications.

Achievements and Performance

Strategic Development

The new direction that the Council has chosen to adopt for the AERC represents a fundamental shift in strategy. In the past, the organisational focus has been very much on grant-making and funding good research. In future, there will be a lot of emphasis on income generation, engagement with a range of new audiences and raising both profile and influence. In turn, this will require investment in the capacity of the organisation.

The Council is pleased with the progress it has made. It has appointed a Chief Executive, published a Business Plan and other strategies, changed its governance structure, secured a number of new income sources, entered into a range of new relationships and underpinned all of this with a comprehensive review of all of its policies and procedures.

Research and Development

The following research and development projects were funded this year from the investment income. They were selected from 39 applications after each was peer reviewed by at least two experts in the field:

- University of Nottingham: Investigating the cost of alcohol – The advocacy for a minimum price per unit in the UK.
- University of Manchester: Investigating Alcohol Industry Sponsorship of UK Sportspeople and its Link to Drinking and Associated Harms.
- South London and Maudsley NHS Foundation Trust: A pilot study of an outpatient clinic to reduce hospital readmission in alcohol-dependent patients.
- The Institute of Alcohol Studies: Exploring Internet Influences on Adolescent Attitudes to Alcohol.
- Action on Addiction: Delivering the 'M-PACT' (Moving Parents and Children Together).

The following research and development projects were funded this year from income received from Drinkaware Trust. They were selected from a number of applications for each study area and were peer reviewed by at least two experts in the field:

- Institute for Social Marketing, University of Stirling: Investigating the effectiveness of education in relation to alcohol.
- University of Central Lancashire: Exploring National Drinking Cultures.
- University of Glamorgan: Project to establish the social norms of students in Welsh Universities.

The following research and development project was funded this year from the investment income and matched by Joseph Rowntree Foundation. It was selected from a number of applications that were peer reviewed by at least two experts in the field:

- Middlesex University: to identify promising approaches and initiatives for developing multi component programmes.

The following research and development project was funded this year from the investment income and matched by Comic Relief. It was selected from a number of applications that were peer reviewed by at least two experts in the field:

- University of Sussex: Exploring gender, alcohol and interventions.

The Council requires each holder of a research or development grant to provide:

- A full report of the project. In the case of research grants this will be a full academic report; and
- A draft *Alcohol Insight* which summarises the key findings and their implications.

The Council also follows best practice in maintaining the independence of research funding and ensures that sponsored researchers and research institutions abide by best practice in research ethics, minimising the likelihood of harm to volunteers.

Manuals & Tool-Kits

Another important development is the expansion of the Council website (www.aerc.org.uk) in order to provide access to final reports, manuals and tool-kits that emerge from funded projects. This section of the website has become increasingly important as further useful resources are added. For example it now includes:

- The manual for the Fast Alcohol Screening Test.
- A tool-kit to guide professionals who are working with the children and families of alcohol misusers.
- A manual on alcohol education: A guide for teachers, employers and other programme developers.
- The effect of alcohol advertising and marketing on drinking behaviour in young people: A systematic review

The aim is to provide one component of a systematic dissemination strategy.

The AERC Alcohol Library

The AERC website includes an Alcohol Library. This covers its own publications and also gives rapid access to other databases. It is a very efficient way of accessing the alcohol research literature. An ambition to further develop the website and Alcohol Library is set out in the Business Plan and will be expanded upon in the Marketing and Communications Strategy.

Small grants

Small projects are funded up to a maximum of £5,000. The Council funds small research projects, pilot research studies or demonstration projects with a strong evaluation component. Small grants can also fund projects that increase the capacity of individuals and organisations to deal with alcohol issues. The Council gives preference to projects that will have a demonstrable impact. The Council funded small grants totalling £73,597 (before taking account of grant de-commitments) in the year to 31 March 2010 (2009 - £110,494).

Studentships

The purpose of the scheme is to encourage research in the alcohol field and to improve the quality of service provided for those with drinking problems. 36 applications for sponsorship were received in 2009/10. The AERC funded 9 students (2008/9 – 17), who were already working in the alcohol field, who wished to acquire appropriate professional qualifications by following a taught course. In addition, the Council co-funded three students to undertake research in the alcohol field leading to the award of Doctor of Philosophy degree - a new initiative for 2009/10. The students intend to research the following areas:

- PhD co-funded with the University of the West of England: To explore peer group and other major influences on teenagers' drinking: An examination of the complexities of young people's discourse.
- PhD co-funded with the University of Sussex: To explore the effects of impulsivity on the development and maintenance of alcohol abuse.
- Phd Co-funded with the Institute of Psychiatry, Kings College London: To explore the impact of bullying victimisation on adolescent alcohol use and related problems.

Income generation

A review of investment performance is provided in the Financial Review below. Achieving non-investment income is a new area of activity for the AERC. It has from time-to-time received small one-off donations, usually unsolicited. However, the Business Plan and associated Fundraising and Fund Development Strategy set out ambitious targets for growing this source over the next five years. The AERC will be looking to secure income from the public sector, other trusts and foundations, companies and individual donors.

The Council has already seen good progress in this area and significantly exceeded its non-investment income target for the year (£16,125), achieving a total of £178,216 thanks largely to funding from Joseph Rowntree Foundation and Drinkaware Trust.

Organisational performance

Organisational performance is primarily measured through a series of Key Performance Indicators that are set out in the Business Plan. Good progress was made against nearly all of these in the past year. Performance against some of the Indicators will be assessed through an annual stakeholder survey, the first of which is due to be implemented early in 2010/11.

Financial review

The financial review, summarised in the following table, relates to the Significant Activities described above:

| Programme | Grant funded activities | Support costs | Total |
|---|--------------------------------|----------------------|----------------|
| (Figures are net of grant de-commitments) | £ | £ | £ |
| Research and Development | 358,386 | 120,049 | 478,435 |
| Small grants | 63,245 | 23,268 | 86,513 |
| Studentships | 83,881 | 30,239 | 114,120 |
| Total | 505,512 | 173,556 | 679,068 |

Future plans

The Council's future plans are set out in its Business Plan and associated strategies, which are summarised above.

The main focus for the next year will be on building the capacity of the Council and its staff team to ensure that it is able to achieve its Vision and meet its aims of funding more projects, funding projects that are of greater consequence and raising the profile of both the organisation and the work that it funds.

In July 2010 the Government announced that the Council's status as a Non Departmental Public Body was to be abolished. As a consequence and with the full support of Government (through the Secretary of State for Health) and after consultation with the Charity Commission, the Council determined in September 2010 that it would establish a new independent charity outside the public sector to which all of its assets (including the investments) and functions would be transferred. The new charity was incorporated on 7th December 2010, with charity registration and asset transfer expected to be completed in the early part of 2011. It is understood that the Government will then use its powers under the Licensing (Alcohol Education and Research) Act 1981 to dissolve the Council.

There are no financial concerns that arise from the above action. The Council receives no grants from the Department of Health or from any other Government department and the transferred assets will be sufficient to meet the new entity's ongoing commitments, including any liabilities that are inherited from the Council as part of the transfer. The new entity will retain the same powers that the Council currently enjoys with respect to the reallocation of the fund's investments to supplement annual income to support its grant-making or other commitments.

Donations in Kind

The Council received no significant donations in kind during the year, other than the continuing provision of payroll services by North British Distilleries Ltd (see note 22) for which it is very grateful. The estimated market value of these services is £1,000 (2009: £1,000). The arrangement ended at 31st March 2010.

Use of Volunteers

All of the Council members are volunteers. In total, Council members voluntarily give around 150 days of their time annually, working for the AERC.

Financial Instruments

The principle financial risks to which the Council is exposed are: liquidity risk; interest rate risk; and currency risk. The Council has approved policies for the management of these risks.

a) Liquidity risk

The Alcohol Education and Research Council has no borrowings and does not rely on departmental or other grants for its cash requirements. Income is generated primarily from its investments which as at the 31 March 2010 were £12.5m (2009: £8.8m). It therefore does not consider its exposure to liquidity risk to be significant.

b) Interest rate risk

The Council has exposure to changes in interest rates which impact on the Council's income from its cash holdings. The Council has decided not to hedge interest rate risk. However, it has decided to substantially reduce its cash holdings, which in a period of low interest rates, will reduce its exposure to this risk.

c) Currency risk

The Council has exposure to movements in currency exchange rates as far as its limited overseas investments are concerned. The Council seeks to minimise this risk by the use of currency forward contracts.

d) Credit Risk

The Trustees' view is that credit risk is not perceived to be principle to the Council.

Basis of preparation of Financial Statements

The Financial Statements have been prepared in accordance with the Council's Accounting Policies, 1.1 'Basis of Accounting' as set out on page 28.

Going Concern

The Council's annual Risk Assessment gives careful consideration to factors that may impact upon the AERC's ability to move forward as a going concern. The most recent Assessment, carried out in March 2010, gives the Council confidence that any risks that do exist have been sufficiently mitigated.

In September 2010, the Council determined that it would establish a new charity to which all of its assets and functions would be transferred. The impact of this in terms of the Council's going concern status is described in note 1.2.

Members of the Council who served during the year to 31 March 2010:

| | |
|-----------------------------|---|
| Professor Robin Davidson | Chairman |
| Ms Joyce Craig | Chair of the Developing People & Organisations Committee and Member of the Finance & General Purposes Committee (retired from the Council on 31 March 2010) |
| Mr Ian Ford | Chair of the Finance & General Purposes Committee (retired from the Council on 31 March 2010) |
| Dr Pui-Ling Li | Chair of the Research Committee and Member of the Finance and General Purposes Committee (retired from the Council on 31 March 2010) |
| Professor Virginia Berridge | Member of the Research Committee (now Grants Advisory Panel) |
| Professor Christopher Day | Member of the Research Committee (now Grants Advisory Panel) |
| Professor David Foxcroft | Member of the Research and Developing People & Organisations Committees (retired from the Council on 31 March 2010) |
| Professor Ian Gilmore | |
| Professor Gerard Hastings | Member of the Research Committee (retired from the Council on 31 March 2010) |
| Professor Nick Heather | Member of the Research Committee (now Grants Advisory Panel) |
| Professor Eileen Kaner | Member of the Studentship Committee |
| Mrs Lesley King Lewis | Member of the Finance & General Purposes and Development Advisory Panel |
| Mr O Aneurin Owen | Member of the Studentship Committee |
| Dr Rachel Seabrook | Member of the Research Committee (now Grants Advisory Panel) |
| Mr Chris Searle | Member of the Development Advisory Panel |

Members of the Council appointed from 1 April 2010:

| | |
|-----------------------------|--|
| Professor Sally Dibb | Joining the Development Advisory Panel |
| Ms Annette Fleming | Joining the Studentship Committee and the Finance & General Purposes Committee |
| Mr Andrew John May | Taking over as Chair of the Finance & General Purposes Committee |
| Professor Alan Maryon-Davis | |
| Mr Gerry O'Donnell | |

Chief Executive and Accounting Officer

Mr Dave Roberts

Research Director

Professor Ray Hodgson

Accountants

Ernst & Young LLP, Ten George Street, Edinburgh EH2 2DZ

Administrative Office

Willow House (4th Floor), 17-23 Willow Place, London SW1P 1JH

Auditors

Comptroller and Auditor General, National Audit Office, 157-197 Buckingham Palace Road, London SW1W 9SP

So far as the Accounting Officer, and each person who was a Council member at the date of approving this report, are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing his report, of which the auditor is unaware. Having made enquiries of the Council and the Council's auditor, the Accounting Officer has taken all the steps that he is obliged to take as Accounting Officer in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information. Having made enquiries of the Accounting Officer, fellow Council members and the Council's auditor, each Council member has taken all the steps that he/she is obliged to take as a Council member in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Bankers

CAF Bank Ltd, King's Hill, West Malling, Kent ME19 4TA
The Bank of New York Limited, One Canada Square, London E14 5AL

Investment Managers

Baillie Gifford & Co, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN

Solicitors

Arlingtons Sharmas, 6 Arlington Street, London SW1A 1RE

Registered Charity no. 284748

Remuneration Report

The members of the Finance & General Purposes Committee, as detailed on page 11, undertake the duties and responsibilities of a remuneration committee.

The Council members themselves are not remunerated but they are paid expenses against receipted claims (see note 10). The Council's policy on the remuneration of the Chief Executive, of the Director, and of the Grants Manager, being the only three staff employed by the Council, is to adopt a career grading system comprising annual increments (according to performance) and an inflation related element, with reference to relevant Civil Service salary scales.

Employees also receive pension contributions, or payments in lieu of pension contributions, of 6% of salary. The Chief Executive has opted to exchange a further 6% of his salary for an increased pension contribution. Payments in lieu of pension contributions are subject to Income Tax and National Insurance Contributions.

Staff sickness/absence: None to report.

The Chief Executive also served as the Council's Accounting Officer during the latter part of 2009/10, taking over from the Research Director. The Research Director continues to act as the Council's Scientific Officer. The Chief Executive's notice period is three months, which equates to the Council's maximum liability to compensation for early termination.

The Chief Executive and Accounting Officer, who commenced in post on 27 April 2009, received emoluments of £62,816 during 2009/10 (2008/09: £39,623, which relates to the emoluments of the Research Director who held the role of Accounting Officer prior to the appointment of the Chief Executive), including pension contributions (full time equivalent £66,038). This included a bonus of £1,200 which was entirely related to performance in this financial year. The information in this paragraph is subject to audit.

Financial Review

Results for the year

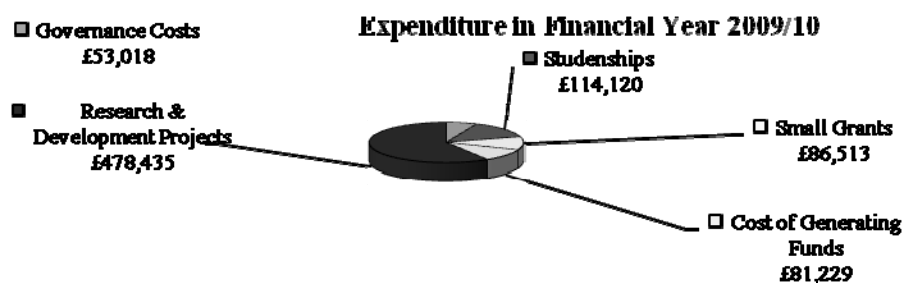
The value of the Fund at 31 March 2010 was £11,929,401, a rise of £3,502,403 from 31 March 2009 (£8,426,998). The increase in the value of the fund reflects the recovery in commodities such as equities, following their low point in the previous years during the global recession.

A further detailed review of the Council's investment strategy was undertaken during the year in conjunction with the Investment Manager. As a consequence, a decision was taken to begin the reinvestment of that part of the fund which had been converted to cash in the previous year. In addition, the Council's investments in UK equities was realigned to target an overall return, rather than to focus primarily on income. This diversification is intended to increase overall investment returns in the future.

The Council continues to maintain an investment policy where the opportunities for capital growth are balanced with a requirement to generate a minimum level of investment income.

The total income of the Council in the financial year was £635,585 (2008/9 £570,615). The increase of £64,970 (11 %) was due to a significant rise in income from sources other than the investments (£178,581 compared to £80 in 2008/09. This has helped to redress a significant fall in income from the investments (£455,469 compared to £568,777 in 2008/09), which itself reflects falling levels of dividend income, particularly in the banking and financial sectors across the world.

Total expenditure amounted to £813,315 (2008/9, £749,892), of which, £53,018 (2008/9, £52,429) was accounted for by governance costs. See Notes 5(a) and 5(b) to these accounts for more detail.



Review of Investment Policy and Performance

By section 7(5) of the Licensing (Alcohol Education and Research) Act 1981 as amended, the Council is empowered to invest any sums that are not immediately required for any other purpose in any investments in which trustees may invest under the general power of investment in section 3 of the Trustee Act 2000 (as restricted by sections 4 and 5 of that Act).

Baillie Gifford & Co manages the Fund on behalf of the Council. Following consultation with Baillie Gifford, the Council has agreed an investment policy which seeks to generate both income and capital appreciation from investments in government and corporate bonds, and equities, both in the UK and overseas. The primary investment objective is for the total investment return, for both income and capital appreciation, to outperform the bespoke benchmark outlined below by 1% per annum over rolling five year periods.

| ASSET CLASS | INDICES | WEIGHTING | RANGE | ALLOCATION AT 31/3/10 |
|--|--|------------|--------|-----------------------|
| <i>UK Equities</i> - UK - Global | FTSE All Share MSCI AC World | 57% 10% | 40-72% | 52% 12% |
| <i>Corporate Bonds</i> - Investment Grade | Merrill Lynch > 5 year Corporate Bonds | 26% | 21-37% | 27% |
| - Sub-Investment Grade | Merrill Lynch Sterling High Yield | 6% | 2-8% | 6% |
| <i>Cash</i> | LIBID 7 Day | 1% | >1% | 3% |

Included within the corporate bond portfolio is a holding in the pooled Baillie Gifford High Yield Bond Fund where, although there are no formal bond rating restrictions applicable, the Investment Manager is required to notify the Council if the pooled fund's exposure to bonds rated lower than B-exceeds 10%. At 31 March 2010 this investment represented 6.1% of the BGHYB Fund and 0.24% of the total fund value.

The Council will be retendering for its investment management services early in the new financial year. Notwithstanding the objective of achieving a total return of capital appreciation and income, an income benchmark target for the year to 31 March 2011 will be agreed with the firm that is appointed.

Each month the fund manager transfers to the Council's deposit account with Caf Bank Ltd the investment income and bank interest that has been received in the previous month.

The only restriction that the Council places upon Baillie Gifford's investment discretion is that the Fund may not invest directly in any company involved in the manufacture of tobacco. Under section 4(1) of the Trustee Act 2000 the Council is obliged to have regard *inter alia* to the *suitability* of investments. As a charity involved in addictive health issues the Council believes that it would be extremely damaging to its reputation were it to be seen by the public at large to be investing in tobacco companies. The Council are of the opinion that this restriction falls within the acceptable criteria outlined in the Charity Commissioners Guidance Note CC14 – Investment of Charitable Funds.

The Investment Manager submits a monthly report to the Council on the valuation of the fund and on transactions in the portfolio. A full report is sent each quarter, which in addition provides an overview of performance, a report on the economic outlook and other relevant issues. The Investment Manager regularly attend meetings of the Finance and General Purposes committee and from time to time attend meetings of the Council.

During the year the Investment Manager delivered a level of return which just failed to meet the benchmark. Against a benchmark of +49.96% Baillie Gifford produced a total return of 48.10%, missing the benchmark by 1.86%. The Council, however, believes that investment performance can only be effectively assessed over a longer timeframe than one year, and is pleased to note that the Investment Manager's average annualised performance over three and five years has exceeded the benchmark as follows:

| | <u>3 Years</u> <small>% p.a.</small> | <u>5 Years</u> <small>% p.a.</small> |
|-------------|---|---|
| Fund | 1.67 | 6.44 |
| Benchmark | 0.55 | 5.71 |

Fundraising

The Council will be seeking to enhance its income from fundraising substantially in the future (see ‘Strategic development’, on Page 4). It also continues to seek to expand its funding base through collaboration with other funding bodies in the alcohol field.

The Council has also, from time to time, received donations or bequests.

In the course of 2009/10 the Council received £1,535 in donations and bequests (2008/9; £1,758).

Reserves policy

It is the Council’s policy to maintain a minimum of 1 – 2 per cent of the Fund in cash under the control of the fund manager. At 31 March 2010, the total cash held by the fund managers was above this target level, being 3 % (2009; 12%) of the fund. The cash holding is planned to reduce further in 2010/11.

The Council has considered the Charity Commission Guidance Note CC 19 dated April 2002. It is the Council’s intention not to accumulate reserves, but to expend income year on year. However, due to the nature of the projects that it finances, it is possible for the Council to overspend or underspend in any one year depending upon the quality of grant applications received and the timing of grant claims. The Council reviews this policy on an annual basis.

Prompt Payment Policy

The Council follows the Treasury’s guidance on payment of invoices. In 2009/10 the Council paid all undisputed invoices within 30 days of receipt.

Audit

Under statute, the Comptroller and Auditor General is the auditor of the Council’s Accounts for the year ended 31 March 2010. The audit fee in respect of this work was £6,600 (2009; £3,300).

Robin Davidson
Chairman of the Council

Dave Roberts
Accounting Officer

18 January 2011

18 January 2011

Statement of Council Members' and Accounting Officer's Responsibilities

Under the Licensing (Alcohol Education and Research) Act 1981 and the Charities Act 1993, the Council is required to prepare a statement of financial accounts for each financial year in the form and on the basis determined by the Secretary of State for Health with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Council's financial activities during the year and of its financial position at its year end.

In preparing the Council's accounts, Members are required to:

- Observe the accounts direction issued by the Secretary of State*, including the relevant accounting and disclosure requirements, and apply them on a consistent basis;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statement on the ongoing basis, unless it is inappropriate to presume the Council will continue in operation.

Dave Roberts is the designated Accounting Officer for the Council and his relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Government Accounting. He has also attended training for Accounting Officers.

Robin Davidson
Chairman of the Council

Dave Roberts
Accounting Officer

18 January 2011

18 January 2011

* A copy is available from the administrative office, Willow House (4th Floor), 17-12 Willow Place, London SW1P 1JH. A charge will be made for this.

Statement on Internal Control

Scope of Responsibility

As Accounting Officer and Chair of the Council (as a representative of the Council) we have joint responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives as set out in our Statement of Purpose, whilst safeguarding the public funds and Council assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to him in Government Accounting. The Council does not have an internal audit function.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in the Alcohol Education and Research Council for the year ended 31 March 2010 and up to the date of the approval of the annual report and accounts, and accords with Treasury Guidance.

Capacity to Handle Risk

The Council reviews its risk management arrangements each year, primarily through a comprehensive annual Risk Assessment that explores each of the main areas of the organisation's functions. These are 'operations', 'governance', 'data and technology', 'human' and 'compliance'. Each risk is graded according to likelihood and potential impact and where necessary mitigating measures are proposed. The most recent Risk Assessment was undertaken in March 2010. It identified 30 potential risks and we are satisfied that each of these has been, or is in the process of being, appropriately mitigated against.

Corporate strategy is reviewed on at least an annual basis; the Business Plan is the main document that sets out the AERC's strategy. Progress is reported to the Council three times a year, using a Corporate Performance Scorecard.

Review of Effectiveness

As Chairman of the Council and Accounting Officer, we have responsibility for reviewing the effectiveness of the system of internal control. Our review is informed by the work of the Finance and General Purposes Committee, who have responsibility for monitoring risk management procedures and the maintenance and operation of the system of internal control, and comments made by the external auditors in their management letter and other reports.

We have been advised by the Council and the Finance and General Purposes Committee on the implications of the result of our review of the effectiveness of the system on internal control.

Significant Internal Control Problems

There are no significant internal control problems to report.

Robin Davidson
Chairman of the Council

18 January 2011

Dave Roberts
Accounting Officer

18 January 2011

THE ALCOHOL EDUCATION AND RESEARCH COUNCIL

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Alcohol Education and Research Council for the year ended 31 March 2010 under the Licensing (Alcohol Education and Research) Act 1981. These comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council Members, the Accounting Officer and auditor

The Council Members and Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Licensing (Alcohol Education and Research) Act 1981 and directions made thereunder by the Secretary of State for Health with the consent of the HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Council Members' and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Licensing (Alcohol Education and Research) Act 1981 and directions made thereunder by the Secretary of State for Health with the consent of the HM Treasury. I report to you whether, in my opinion, the information, which comprises the Report of the Council and the Financial Review, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Alcohol Education and Research Council has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Alcohol Education and Research Council's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Alcohol Education and Research Council's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Council Members and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Alcohol Education and Research Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Licensing (Alcohol Education and Research) Act 1981 and directions made thereunder by the Secretary of State for Health with the consent of the HM Treasury, of the state of the Alcohol Education and Research Council's affairs as at 31 March 2010 and of its incoming resources and application of resources for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Licensing (Alcohol Education and Research) Act 1981 and directions made thereunder by the Secretary of State for Health with the consent of the HM Treasury; and
- the information, which comprises the Report of the Council and the Financial Review, included in the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Emphasis of matter – Financial statements not prepared on a going concern basis

Without qualifying my opinion, I draw attention to Note 1.2 ‘Going Concern’ and Note 23 ‘Post Balance Sheet Events’ to the financial statements. Following the Secretary of State for Health’s announcement that the Alcohol Education and Research Council would be abolished as a Non-Departmental Public Body, the Council Members formally agreed on 17 September 2010 to establish an independent charity to which the staff and assets of the Council would be transferred. As a consequence, the Council Members and the Accounting Officer do not consider the Alcohol Education and Research Council to be a going concern and the financial statements have not been prepared on a going concern basis. Details of the impact of this on the financial statements are provided in Note 1.2 and Note 23 to the financial statements.

Report

I have no observations to make on these financial statements.

*Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS*

21 January 2011

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2010**

| | | 2010 | 2010 | 2010 | 2009 |
|---|--------------|-------------------|----------------|-------------------|--------------------|
| | | Unrestricted | Restricted | Total | Total |
| | | Funds | Funds | Funds | Funds |
| | | £ | £ | £ | (restated) £ |
| Incoming resources | Notes | | | | |
| <i>Incoming resources from generated funds</i> | | | | | |
| Voluntary donations | | 1,535 | - | 1,535 | 1,758 |
| Investment income | 3 | 455,469 | - | 455,469 | 568,777 |
| <i>Other incoming resources</i> | | 365 | - | 365 | 80 |
| <i>Incoming resources from charitable activities</i> | 4 | 19,777 | 158,439 | 178,216 | - |
| Total incoming resources | | 477,146 | 158,439 | 635,585 | 570,615 |
| Resources expended | | | | | |
| <i>Cost of generating funds</i> | | | | | |
| Costs of generating voluntary income | 5a | 26,672 | - | 26,672 | 7,604 |
| Investment management costs | 5a | 54,557 | - | 54,557 | 56,746 |
| | | 81,229 | - | 81,229 | 64,350 |
| <i>Charitable activities</i> | | | | | |
| Research and development projects | | 341,336 | 158,439 | 499,775 | 504,390 |
| Small Grants | | 96,865 | - | 96,865 | 135,990 |
| Studentship | | 125,889 | - | 125,889 | 87,344 |
| | | 564,090 | 158,439 | 722,529 | 727,724 |
| <i>Grant de-commitments</i> | | (43,461) | - | (43,461) | (94,611) |
| | 5a | 520,629 | 158,439 | 679,068 | 633,113 |
| <i>Governance costs</i> | 5a | 53,018 | - | 53,018 | 52,429 |
| Total resources expended | 5a | 654,876 | 158,439 | 813,315 | 749,892 |
| <i>Net gains/(losses) on disposal of investments</i> | | 253,391 | - | 253,391 | (1,868,930) |
| Net (outgoing)/incoming resources | 6 | 75,661 | - | 75,661 | (1,119,038) |
| Notional cost of capital | 1.12 | (356,254) | - | (356,254) | (352,697) |
| | | (280,593) | - | (280,593) | (1,471,735) |
| Add back: Notional cost of capital | | 356,254 | - | 356,254 | 352,697 |
| Net (outgoing)/incoming resources before other recognized gains and losses | | 75,661 | - | 75,661 | (1,119,038) |
| Other recognized gains and losses | | | | | |
| Gains/(Losses) on investment assets | | | | | |
| -unrealised | 9 | 3,427,428 | - | 3,427,428 | (1,238,040) |
| Currency losses (net) | | (686) | - | (686) | (13,858) |
| | | 3,426,742 | - | 3,426,742 | (1,251,898) |
| Net Movement in Funds | | 3,502,403 | - | 3,502,403 | (3,300,105) |
| Reconciliation of Funds | | | | | |
| Fund Balance brought forward | | 8,426,998 | - | 8,426,998 | 11,727,103 |
| Total Funds carried forward | 14 | 11,929,401 | - | 11,929,401 | 8,426,998 |

All charitable activities relate to continuing operations.

There are no recognized gains or losses other than those dealt with through the Statement of Financial Activities.

The notes on pages 28 to 49 form part of these financial statements.

**BALANCE SHEET
AT 31 MARCH 2010**

| | Notes | 2010 | | 2009 | |
|--|-------------|-------------------|-------------------|----------------|------------------|
| | | £ | £ | £ | £ |
| Fixed Assets | | | | | |
| Tangible fixed assets | 8 | | - | | 1,201 |
| Investments | 9 | | | | 8,776,375 |
| | | | | | <u>8,777,576</u> |
| Current Assets | | | | | |
| Tangible fixed assets | 8 | 2,114 | | - | |
| Investments | 9 | 12,456,543 | | - | |
| Debtors | 11 | 172,733 | | 27,148 | |
| Cash at bank | 18 | 295,360 | | 482,826 | |
| | | <u>12,926,750</u> | | <u>509,974</u> | |
| Creditors: amounts falling due within one year | 12 | <u>997,349</u> | | <u>823,313</u> | |
| Net Current Liabilities | | | <u>11,929,401</u> | | <u>(313,339)</u> |
| Total assets less current liabilities | | | <u>11,929,401</u> | | 8,464,237 |
| Creditors: amounts falling due after more than one year | 13 | | - | | (37,239) |
| Net Assets | | | <u>11,929,401</u> | | <u>8,426,998</u> |
| Funds: | | | | | |
| Unrestricted Funds | 1.10, 14 | | <u>11,929,401</u> | | <u>8,426,998</u> |

The notes on pages 28 to 49 form part of these financial statements.

Approved by Council on 18 January 2011 and signed on its behalf by:

Robin Davidson
Chairman of the Council

Dave Roberts
Accounting Officer

**CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010**

| | Notes | 2010 | 2009 |
|---|-----------|-------------------------|---------------------------|
| | | £ | £ |
| Net cash (outflow) from operating activities | 20 | (187,366) | (98,506) |
| Capital expenditure and financial Investment | | | |
| Payments for investments | 9 | (3,263,365) | (6,742,105) |
| Payments to acquire tangible fixed assets | 8 | (1,751) | (1,601) |
| Proceeds from sales of investments | | <u>2,604,810</u> | <u>4,701,209</u> |
| | | (660,306) | (2,042,497) |
| Net cash (outflow) for the year | 20 | <u>(847,672)</u> | <u>(2,141,003)</u> |

The notes on pages 28 to 49 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1 Accounting Policies

1.1 Basis of accounting

The Council has adopted the following policies which should be read in conjunction with the financial statements set out on pages 28 to 49. These have been prepared under the historical cost convention, modified by the revaluation of investments, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005, the Financial Reporting Manual (FrM) and applicable UK Accounting Standards, and comply with Section 10(1)(b)(ii) of the Licensing (Alcohol Education and Research) Act 1981.

1.2 Going concern

In July 2010 the Government announced that the Council's status as a Non Departmental Public Body was to be abolished. As a consequence and with the full support of Government (through the Secretary of State for Health) and after consultation with the Charity Commission, the Council determined in September 2010 that it would establish a new independent charity outside the public sector to which staff and all of its assets (including the investments) and functions would be transferred. It is expected that the new entity will be incorporated in December 2010, with charity registration and asset transfer completed in the early part of 2011. It is understood that the Government will then use its powers under the Licensing (Alcohol Education and Research) Act 1981 to dissolve the Council.

Therefore these financial statements have been prepared on a basis other than that of a going concern which includes writing down the organisation's tangible fixed assets to amounts considered reasonably approximate to the recoverable amount in the event of disposal. The financial statements do not include any provision for the future costs of terminating the operations of the organization

1.3 Investment income

Investment income comprises interest and dividends receivable in the year and is shown inclusive of recoverable tax. Donated goods or services are included at market value.

1.4 Income from charitable activities

Income received in respect of restricted grants payable is recognised in the SOFA in line with recognition of grants awards, in order to appropriately match income with corresponding outgoing resources.

1.5 Expenditure

Grants are accounted for by recognising the grants at the date on which they receive formal approval. All approved grants are therefore regarded as commitments. Grants not drawn down in the year are carried forward. These grants are recorded as due within one year applying the prudence principle. Outstanding grant commitments are reviewed annually to identify amounts that will not be paid in full and are cancelled (see Note 19b).

Administrative and other expenditure is charged to the statement of financial activities in the year in which it is incurred. The allocation of costs is as stated in Note 5a.

Where possible expenditure has been allocated to specific categories in the SOFA and where this is not possible the costs have been allocated as stated in Note 5a.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised on initial acquisition and included in the balance sheet at cost or valuation including costs attributable to bringing the assets into working condition for their intended use. Expenditure which enhances the tangible fixed assets is capitalised at cost. Fixed assets donated for the Trust's own use are capitalised at their current value.

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:

Office equipment over 4 years straight line

1.7 Investments

Investments are included at their market value at the balance sheet date. Market value includes accrued interest on Corporate bonds and Government stocks.

1.8 Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken into the statement of financial activities.

1.9 Taxation

As a registered charity the fund is not liable to taxation on its charitable activities.

1.10 Funds

The Unrestricted Funds comprise income which the Council is free to use in accordance with its objects.

1.11 Pension

The Council does not have an Occupational pension scheme, but contributes a proportion of employees' salaries to private savings schemes. These amounts are expensed through the SOFA.

1.12 Cost of Capital

The cost of capital is calculated using an interest rate of 3.5%.

1.13 Forward currency contracts

The Council uses forward currency contracts to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the statement of financial activities

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

2 Constitution

The Alcohol Education and Research Fund is provided for as a statutory charity under the terms of the Licensing Act (Alcohol Education and Research) Act 1981, which was brought into operation on 1 October 1981 by Statutory Instrument 1981 No 1324. The fund is applied for the charitable purposes outlined in Section 7 sub-sections 2-4 of the Act.

3 Investment Income

| | 2010 | 2009 |
|---|-----------------|----------|
| | £ | £ |
| Fixed Interest | | |
| Corporate bonds and British Government stocks | 224,969 | 215,343 |
| Overseas bonds | 4,141 | 3,671 |
| LTGG | 9,551 | - |
| Equities – UK franked | 193,575 | 208,829 |
| Irrecoverable tax on Equities | (20,235) | (21,160) |
| Managed and unitised - UK | 41,054 | 41,833 |
| Irrecoverable tax on Managed and unitized | (951) | |
| | 452,104 | 448,516 |
| Bank deposit interest | 3,107 | 118,740 |
| Underwriting commission | 258 | 1,521 |
| | 455,469 | 568,777 |

4 Incoming resources from charitable activities

| | 2010 | 2010 | 2010 | 2009 |
|----------------------------|---------------------|-------------------|----------------|------|
| | Unrestricted | Restricted | Total | |
| | funds | funds | Funds | |
| | | | £ | £ |
| The Drinkaware Trust | 19,777 | 138,439 | 158,216 | - |
| Joseph Rowntree Foundation | - | 20,000 | 20,000 | - |
| | 19,777 | 158,439 | 178,216 | - |

5a Total Resources Expended

| | Charitable activities | Costs of generating funds | | | 2010 | 2009 |
|---|-----------------------|-----------------------------|--------------------------------------|---------------|-----------------|----------|
| | | Investment management costs | Costs of generating voluntary income | Governance | Total | Total |
| | | £ | £ | £ | £ | £ |
| Director's IT Assistance | 5,400 | - | - | 600 | 6,000 | 2,625 |
| Scientific officer | 10,710 | - | - | 1,190 | 11,900 | 13,176 |
| Chief Executive | 24,118 | - | 24,118 | 24,118 | 72,354 | |
| Chief Executive's expenses | 2,554 | - | 2,554 | 2,554 | 7,662 | |
| Grants and Committees manager | 35,526 | - | - | 3,947 | 39,473 | 38,142 |
| Office administrative services | 474 | - | - | 53 | 527 | 270 |
| Rent | 20,086 | - | - | 2,231 | 22,317 | 8,853 |
| Insurance | 326 | - | - | 36 | 362 | 329 |
| IT costs | 2,540 | - | - | 283 | 2,823 | 6,551 |
| Printing, postage and stationery | 3,575 | - | - | 397 | 3,972 | 5,207 |
| Travel expenses | 3,375 | - | - | 375 | 3,750 | 1,608 |
| Meetings of Full Council | 10,228 | - | - | 1,136 | 11,364 | 3,996 |
| Induction and Strategy meetings | 260 | - | - | 29 | 289 | 5,204 |
| Research and development committee meetings | 1,095 | - | - | 122 | 1,217 | 1,098 |
| Education committee meetings | - | - | - | - | - | 475 |
| Finance and GP committee meetings | 1,899 | - | - | 211 | 2,110 | 1,263 |
| Staff training | 675 | - | - | 75 | 750 | - |
| Auditors' remuneration for audit services | - | - | - | 6,600 | 6,600 | 3,300 |
| Accountancy fees | - | - | - | 7,271 | 7,271 | 5,000 |
| Bank charges | 32 | - | - | 4 | 36 | 30 |
| Chairman's expenses | 2,829 | - | - | 314 | 3,143 | 4,101 |
| Depreciation | 754 | - | - | 84 | 838 | 400 |
| Research facilitation | 27,767 | - | - | - | 27,767 | 30,742 |
| Investment Management fees | - | 50,427 | - | - | 50,427 | 52,874 |
| Custody fees | - | 4,130 | - | - | 4,130 | 3,872 |
| Irrecoverable VAT | 11,591 | - | - | 1,288 | 12,879 | 19,372 |
| NCVO and AMRC Subscriptions | 962 | - | - | - | 962 | 1,093 |
| Payroll Services | 900 | - | - | 100 | 1,000 | 1,000 |
| Peer review costs | 5,880 | - | - | - | 5,880 | 3,411 |
| Professional fees – strategy plan | - | - | - | - | - | 24,016 |
| Recruitment costs | - | - | - | - | - | 15,208 |
| | 173,556 | 54,557 | 26,672 | 53,018 | 307,803 | 253,216 |
| | Note 5b | | | | | |
| Research and development projects | 379,726 | - | - | - | 379,726 | 409,825 |
| Grants payable – small | 73,597 | - | - | - | 73,597 | 110,494 |
| Grants payable - studentship | 95,650 | - | - | - | 95,650 | 70,968 |
| | 548,973 | | | | 548,973 | 591,287 |
| | 722,529 | 54,557 | 26,672 | 53,018 | 856,776 | 844,503 |
| Grant de-commitments (note 19a) | (43,461) | - | - | - | (43,461) | (94,611) |
| | 679,068 | 54,557 | 26,672 | 53,018 | 813,315 | 749,892 |
| | Note 5b | | | | | |

Allocation of costs

The director's salary and associated national insurance and pension costs have been split 30:70 between salary and research facilitation costs.

The Chief Executive's expenses and salary with associated national insurance and pension costs have been split evenly between charitable activities, costs of generating voluntary income and governance.

Peer review costs and subscription fees for grant making purposes are wholly attributable to grant applications. Direct administration costs such as the costs associated with Finance and General Purposes Committee Meetings, audit and accounting fees and strategy plan professional fees, are accounted exclusively as Governance Costs. Shared governance costs, including the cost of induction and strategy meetings are allocated 90:10 between charitable activities and governance in line with prior years.

| 5b | Analysis of Charitable Expenditure | % | Grants | Allocation of Support Costs | Grant de-commitments | 2010 Total | 2009 Total |
|-----------|---|--------------|----------------|------------------------------------|-----------------------------|-------------------|-------------------|
| | | | £ | £ | £ | £ | £ |
| | Research and development projects | 69.2 | 379,726 | 120,049 | (21,340) | 478,435 | 470,816 |
| | Small | 13.4 | 73,597 | 23,268 | (10,352) | 86,513 | 94,743 |
| | Studentship | 17.4 | 95,650 | 30,239 | (11,769) | 114,120 | 67,554 |
| | Total | 100.0 | 548,973 | 173,556 | (43,461) | 679,068 | 633,113 |

Note 5a

Support costs have been allocated to charitable expenses in proportion to grant awards made.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

6 Net incoming resources

| | | |
|--|----------------------|--------------|
| This is stated after charging: | 2010 | 2009 |
| | £ | £ |
| Auditors remuneration – audit services | 6,600 | 3,300 |
| Accountants’ fees - other services | 7,271 | 5,000 |
| Depreciation | 838 | 400 |
| | <u>14,709</u> | <u>8,700</u> |

7 Staff costs

The Council have employed one full-time and two part time staff during the year (2009; two part time), who were engaged in administrative duties. In 2010, this equated to 2.2 full time equivalent members of staff (2009;1.4).

| | | |
|---|-----------------------|---------------|
| Staff costs for the above persons were: | 2010 | 2009 |
| | £ | £ |
| Salaries | 130,000 | 70,130 |
| Social security costs | 14,407 | 7,722 |
| Pension costs | 7,087 | 4,208 |
| | <u>151,494</u> | <u>82,060</u> |

The Chief Executive received remuneration in excess of £60,000 per annum (2009; none).

8 Tangible fixed assets

| | |
|---------------------------|-----------------------------------|
| | Office Equipment £ |
| Cost | |
| At 1 April 2009 | 5,555 |
| Additions | 1,751 |
| Disposals | - |
| At 31 March 2010 | <u>7,306</u> |
| Depreciation | |
| At 1 April 2009 | 4,354 |
| Charge for the year | 838 |
| Depreciation on disposals | - |
| At 31 March 2010 | <u>5,192</u> |
| Net book value | |
| At 31 March 2010 | <u>2,114</u> |
| At 31 March 2009 | <u>1,201</u> |

Net book value of office equipment is considered to reasonably approximate the recoverable amount in the event of disposal of the Council’s assets.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

9 Investments

There are no programme related investments. Investments are included at their market value at the balance sheet date as these are expected to be transferred at market value to the new charity. Investments are held primarily to provide an investment return.

| At valuation: | 2010 | 2009 |
|--|-------------------|------------------|
| | £ | £ |
| Investments 1 April 2009 | 7,730,270 | 8,796,344 |
| Additions at cost | 3,263,365 | 6,742,105 |
| Disposals | (2,307,828) | (5,951,219) |
| Unrealised gains/(losses) on revaluation | 3,383,837 | (1,856,960) |
| | <hr/> | <hr/> |
| Investments 31 March 2010 | 12,069,644 | 7,730,270 |
| Cash held pending re-investment | 386,899 | 1,046,105 |
| | <hr/> | <hr/> |
| | 12,456,543 | 8,776,375 |

Analysis by type:

| | 2010 | | 2009 | |
|---|-------------------|-------------------|------------------|-------------------|
| | Market Value | Cost | Market Value | Cost |
| | £ | £ | £ | £ |
| Fixed interest: | | | | |
| Corporate bonds and British Government stocks | 4,131,672 | 3,872,708 | 2,625,809 | 3,781,889 |
| Overseas bonds | - | - | 27,157 | 35,518 |
| UK Equities | 6,419,191 | 5,077,797 | 4,066,600 | 4,744,839 |
| Long term Capital Growth Fund | 1,518,781 | 1,124,688 | 1,010,704 | 1,134,499 |
| Cash awaiting re-investment | 386,899 | 386,899 | 1,046,105 | 1,046,105 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 12,456,543 | 10,462,092 | 8,776,375 | 10,742,850 |

Reconciliation of unrealised gains/(losses):

| | 2010 | 2009 |
|--|------------------|--------------------|
| | £ | £ |
| Unrealised gains in the year on assets/(losses) held at 31 March | 3,383,837 | (1,856,960) |
| Total net (gains)/losses realised on disposal of assets | (253,391) | 1,868,930 |
| Realised gains/(losses) incurred within the year | 296,982 | (1,250,010) |
| | <hr/> | <hr/> |
| Net movement in unrealised losses for the year | 3,427,428 | (1,238,040) |

9 Investments (continued)

Material investments

At the year end one individual investment, the Baillie Gifford Long Term Capital Growth Fund was valued at £1,518,781, representing 12.2% of the investment portfolio.

10 Trustees' reimbursements and remuneration

Included in the cost of meetings is a total of £8,367 of travel and hotel costs (2009; £7,598) reimbursed to or paid directly on behalf of 11 trustees (2009; 8). No remuneration is paid to trustees. Grant funding received by trustees is disclosed in Note 22.

11 Debtors

| | 2010 £ | 2009 £ |
|--|----------------|---------------|
| Tax recoverable | 1,014 | 85 |
| Equity dividends declared but not yet received | 12,890 | 15,441 |
| Accrued interest receivable on time deposits | - | 712 |
| Prepayments and accrued income | 153,264 | 1,800 |
| Other debtors | 5,565 | 9,110 |
| | <u>172,733</u> | <u>27,148</u> |

All amounts due within one year.

Other debtors includes forward currency contract assets of £nil (2009; £36) in line with accounting policy 1.13.

12 Creditors – amounts falling due within one year:

| | 2010 £ | 2009 £ |
|-----------------------------------|----------------|----------------|
| Accrued expenses | 24,907 | 11,580 |
| Research and development projects | 785,755 | 661,590 |
| Small grants | 89,799 | 93,874 |
| Studentship grants | 96,888 | 56,269 |
| | - | - |
| | - | - |
| | <u>997,349</u> | <u>823,313</u> |

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

13 Creditors – amounts falling due after more than one year:

| | 2010 | | 2009 |
|-----------------------------------|--------------------------|-------------------|--------------------------|
| | £ | | £ |
| Research and development projects | - | | 27,964 |
| Studentship grants | - | | 9,275 |
| | <u>-</u> | | <u>37,239</u> |
| | Unrestricted | Restricted | Total funds |
| | funds | funds | Total funds |
| | 2010 | 2010 | 2009 |
| | £ | £ | £ |
| Balance brought forward | 8,426,998 | - | 8,426,998 |
| Incoming resources | 477,146 | 158,439 | 635,585 |
| Outgoing resources | (654,876) | (158,439) | (813,315) |
| Gains/(Losses) | 3,680,133 | - | 3,680,133 |
| | <u>11,929,401</u> | <u>-</u> | <u>11,929,401</u> |
| | | | <u>8,426,998</u> |

The Unrestricted Funds comprise income which the Council is free to use in accordance with its objects.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

15 Analysis of net assets

| | Unrestricted funds 2010 £ | Restricted funds 2010 £ | Total funds 2010 £ | Total funds 2009 £ |
|-----------------------|--|--|-----------------------------------|-----------------------------------|
| Tangible fixed assets | 2,114 | - | 2,114 | 1,201 |
| Investments | 12,456,543 | - | 12,456,543 | 8,776,375 |
| Net current assets | (528,256) | - | (528,256) | (350,578) |
| | 11,930,401 | - | 11,930,401 | 8,426,998 |

16 Financial Instruments

An explanation of the Councils financial instrument risk management objectives, policies and strategies are set out in the Report of the Council on page 12 and in the accounting policies on pages 28.

Currency Risk

At 31 March 2010 the Council had foreign exchange forward contracts in place to purchase € nil (2009; €10,000). The mark to market fair value of such contracts held at 31 March 2010 was £ nil (2009; £36).

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

17 Financial Instruments (cont.)

Interest Rate Risk

Financial assets

| | Floating Rate | Asset Earning |
|-----------------------------------|----------------------|----------------------|
| | £ | Equity Return |
| | | £ |
| At 31 March 2010 | | |
| Sterling: | | |
| Cash at Bank | 295,360 | - |
| Cash awaiting reinvestment | 386,899 | - |
| Fixed Asset Investments | - | 12,069,644 |
| Total | <u>682,259</u> | <u>12,069,644</u> |
| At 31 March 2009 | | |
| Sterling: | | |
| Cash at Bank | 482,826 | - |
| Cash awaiting reinvestment | 1,046,105 | - |
| Fixed Asset Investments | - | 7,730,270 |
| Total | <u>1,528,931</u> | <u>7,730,270</u> |
| Reconciled to the Accounts | | |
| | 2010 | 2009 |
| | £ | £ |
| Fixed Asset Investments | 12,456,543 | 8,776,375 |
| Cash at Bank | 295,360 | 482,826 |
| Total | <u>12,751,903</u> | <u>9,259,201</u> |

17. Financial assets

| | 2010 | 2009 |
|---|-------------------|------------------|
| | £ | £ |
| <i>Financial assets – current</i> | | |
| Available-for-sale financial assets | <u>12,069,644</u> | <u>7,730,270</u> |
| <i>Other financial assets – current</i> | | |
| Forward currency derivative contracts | <u>-</u> | <u>36</u> |

17. Financial assets (continued)*(a) Available-for-sale financial assets*

| | | |
|---|-------------------|------------------|
| Corporate bonds and British government stocks | 4,131,672 | 2,625,809 |
| | - | 27,157 |
| Overseas bonds | 6,419,191 | 4,066,600 |
| UK Equities | 1,518,781 | 1,010,704 |
| Long Term Capital Growth Fund | 12,069,644 | 7,730,270 |

Available-for-sale financial assets consist of investments in ordinary shares, which by their nature have no fixed maturity date or coupon rate. For detail on how these instruments are fair valued please refer to note 21.

18 Cash balances

| | 2010 | 2009 | Change in year |
|-----------------------------|----------------|------------------|---------------------------|
| | £ | £ | £ |
| Cash on deposit at bank | 295,360 | 482,826 | (187,466) |
| Cash awaiting re-investment | 386,899 | 1,046,105 | (659,206) |
| | 682,259 | 1,528,931 | (846,672) |

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

19a Grants payable Summary

| | Research & development projects | Small grants | Studentship grants | 2010 total | 2009 Total |
|---|---------------------------------|---------------|--------------------|-----------------|----------------|
| | £ | £ | £ | £ | £ |
| Commitments at 1 April 2009 | 689,554 | 93,874 | 65,544 | 848,972 | 845,119 |
| Awarded in Year | 379,726 | 73,597 | 95,650 | 548,973 | 591,287 |
| Net payments made during the year | (262,185) | (67,320) | (52,537) | (382,042) | (492,823) |
| Grants Cancelled | (21,340) | (10,352) | (11,769) | (43,461) | (94,611) |
| Commitment at 31 March 2010 | 787,755 | 89,799 | 96,888 | 972,442 | 848,972 |
| | | | | Note 19b | |
| Resources expended charge for the year | | | | | |
| Awarded in Year | 379,726 | 73,597 | 95,650 | 548,973 | 591,287 |
| Grants Cancelled | (21,340) | (10,352) | (11,769) | (43,461) | (94,611) |
| Resources expended | 358,386 | 63,245 | 83,881 | 505,512 | 496,676 |

Full details of grants paid during the year and outstanding at the year end are listed in Appendix 1 to the Financial Statements.

19b Total Grant Commitments as at 31 March 2010 are as follows:

| | Amount due within one year | Amount due in > one year | Total Commitments as at 31 March 2010 |
|---------------------------------|----------------------------|--------------------------|---------------------------------------|
| Research & Development Projects | 785,755 | | 785,755 |
| Small Grants | 89,799 | | 89,799 |
| Studentship Grants | 96,888 | | 96,888 |
| Total | 972,442 | | 972,442 |

Grants to individuals (Studentship grants)

The grants covered course fees and, in the case of full-time students, included maintenance and other allowances on a scale similar to that of the Economic and Social Research Council.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

20 Cash Flow Statement

| | 2010 £ | 2009 £ |
|---|------------------|--------------------|
| Reconciliation of net movement in funds to net cash (outflows) from operating activities | | |
| Net (outgoing) resources | (177,730) | (179,277) |
| (Increase)/decrease in debtors | (145,585) | 88,846 |
| Increase/(decrease) in current liabilities | 174,036 | (11,216) |
| Increase/(decrease) in long-term liabilities | (37,239) | 16,599 |
| Exchange differences | (686) | (13,858) |
| Depreciation | 838 | 400 |
| Net cash (outflow) from operating activities | <u>(186,366)</u> | <u>(98,506)</u> |
| Analysis of changes in cash during the year (Note 18) | | |
| Decrease in cash at bank | (187,466) | (86,213) |
| Decrease in cash awaiting re-investment | <u>(659,206)</u> | <u>(2,054,790)</u> |
| | <u>(846,672)</u> | <u>(2,141,003)</u> |

21. Financial instruments

Fair values of financial assets and financial liabilities

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements.

As at 31 March 2010

| | Loans and receivables | Available for sale financial assets | Fair value through profit and loss | | Amortised cost | Total book value | Fair value |
|--------------------------------|-----------------------|-------------------------------------|------------------------------------|---------------------|------------------|-------------------|-------------------|
| | | | Held for trading | Designated at FVTPL | | | |
| <i>Financial assets</i> | | | | | | | |
| Cash | 682,259 | – | – | – | – | 682,259 | 682,259 |
| Available-for-sale investments | – | 12,069,644 | – | – | – | 12,069,644 | 12,069,644 |
| Debtors | 12,890 | – | – | – | – | 12,890 | 12,890 |
| <i>Financial liabilities</i> | | | | | | | |
| Creditors | – | – | – | – | (996,349) | (996,349) | (996,349) |
| Total | <u>695,149</u> | <u>12,069,644</u> | <u>–</u> | <u>–</u> | <u>(996,349)</u> | <u>11,768,444</u> | <u>11,768,444</u> |

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

21. Financial instruments (continued)

Fair values of financial assets and financial liabilities (continued)

As at 31 March 2009

| | Loans and receivables | Available for sale financial assets | Fair value through profit and loss | | Amortised cost | Total book value | Fair value |
|----------------------------------|-----------------------|-------------------------------------|------------------------------------|---------------------|------------------|------------------|------------------|
| | | | Held for trading | Designated at FVTPL | | | |
| <i>Financial assets</i> | | | | | | | |
| Cash | 1,528,931 | – | – | – | – | 1,528,931 | 1,528,931 |
| Available-for-sale investments | – | 7,730,270 | – | – | – | 7,730,270 | 7,730,270 |
| Derivative financial instruments | – | – | 36 | – | – | 36 | 36 |
| Debtors | 16,153 | – | – | – | – | 16,153 | 16,153 |
| <i>Financial liabilities</i> | | | | | | | |
| Creditors | – | – | – | – | (860,552) | (860,552) | (860,552) |
| Total | 1,545,084 | 7,730,270 | 36 | – | (860,552) | 8,414,838 | 8,414,838 |

Fair values hierarchy

The Council uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorder fair value that are not based on observable market data.

As at 31 March 2010, the Council held the following financial instruments measured at fair value:

Assets measured at fair value

| | 31 March 2010 | Level 1 | Level 2 | Level 3 |
|--|----------------------|----------------|----------------|----------------|
| <i>Available-for-sale financial assets</i> | | | | |
| Equity shares – listed | 6,419,191 | 6,419,191 | – | – |
| Government and corporate bonds | 4,131,672 | – | 4,131,672 | – |
| Units in pooled funds | 1,518,781 | – | 1,518,781 | – |

During the reporting period ending 31 March 2010, there were no transfers between Level

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

1 and Level 2 fair value measurements, and no transfers into and out of the Level 3 fair value measurements.

Items of income, expense, gains and losses

Income statement

| | 2010 | 2009 |
|---|-------------|-------------|
| | £ | £ |
| <i>Net gains/(losses) on:</i> | | |
| Foreign currency derivative contracts | 36 | – |
| Reversals of gains/(losses) from equity on disposal of investments classified as available-for-sale | (43,591) | (618,920) |
| Realised gains/(losses) in the year on investments classified as available-for-sale disposed | 296,982 | (1,250,010) |
| Loans and receivables – bank interest receivable | 3,107 | 118,740 |

Equity

Net gains/(losses) on:

| | | |
|-------------------------------------|-----------|-------------|
| Available-for-sale financial assets | 3,427,428 | (1,238,040) |
|-------------------------------------|-----------|-------------|

Impact of adjustment to prior year presentation

Gains and losses on disposal of available for sale financial assets are required to be accounted for within net (outgoing)/incoming resources before other recognized gains and losses. In making an appropriate adjustment to 2009 figures presented in the SOFA, this has an impact of increasing net outgoing resources for the year by £1,868,930. There is no overall impact on total funds.

22 Related party transactions

The Alcohol Education and Research Council is a Non-Departmental Public Body sponsored by the Department of Health which is regarded as a related party. During the year, the Council has undertaken no significant transactions with the Department or its other sponsored bodies. No key members of staff have undertaken any material transactions with the Council.

Of the grants paid during the year, the following Council members have been involved in projects and, during the course of the project, they or their unit have received funding from the institution to which the grant was made. The details are as follows:-

R2008/02 London School of Hygiene and Tropical Medicine

Professor Virginia Berridge of the London School of Hygiene and Tropical Medicine is a member of the Council.

R2008/04 Newcastle University

Professor Christopher Day and Professor Eileen Kaner of Newcastle University are both members of the Council.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

R2008/05 Oxford Brookes University

One of the grant holders, Professor David Foxcroft, was a member of the Council in 2009/10.

DP2008/06 University of Birmingham

One of the grant holders, Professor Alex Copello, was an advisor to the Research Committee, and will be an advisor to the Research and Development Committee.

R2009/04 Institute of Alcohol Studies

The grant holder, Dr Rachel Seabrook, is a member of the Council. Mr Aneurin Owen, Council Member, was the Director of the Institute of Alcohol Studies.

CR 09/10 01 DA ISM University of Stirling

Professor Gerard Hastings of the University of Stirling was a member of the Council in 2009/10.

CR 09/10 01 DA, CR 09/10 02 DA and CR 09/10 03 DA

These grants are funded by the Drinkaware Trust. Professor David Foxcroft was a Trustee of the Drinkaware Trust.

SG 09/10 125 University of Stirling

Professor Gerard Hastings of the University of Stirling was a member of the Council in 2009/10.

SG 09/10 141 London School of Hygiene and Tropical Medicine

Professor Virginia Berridge of the London School of Hygiene and Tropical Medicine is a member of the Council.

In addition, fees amounting to £6,000 (2009; £7,305) were paid in the year to a relative of the Research Director for IT services. The work paid for was commissioned and following a competitive tendering process, which did not involve the Research Director, and which confirmed the quotation accepted as being the lowest received.

The office administrative services costs disclosed in Note 5a includes payments made to Miss Nerissa Tilouche of £140 and Miss Deryn Tilouche £125, daughters of the Council's Grants Manager, Mrs Andrea Tilouche.

Mr Ford, Council Member (retired 31st March 2010), is an employee of The North British Distillery Company Limited. The North British Distillery Company Limited provides accountancy, finance, payroll and information technology services to AERC free of charge. The estimated market value of these services is £1,000 (2009; £1,000).

23 Post Balance sheet events

In July 2010, the Department of Health published its Arms Length Body Review, in which it stated that the Council's status as a Non Departmental public Body is to be abolished. At a meeting on 17th September 2010, the Council determined that it would establish an independent charity to which the staff and assets of the Council would be transferred, allowing its work to continue through a different entity. The new charity will be providing an indemnity to AERC in respect of AERC's liabilities. The new charity was incorporated on 7th December 2010, with charity registration and asset transfer expected to be completed in the early part of 2011. The Council understands that the Secretary of State will then use existing powers to wind up the existing Council.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

Therefore these financial statements have been prepared on a basis other than that of a going concern which includes writing down the tangible fixed assets to recoverable amount in the event of the assets being disposed and disclosing all creditors as falling due within one year. The investments are included at market value as these are expected to be transferred at market value to the new charity. There are no significant contractual commitments that have become onerous at the balance sheet date and require a provision made for them in these financial statements. In addition the financial statements do not include any provision for the future costs of terminating the operations of the organization.

In accordance with the requirements of FRS21, 'Events after the balance sheet date', post balance sheet events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

Appendix 1

| Grant recipient | Grant ref | Balance Brought forward as at 1 April 2009 £ | Grants awarded in the year £ | Grants De-committed in the year £ | Payments made £ | Outstanding Balance as at 31 March 2010 £ | Amount due within one year |
|---|---------------|---|---------------------------------|--------------------------------------|--------------------|--|----------------------------|
| Research & Development Projects | | | | | | | |
| UWIC | DP04/01 | 23,422 | - | - | - | 23,422 | - |
| Community Safety Unit, Suffolk Police | DP04/02 | 12,658 | - | (12,658) | - | - | - |
| UK CAP R&D | CA04/05 | 45,231 | - | - | - | 45,231 | - |
| London School of Hygiene & Trop - McCambridge | R05/03 | 19,597 | - | (287) | (19,310) | - | - |
| Glasgow Caledonian University – Watson | DP05/01 | 3,777 | - | - | (3,777) | - | - |
| University of Nottingham | R06/02 | 23,426 | - | (1,072) | (22,354) | - | - |
| University of Leeds – Hadfield | R06/03 | 3,679 | - | - | (3,679) | - | - |
| University of Leeds - Bewick | R06/05 | 8,972 | - | - | - | 8,972 | - |
| Cardiff Institute of Society, Health & Ethics | R01/2007 | 37,304 | - | - | (20,636) | 16,668 | - |
| University of Northampton | R02/2007 | 26,833 | - | - | - | 26,833 | - |
| Glasgow Caledonian University | R03/2007 | 2,477 | - | (2,477) | - | - | - |
| Northumbria University | R04/2007 | 49,077 | - | - | - | 49,077 | - |
| Cambridgeshire County Council | DP01/2007 | 12,799 | - | - | - | 12,799 | - |
| Project 28 | DP02/2007 | 20,733 | - | - | (20,733) | - | - |
| Middlesex University | R01/2008 | 75,659 | - | - | (29,440) | 46,219 | - |
| London School of Hygiene & Tropical Medicine - Holden | R02/2008 | 49,845 | - | - | (364) | 49,481 | - |
| University of Bedfordshire | R03/2008 | 58,802 | - | - | - | 58,802 | - |
| Newcastle University | R04/2008 | 40,972 | - | (4,847) | (36,125) | - | - |
| Oxford Brookes University | R05/2008 | 36,072 | - | - | - | 36,072 | - |
| University of Birmingham | DP06/2008 | 23,750 | - | - | (20,000) | 3,750 | - |
| University of Huddersfield | DP07/2008 | 38,919 | - | - | (34,854) | 4,065 | - |
| Ranzetta Consulting | DP08/2008 | 30,051 | - | - | (15,979) | 14,072 | - |
| TACADE | DP 09/2008 | 45,500 | - | - | (30,783) | 14,717 | - |
| University of Nottingham | R 2009/01 | - | 39,359 | - | - | 39,359 | - |
| University of Manchester | R 2009/02 | - | 48,846 | - | - | 48,846 | - |
| South London & Maudsley NHS Foundation Trust | R 2009/03 | - | 44,500 | - | - | 44,500 | - |
| Institute of Alcohol Studies | R 2009/04 | - | 47,161 | - | (118) | 47,043 | - |
| Action on Addiction | R 2009/05 | - | 26,198 | - | - | 26,198 | - |
| ISM, University of Stirling | CR09/10 01DA | - | 4,333 | - | (4,032) | 301 | - |
| University of Central Lancashire | CR09/10 02DA | - | 99,906 | - | - | 99,906 | - |
| University of Glamorgan | CR09/10 03DA | - | 34,200 | - | - | 34,200 | - |
| Middlesex University | CR09/10 04JRF | - | 35,223 | - | - | 35,223 | - |
| Rounding Adjustments | | (1) | | 1 | (1) | -(1) | - |
| Total Research & Development Projects | | 689,554 | 379,726 | (21,340) | (262,185) | 785,755 | |

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010**

Appendix 1 (cont.)

| Grant recipient | Grant ref | Balance brought forward as at 1 April 2009 £ | Grants awarded in the year £ | Grants De-committed in the year £ | Payments made £ | Outstanding Balance as at 31 March 2010 £ | |
|---|--------------|---|---------------------------------|--------------------------------------|--------------------|--|---|
| | | | | | | Amount due within one year | |
| Small Grants | | | | | | | |
| Drinksense | SG06/07 61 | 5,000 | - | (5,000) | - | - | - |
| The Sandyford Initiative | SG07/07 78 | 323 | - | - | (323) | - | - |
| Alcohol Training Workshop | SG 07/08 79 | 424 | - | - | - | 424 | - |
| Oxford Brookes University | SG 07/08 80 | 1,012 | - | - | - | 1,012 | - |
| Leeds Metropolitan University | SG 07/08 83 | 5,000 | - | - | (3,457) | 1,543 | - |
| University of Sussex | SG 07/08 85 | 2,472 | - | - | - | 2,472 | - |
| National Health Forum | SG 07/08 87 | 5,000 | - | - | (5,000) | - | - |
| Hope Gate Trust | SG 07/08 91 | 4,878 | - | - | - | 4,878 | - |
| Thames Valley University | SG 07/08 93 | 2,655 | - | - | - | 2,655 | - |
| Kingston University | SG 07/08 95 | 4,744 | - | - | (2,714) | 2,030 | - |
| Leeds Addiction Unit | SG 07/08 96 | 900 | - | - | - | 900 | - |
| Cumbria Youth Alliance | SG07/08 97 | 5,000 | - | - | (5,000) | - | - |
| Institute of Psychiatry, KCL | SG08/09 100 | 4,680 | - | - | - | 4,680 | - |
| Middlesex University | SG08/09 101 | 4,880 | - | - | - | 4,880 | - |
| Bath Spa University | SG08/09 102 | 4,969 | - | (426) | (4,543) | - | - |
| Canterbury Christchurch University | SG08/09 103 | 1,000 | - | - | - | 1,000 | - |
| Queen Margaret University, Edinburgh | SG08/09 104 | 4,380 | - | - | (1,679) | 2,701 | - |
| University of Lincoln | SG08/09 107 | 4,960 | - | - | (3973) | 987 | - |
| University of Cumbria | SG08/09 108 | 4,600 | - | - | - | 4600 | - |
| Cardiff Council Community Alcohol & Drug Team | SG08/09 109 | 5,000 | - | (5,000) | - | - | - |
| University of Bristol | SG08/09 111 | 5,000 | - | - | - | 5,000 | - |
| NEWI University of Wales | SG08/09 112 | 3,000 | - | - | - | 3,000 | - |
| Angus DAAT | SG08/09 113 | 5,000 | - | - | (5,000) | - | - |
| Alcohol Focus Scotland | SG08/09 114 | 3,542 | - | - | (3,542) | - | - |
| University of Glasgow | SG08/09 119 | 4,975 | - | - | - | 4975 | - |
| UCLAN | SG08/09 120 | 480 | - | 74 | (554) | - | - |
| J M Murdoch | SG 09-10 124 | - | 1,124 | - | (1,124) | - | - |
| Univesity of Stirling | SG 09-10 125 | - | 4,954 | - | (4,954) | - | - |
| Alcohol Concern | SG 09-10 126 | - | 5,000 | - | (5,000) | - | - |
| St Petrock's (Exeter) Ltd | SG 09-10 127 | - | 4,980 | - | (1,990) | 2,990 | - |
| Devon and Cornwall Police | SG 09-10 128 | - | 3,000 | - | - | 3,000 | - |
| University of Ulster | SG 09-10 129 | - | 4,835 | - | - | 4,835 | - |
| University of Winchester | SG 09-10 130 | - | 4,560 | - | - | 4,560 | - |

| | | | | | | | |
|--|-----------------|---------------|---------------|-----------------|-----------------|---------------|----------|
| Home-Start North East Worcestershire | SG 09-10 131 | - | 1,082 | - | (1,082) | - | |
| University of Portsmouth | SG 09-10 132 | - | 4,839 | - | - | 4,839 | - |
| UCL | SG 09-10 133 | - | 4,918 | - | - | 4,918 | - |
| University of Bristol (Attwood) | SG 09-10 134 | - | 3,671 | - | - | 3,671 | - |
| Lancashire Partnership Against Crime | SG 09-10 135 | - | 3,359 | - | (3,000) | 359 | - |
| Cardiff Addictions Unit | SG 09-10 136 | - | 800 | - | - | 800 | - |
| University of Aberdeen | SG 09-10 137 | - | 4,991 | - | - | 4,991 | - |
| Alcohol Concern | SG 09-10 138 | - | 5,000 | - | (5,000) | - | - |
| Keele University | SG 09-10 139 | - | 4,886 | - | (4,886) | - | - |
| NDSAG 2010 Conference | SG 09-10 140 | - | 3,000 | - | (3,000) | - | - |
| London School of Hygiene & Tropical Medicine "open access" | SG 09-10 141 | - | 1,498 | - | (1,498) | - | - |
| Edinburgh Cyrenians | SG 09/10 142 | - | 5,000 | - | - | 5,000 | - |
| University College of London | SG 09/10 143 | - | 2,100 | - | - | 2,100 | - |
| Rounding Adjustments | | - | - | - | (1) | (1) | - |
| Total Small Grants | | 93,874 | 73,597 | (10,352) | (67,320) | 89,799 | - |

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2010

Appendix 1 (cont.)

| Grant recipient | Grant ref | Balance brought forward as at 1 April 2009 £ | Grants awarded in the year £ | Grants De-committed in the year £ | Payments made £ | Outstanding Balance as at 31 March 2010 | |
|---------------------------------|-----------|---|---------------------------------|--------------------------------------|--------------------|---|-----------------|
| | | | | | | Amount due within one year | £ |
| Studentship Grants | | | | | | | |
| Mrs Pauline Russ | TC03/10 | 1,680 | - | - | (1,027) | 653 | - |
| Miss Claire Anderson | TC05/01 | 1,435 | - | (1,435) | - | - | - |
| Mr Paul Airlie | TC06/01 | 1,325 | - | - | - | 1,325 | - |
| Mr Anthony Lilley | TC06/09 | 2,184 | - | (2,184) | - | - | - |
| Mrs Annaleena Williams-Drabble | TC06/14 | 2,000 | - | - | - | 2,000 | - |
| Miss Emma Buckley | TC07/03 | 1,395 | 315 | (855) | (855) | - | - |
| Mr Brent Clark | TC07/04 | 1,395 | 315 | - | (1,710) | - | - |
| Miss Trudy Sealy | TC07/08 | 8,000 | - | - | (3,200) | 4,800 | - |
| Miss Maxine Frodsham | TC07/14 | 2,000 | 300 | - | (2,300) | - | - |
| Mrs Gillian Le Page | TC07/15 | 3,250 | - | - | (1,695) | 1,555 | - |
| Miss Jennifer McGlinchey | TC07/17 | 1,705 | - | - | (555) | 1,150 | - |
| Ms Maryam Hassan | TC07/18 | 6,930 | - | - | - | 6,930 | - |
| Mr Mark Adley | TC08/01 | 785 | - | - | (785) | - | - |
| Mr Daniel David Barritt | TC08/02 | 2,050 | - | - | - | 2,050 | - |
| Ms Maggie Boreham | TC08/03 | 4,745 | 275 | - | (3,420) | 1,600 | - |
| Miss Rebecca Burnton | TC08/04 | 1,545 | 165 | - | (1,710) | - | - |
| Miss Candice Donn | TC08/05 | 1,600 | 110 | - | (1,710) | - | - |
| Mr Kevin Ellis | TC08/06 | - | 2,300 | - | (2,300) | - | - |
| Mr Imram Mahomed | TC08/07 | 2,000 | 300 | - | (2,300) | - | - |
| Ms Nicola Palmer | TC08/09 | - | 2,300 | - | (2,300) | - | - |
| Miss Sarah Pearson | TC08/10 | 2,650 | - | - | - | 2,650 | - |
| Mr Rishipal Singh | TC08/11 | 2,000 | 300 | (2,000) | (300) | - | - |
| Miss Anna Sperlich | TC08/12 | 4,800 | 220 | - | (3,420) | 1,600 | - |
| Miss Joanna Victor-Smith | TC08/13 | 1,780 | - | - | (1,610) | 170 | - |
| Miss Susan Waterston | TC08/14 | 2,000 | 300 | - | (2,300) | - | - |
| Miss Rachel Whyte-Macpherson | TC08/15 | 1,545 | - | - | - | 1,545 | - |
| Mr Goran Zdrale | TC08/16 | 4,745 | 275 | - | (3,420) | 1,600 | - |
| Miss Gemma Anne Johnson | TC 09/01 | - | 970 | - | - | 970 | - |
| Ms Nadia Osta | TC 09/02 | - | 8,550 | (5,295) | (3,255) | - | - |
| Mr Julian Parmiter | TC 09/03 | - | 8,550 | - | (3,420) | 5,130 | - |
| Ms Lucy Thorpe | TC 09/04 | - | 2,300 | - | (2,300) | - | - |
| Miss Sarah Trickett | TC 09/05 | - | 3,255 | - | (3,225) | 30 | - |
| Mr Yordan Zhekov | TC 09/06 | - | 8,550 | - | (3,420) | 5,130 | - |
| Ms Janet Lesley Brandling | RS 09/07 | - | 21,000 | - | - | 21,000 | - |
| Ms Amy Caswell | RS 09/08 | - | 21,000 | - | - | 21,000 | - |
| Ms Lauren Topper | RS 09/09 | - | 14,000 | - | - | 14,000 | - |
| Total Studentship Grants | | 65,544 | 95,650 | (11,769) | (52,537) | 96,888 | |
| | | | | | | | |
| Total Commitments | | 848,972 | 548,973 | (43,461) | (382,042) | 972,442 | |
| | | | | | | | 972,442 |
| | | | | | | | Note 19a |



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