

**ANNUAL REPORT AND ACCOUNTS**

Year ended 31 March 2008



# **The Alcohol Education and Research Council**

## **ANNUAL REPORT AND ACCOUNTS**

Year ended 31 March 2008

Presented pursuant to section 10(4) of the Licensing  
(Alcohol Education and Research) Act 1981

Registered Charity No. 284748

Ordered by the House of Commons to be printed on 7 July 2008

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## **Report of the Alcohol Education and Research Council for the year ended 31 March 2008**

The Council presents its report along with the financial statements of the charity for the year ended 31 March 2008. 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 (FRM).

### **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 20<sup>th</sup> 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 current objectives in the following *Statement of Purpose*:

*The Council seeks to develop the capacity of people and organisations to address alcohol issues and also develop the evidence base linked to alcohol policy. Effective dissemination of this evidence to researchers, policy makers and practitioners is an important component of these objectives.*

These objectives were redefined as part of the output from the ongoing strategic review of AERC’s activities.

### **Membership of the Council**

Dr Noel Olsen retired this year after serving as Chair of the Council from 2002 to 2008. Dr Olsen’s commitment, intellectual ability and unstinting work on behalf of the Council have been acknowledged by the Trustees. Although his position was unpaid, he has taken every opportunity to keep up to date with new evidence and discuss alcohol related issues with key stakeholders and policy makers.

Dr Olsen is a perfect example of an action orientated public health doctor. He has nudged the Council into identifying important gaps in research and emerging policy issues. The Trustees would like take to this opportunity of thanking him.

The Members of the Council who served during the financial year are listed on page 8 of this Annual Report. Council Members are appointed for three years of service, 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, and each of its three committees, meets approximately three times annually. The Council has access to independent financial and legal advice to ensure that the Council manages its affairs in a proper manner.

In total, Council members voluntarily gave around 150 days of their time annually, working for the AERC.

There is a Register of Members' Interests and this is available to view on the Council's website, [www.aerc.org.uk](http://www.aerc.org.uk).

### **Structure, governance & management**

The members of the Council meet three times per year and makes decisions relating to strategies and priorities. There are two main committees that make decisions about the funding of specific projects each consisting of four to eight members. The Research Committee and the People & Organisations Committee consider applications for grants in their areas. They have delegated authority to refuse applications but decisions to award grants are subject to a mechanism agreed by the Council. All major Research or Development applications are reviewed by at least two experts in the field. Small grants are assessed by two members and the Director unless they are clearly inappropriate in which case the Director has delegated responsibility to reject them. Studentships are administered by the People & Organisations Committee.

The Secretary of State for the Department of Health is the sponsoring authority for the Council.

### **Council Members and Staff Transactions**

A full register of interests of Council members 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](http://www.aerc.org.uk). Details of related party transactions in 2007/8 are disclosed in note 20 in the financial statements.

### **Objectives, Achievements and Performance**

#### **Research**

The main objective of the research strategy is the improvement of the evidence base. The Research Committee 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.

#### **Development**

One 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. These objectives are being pursued by the People & Organisations Committee.

The following R&D projects were funded this year. They were selected from 26 applications after each was peer reviewed by at least two experts in the field.

- Glasgow Centre for the Study of Violence: Exploring understandings of the relationship between alcohol misuse, sexual health risk and general health outcomes among Scottish women offenders.
- Northumbria University: Use and abuse of alcohol in UK university sport.
- Cardiff Institute of Society, Health & Ethics, Cardiff University: The role of parents in preventing alcohol misuse: An Evaluation of the Kids, Adults Together Family Forum programme (KATFF).
- The University of Northampton: Student choices and alcohol matters (SCAM): A multi-level analysis of student alcohol (mis)use and its implications for policy and prevention strategies within universities, cognate educational establishments and the wider community.
- Project 28: A pilot project to explore how life-coaching practices can be adapted to enhance the delivery of alcohol key-work among vulnerable young people in non-mainstream education.
- Cambridge County Council: Community Alcohol Partnership (CAP): Working together to reduce underage consumption of alcohol.

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.

### **Community Interventions**

One major development, funded by the Council, is the United Kingdom Community Alcohol Prevention Project (UKCAPP). This project is based in Cardiff, Birmingham & Glasgow. Each centre is developing a community action programme involving several strands such as training bar staff, police initiatives to prevent public disorder and mobilising the community to be positive towards alcohol initiatives. The whole project is being evaluated by the Bath Mental Health R&D Unit. The findings will be reported in a conference:

***Community Partnerships to Reduce Alcohol-related Harm; University of Bath, 16 April 2008.***  
**Delegates will include:** The Member of Parliament for Bath, Directors of Public Health, representatives of the DH Alcohol Policy Team, Diageo plc, Joseph Rowntree Foundation, Welsh Assembly Government, All-Party Parliamentary Beer Group, Alcohol Concern, and local health, police, drug and alcohol action teams

### **Manuals & Tool-Kits**

Another important development is the expansion of the Council website ([www.aerc.org.uk](http://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 will 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

Final reports on research and development projects are also posted in this section. The aim is to provide one plank of a systematic dissemination strategy.

### **Priorities**

The following priorities were identified for funding in 2007/08

- Investigate ways of intervening to reduce hazardous or harmful drinking in universities or other educational establishments with a focus on brief interventions and/or institutional policy. What are the best methods of delivering interventions? What organizational changes have an influence on drinking patterns? Look at protective factors in young people as well as their motivation for risky drinking and different patterns of risk taking behaviour, including combining the use of alcohol with illicit drugs or sexual experimentation.
- Explore and describe drinking within the home and other non-public drinking venues including patterns, attitudes, values, purchasing and influences on family and social life (not just harmful patterns or problem drinking families).
- Investigate the link between drinking, health and crime. Develop different measures of drinking behaviour which better predict the likelihood of future harm, eg alcohol related crime and violence or alcohol dependence.
- Look at the role marketing activities have played in changing peoples' drinking patterns, particularly binge drinking. Specifically the influence of advertising, new media, new product development, point of sale promotions and price promotions should be examined, both individually and collectively. This work could include qualitative methods and longitudinal as well as cross sectional studies.
- Summarise high-quality evidence relating to effective and cost effective public policy, including taxation, price and availability. Consider all barriers to implementation.

### **Impact of AERC projects**

This year it was decided to assess the impact of projects by focusing upon the achievement of the following goals that match the aims of the Council:

<b>TYPE OF OUTCOME</b>	<b>EXAMPLES</b>
Service or website development	For the public or health care professionals
Further funding or a follow on project	To extend a demonstration project
Journal publication	In an academic journal
Book , Manual , Toolkit, or DVD	Guidance for parents, families or teachers
Positive citation or impact on others	Cited by policy makers as example of good practice
Capacity Building	Training events or appointment of a PhD as a result of the project findings
Conference Presentations	At local or international conferences

Those projects funded in 2005 were assessed for impact over the next three years. Ninety percent were followed up and 89% of these achieved at least one of the above indicators. The remaining projects had been delayed but will probably result in the greatest impact of any of the projects.



### 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 £93,996 (before taking account of grant de-commitments) in the year to 31 March 2008 (2007 - £96,566).

### Studentships

Each year AERC funds at least a dozen studentships on reputable alcohol related courses. Eighteen new students were funded in 2007/08.

### Financial review

The financial review, summarised in the following table, relates to the objectives described above.

<b>Programme</b>	<b>Grant funded activities</b>	<b>Support costs</b>	<b>Total</b>
(Figures are net of grant de-commitments)	<b>£</b>	<b>£</b>	<b>£</b>
Research and Development	282,431	79,521	361,952
Small grants	76,975	24,788	101,763
Studentships	61,998	21,516	83,514
<b>Total</b>	<b>421,404</b>	<b>125,825</b>	<b>547,229</b>

### Future plans

A new five-year strategy is under development, steered by our new Chair, Professor Robin Davidson. Professor Davidson is a Belfast Clinical Psychologist and Honorary Lecturer at Queen's University, Belfast. He was previously a Member of the Council from April 1998 to March 2004, serving as Chair of the Research Committee for the latter part of the term of office.

For 2008/09 it has been decided to have an open policy on grant applications and not to impose priority areas for research and development.

The Council is also asking 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.

### Basis of preparation of Financial Statements

The Financial Statements have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in March 2005 and comply with Section 10 (i) (b) (ii) of the licensing (Alcohol Education and Research) Act 1981.

### Going Concern

Currently, the Council receives no grants from the Department of Health or from any other government department, and has sufficient funds at its disposal to finance its ongoing grant commitments. There is no restriction on the reallocation of the fund's investments to supplement annual income to support its grant commitments. Accordingly, the Council considers it appropriate to prepare its financial statements on the going concern basis.

**Members of the Council who served during the year to 31 March 2008:**

Dr Noel Olsen	Chairman ( <i>term of office ended 31 January 2008</i> )
Professor Robin Davidson	Chairman ( <i>from 1 February 2008</i> )
Ms Rhoda Emlyn-Jones	Chair of the Developing People & Organisations Committee
Mr Ian Ford	Chair of the Finance & General Purposes Committee
Dr Pui-Ling Li	Chair of the Research Committee
Professor Virginia Berridge	Member of the Research Committee
Ms Joyce Craig	Member of the Finance & General Purposes and Developing People & Organisations Committees
Professor Christopher Day	Member of the Research Committee
Professor David Foxcroft	Member of the Research and Developing People & Organisations Committees
Professor Ian Gilmore	
Professor Gerard Hastings	Member of the Research Committee
Professor Richard Hobbs	Member of the Research Committee
Professor Eileen Kaner	Member of the Research Committee
Mrs Lesley King Lewis	Member of the Finance & General Purposes and Developing People & Organisations Committees
Mr Drew Munro	Member of the Developing People & Organisations Committee

**Director, Scientific Advisor and Accounting Officer**

Professor Ray Hodgson

**Accountants**

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

**Administrative Office**

Queen Anne Business Centre, 28 Broadway, London SW1H 9JX

**Auditors**

Comptroller and Auditor General, National Audit Office, 151 Buckingham Palace Road, London SW1W 9SS

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**

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## **Remuneration Report**

The members of the Finance & General Purposes Committee, as detailed on page 8, undertake the duties and responsibilities of a remuneration committee.

The Council members themselves are not remunerated. The Council's policy on the remuneration of the Director, Scientific Advisor and Accounting Officer, and of the Grants Manager, being the only two staff employed by the Council, is to align their salaries with reference to relevant Civil Service salary scales.

The two employees also receive pension contributions, or payments on lieu of pension contributions, of 6% of salary each year. Payments in lieu of pension contributions are subject to Income Tax and National Insurance Contributions.

The Director is also the Scientific and Accounting Officer. His contract, dated 28 March 2003, is reviewed annually. His notice period is three months, which equates to the Council's maximum liability to compensation for early termination.

The Director received emoluments of £35,600 during the year (2007:£33,650) and a payment in lieu of pension contributions of £2,136 (2007:£2,019). There are no performance conditions to be met by the Director.

## Financial Review

### Results for the year

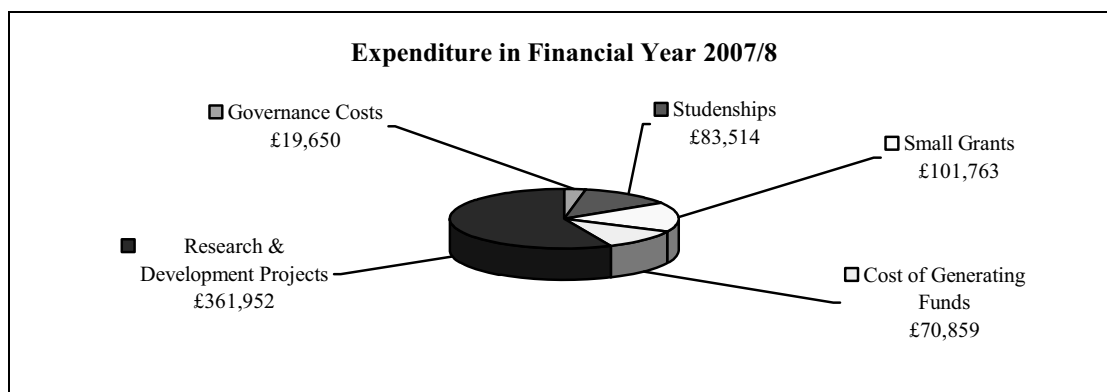
The value of the Fund at 31 March 2008 was £11,727,103, a fall of £1,734,514 from 31 March 2007 (£13,461,617). The decrease in the value of the fund reflects the sharp fall in UK equity values arising from difficulties experienced during the period in the U.K. banking sector.

However, prior to the banking sector difficulties coming to light, the Council had undertaken a review of its investment strategy in conjunction with the Investment Manager and, believing that, following four years of rising markets, equities may have been fully priced, had resolved to convert 20% of the fund as whole from equities to cash. This was intended to protect gains accumulated if there was a fall, for whatever reason, in equity prices. It is believed that this tactical adjustment to the Council's investment strategy mitigated the losses incurred as a result of the banking sector downside.

The Council continues to maintain a conservative investment policy, where the opportunities for capital growth are constrained by a requirement to generate a minimum level of investment income.

The total income of the Council in the financial year was £741,582 (2006/7 £699,804). The increase in income of £41,778 (6%) is due to an increase in bank deposit interest, which arose from the significant increase in cash held during the year. The lower holding of equities resulted in only a small reduction in income from dividends.

Total expenditure amounted to £637,738 (2006/7, £700,343), of which, £19,650 (2006/7, £17,769) was accounted for by governance costs.



### 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 corporate bonds and UK equities. 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
<i>UK Equities</i>	Micropal Equity Income Sector Average Return	67%
<i>Corporate Bonds</i> - Investment Grade	Merrill Lynch > 5 year Corporate Bonds	26%
- Sub-Investment Grade	Merrill Lynch Sterling High Yield	6%
<i>Cash</i>	LIBID 7 Day	1%

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 2008 this investment represented 3.7% of the Fund's value.

Notwithstanding the objective of achieving a total return of capital appreciation and income, an income benchmark target of £646,000 has been agreed with Baillie Gifford for the year to 31 March 2009. The Investment Manager is given flexibility to deviate from this income target by up to 10%.

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 significantly outperformed the target return. Against a benchmark of -11.4%, Baillie Gifford produced a total return of -8.4%, bettering the benchmark by +3.0%. 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> % p.a.	<u>5 Years</u> % p.a.
<b>Fund</b>	<b>6.0</b>	<b>11.7</b>
Benchmark	4.8	10.3

### **Fundraising**

The Council actively seeks 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. Under section 4 of the Alcoholics Anonymous (dispositions) Act 1986 any bequests made to the *Alcoholics Anonymous Fellowship* are deemed to have been made to the Council.

In the course of 2007/8 the Council received £1,460 in donations and bequests (2006/7; £1,020).

### **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 2008, the total cash held by the fund managers was above this target level, being 26% of the fund. This was due to the agreed temporary reallocation of the Council's investments undertaken in 2007, whereby part of the equity holding was sold and the proceeds retained as cash. This is not intended to be a permanent reallocation of assets and the position is reviewed regularly.

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 2007/8 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 2008. The audit fee in respect of this work was £3,200.

*Robin Davidson*  
**Chairman of the Council**

*Ray Hodgson*  
**Director and Accounting Officer**

18 June 2008

18 June 2008

### **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.

Professor Ray Hodgson 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.

*Robin Davidson*  
**Chairman of the Council**

18 June 2008

*Ray Hodgson*  
**Director and Accounting Officer**

18 June 2008

\* A copy is available from the administrative office, Room 178, Queen Anne Business Centre, 28 Broadway, London SW1H 9JX. 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 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 2008 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. These arrangements include addressing risks involved in strategy and policies, people, partnerships, processes and priorities.

### **The Risk and Control Framework**

The key elements of the risk strategy are to:

- Make the identification of risks an integral part of the planning process. Objectives have been set and then risks are linked directly to them;
- Assess risks on the basis of the likelihood and impact, and evaluate the impact of controls to distinguish between inherent risk and residual risk;
- Integrating risk assessment into all key areas of Council activities; and
- Reviewing strategic risks and progress against them.

Strategies are currently in place to address the following key risks:

- Fall in the value of investments;
- Catastrophic IT malfunction and loss of files;
- Loss of key staff resulting in loss of the core knowledge required to run the Council;
- Failure of grant holders to deliver; and
- Fall in the reputation of the Council and loss of support from the research community.



**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**

*Ray Hodgson*  
**Director and Accounting Officer**

18 June 2008

18 June 2008

**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 2008 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, the Director and auditor**

The Council and the Director, as 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 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 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 expenditure, income and 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 and the Director 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 expenditure, income and 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 Treasury, of the state of the Alcohol Education and Research Council's affairs as at 31 March 2008 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 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 expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**Report**

I have no observations to make on these financial statements.

*T.J Burr  
Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS*

*27 June 2008*

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 Unrestricted Funds £	2007 Unrestricted Funds £
<b>Incoming resources</b>			
Incoming resources from generated funds:			
Voluntary donations		1,460	1,020
Investment income	3	740,122	698,784
<b>Total incoming resources</b>		<b>741,582</b>	<b>699,804</b>
<b>Resources expended</b>			
Cost of generating funds:			
Investment management costs	4a	70,859	67,413
Charitable expenditure:			
Research and development projects		380,848	399,355
Small Grants		118,784	117,440
Studentship		102,811	98,366
Charitable activities	4a	602,443	615,161
Grant de-commitments	18a	(55,214)	-
		547,229	615,161
Governance costs	4a	19,650	17,769
		566,879	632,930
<b>Total resources expended</b>	4a	<b>637,738</b>	<b>700,343</b>
<b>Net incoming/(outgoing) resources</b>	5	<b>103,844</b>	<b>(539)</b>
<b>Notional cost of capital</b>	1.10	<b>(440,803)</b>	<b>(466,516)</b>
		<b>(336,959)</b>	<b>(467,055)</b>
<b>Add back: Notional cost of capital</b>		<b>440,803</b>	<b>466,516</b>
<b>Net incoming/(outgoing) resources before other recognized gains and losses</b>		<b>103,844</b>	<b>(539)</b>
<b>Other recognised gains and losses</b>			
(Losses)/gains on investment assets:			
-realised	8	(272,612)	197,181
-unrealised	8	(1,565,746)	69,294
<b>Net Movement in Funds</b>		<b>(1,734,514)</b>	<b>265,936</b>
<b>Reconciliation of Funds</b>			
Fund Balance brought forward		13,461,617	13,195,681
<b>Total Funds carried forward</b>	13	<b>11,727,103</b>	<b>13,461,617</b>

All charitable activities relate to continuing operations.

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

The notes on pages 22 to 37 form part of these financial statements.

**BALANCE SHEET  
AT 31 MARCH 2008**

	Notes	2008		2007	
		£	£	£	£
<b>Fixed Assets</b>					
Office equipment	7		-		-
Investments	8		<u>11,897,239</u>		<u>13,719,775</u>
			<b>11,897,239</b>		<b>13,719,775</b>
<b>Current Assets</b>					
Debtors	10	115,994		184,558	
Cash at bank	14	<u>569,039</u>		<u>552,603</u>	
		<b>685,033</b>		<b>737,161</b>	
<b>Creditors: amounts falling due within one year</b>	11	<u>834,529</u>		<u>956,373</u>	
<b>Net Current Liabilities</b>			<u>(149,496)</u>		<u>(219,212)</u>
<b>Total assets less current liabilities</b>			<b>11,747,743</b>		<b>13,500,563</b>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(20,640)</u>		<u>(38,946)</u>
<b>Net Assets</b>			<u><b>11,727,103</b></u>		<u><b>13,461,617</b></u>
<b>Funds:</b>					
Unrestricted Funds	1.8, 13		<u><b>11,727,103</b></u>		<u><b>13,461,617</b></u>

The notes on pages 22 to 37 form part of these financial statements.

**Approved by Council on 18 June 2008 and signed on its behalf by:**

*Robin Davidson*  
Chairman of the Council

*Professor Ray Hodgson*  
Director and Accounting Officer

**CASHFLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008		2007	
		£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	<b>19</b>		<b>32,258</b>		(112,812)
<b>Capital expenditure and financial Investment</b>					
Payments for investments	<b>8</b>	<b>(5,237,313)</b>		(3,470,641)	
Proceeds from sales of investments		<u><b>7,458,766</b></u>		<u>4,221,362</u>	
			<b>2,221,453</b>		750,721
<b>Net cash inflow for the year</b>	<b>19</b>		<u><b>2,253,711</b></u>		<u>637,909</u>

The notes on pages 22 to 37 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2008**

**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 19 to 21. These have been prepared 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 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.

**1.3 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 18b).

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 4a.

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 4a.

**1.4 Tangible fixed assets and depreciation**

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

Office equipment                      25% - 33% straight line

**1.5 Investments**

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

**1.6 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.

**1.7 Taxation**

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

**1.8 Funds**

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

**1.9 Pension**

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

**1.10 Cost of Capital**

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



**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**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**

	2008 £	2007 £
Corporate bonds and British Government stocks	195,280	198,926
Equities	427,848	475,270
Irrecoverable tax on Equities	(53,287)	(53,962)
Managed and utilised funds	40,315	33,621
	<u>610,156</u>	<u>653,855</u>
Bank deposit interest	129,954	43,810
Other income	12	1,119
	<u>740,122</u>	<u>698,784</u>

**4a Total Resources Expended**

	Notes	Charitable £	Fundraising £	Governance £	2008 Total £	2007 Total £
Director's IT Assistance		1,242	-	138	1,380	1,200
Scientific officer		11,710	-	1,301	13,011	13,213
Grants and Committees manager		33,235	-	3,693	36,928	34,935
Office administrative services		189	-	21	210	-
Rent and service charges		7,949	-	883	8,832	9,833
Insurance		481	-	53	534	524
IT costs		2,794	-	311	3,105	3,309
Printing, postage and stationery		2,754	-	306	3,060	3,696
Travel expenses		672	-	75	747	987
Meetings of Full Council		3,805	-	423	4,228	3,633
Induction and Strategy meetings		6,839	-	760	7,599	-
Research committee meetings		1,238	-	137	1,375	208
Education committee meetings		284	-	32	316	606
Finance and GP committee meetings		1,021	-	113	1,134	1,493
Staff training		121	-	14	135	85
Auditors' remuneration for audit services	5	-	-	3,200	3,200	3,200
Accountancy fees	5	-	-	6,000	6,000	4,000
Bank charges		10	-	1	11	53
Chairman's expenses		5,474	-	608	6,082	3,407
Research facilitation		30,457	-	-	30,457	26,009
<b>Carried Forward</b>		<b>110,275</b>	<b>-</b>	<b>18,069</b>	<b>128,344</b>	110,391

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**4a Total Resources Expended (cont.)**

	Notes	Charitable £	Fundraising £	Governance £	2008 Total £	2007 Total £
<b>Brought Forward</b>		<b>110,275</b>	-	<b>18,069</b>	<b>128,344</b>	110,391
Investment Management fees		-	67,057	-	<b>67,057</b>	64,994
Custody fees		-	3,093	-	<b>3,093</b>	2,099
Irrecoverable VAT		13,328	-	1,481	<b>14,809</b>	14,107
Fundraising		-	709	-	<b>709</b>	320
Payroll Services		900	-	100	<b>1,000</b>	1,000
Peer review costs		1,322	-	-	<b>1,322</b>	1,560
		<b>125,825</b>	<b>70,859</b>	<b>19,650</b>	<b>216,334</b>	194,471
		<b>Note 4b</b>				
Research and development projects	<b>18a</b>	301,327	-	-	<b>301,327</b>	328,426
Grants payable - small	<b>18a</b>	93,996	-	-	<b>93,996</b>	96,566
Grants payable - studentship	<b>18a</b>	81,295	-	-	<b>81,295</b>	80,880
	<b>4b</b>	<b>476,618</b>	-	-	<b>476,618</b>	505,872
		<b>602,443</b>	<b>70,859</b>	<b>19,650</b>	<b>692,952</b>	
Grant de-commitments		<b>(55,214)</b>	-	-	<b>(55,214)</b>	-
<b>SOFA – page 19</b>		<b>547,229</b>	<b>70,859</b>	<b>19,650</b>	<b>637,738</b>	700,343

**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.

Peer review costs are wholly attributable to grant applications, and direct administration costs such as the costs associated with Finance and General Purposes Committee Meetings, and audit and accounting fees, are accounted exclusively as Governance Costs. Shared governance costs are allocated 90:10 between charitable activities and governance in line with prior years.

**4b Analysis of Charitable Expenditure**

Analysis of Charitable Expenditure	%	Grants £	Allocation of Support Costs £	Grant de- commitments £	2008 Total £	2007 Total £
Research and development projects	63.2	301,327	79,521	<b>(18,896)</b>	<b>361,952</b>	399,355
Small	19.7	93,996	24,788	<b>(17,021)</b>	<b>101,763</b>	117,440
Studentship	17.1	81,295	21,516	<b>(19,297)</b>	<b>83,514</b>	98,366
Total	100	476,618	125,825	<b>(55,214)</b>	<b>547,229</b>	615,161
		<b>Note 4a</b>	<b>Note 4a</b>		<b>Note 4a</b>	

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 2008**

**5 Net incoming resources**

This is stated after charging:	<b>2008</b>	2007
	<b>£</b>	£
Auditors remuneration – audit services	<b>3,200</b>	<b>3,200</b>
Accountants’ fees - other services	<b>6,000</b>	<b>4,000</b>
	<u><b>9,200</b></u>	<u><b>7,200</b></u>

**6 Staff costs**

The Council have employed two part time staff during the year (2007: two), who were engaged in administrative duties. In both 2007 and 2008, this equated to 1.4 full time equivalent members of staff.

Staff costs for the above persons were:	<b>2008</b>	2007
	<b>£</b>	£
Salaries	<b>67,375</b>	<b>63,625</b>
Social security costs	<b>7,038</b>	<b>6,854</b>
Pension costs	<b>4,007</b>	<b>3,787</b>
Class 1A National Insurance and PAYE on pension costs for the three years to 31 March 2008.	<b>1,879</b>	-
	<u><b>80,299</b></u>	<u><b>74,266</b></u>

No employee received remuneration in excess of £60,000 per annum (2007: none).

The class 1A National Insurance and PAYE charge for the three years to 31 March 2008 was £3,828, of which £1,949 was accrued in 2006-07 and the balance, £1,879, recognised in 2007-08.

**7 Tangible fixed assets**

	<b>Office Equipment £</b>
<b>Cost</b>	
At 1 April 2007	<b>13,352</b>
Disposals	<b>(6,658)</b>
At 31 March 2008	<u><b>6,694</b></u>
<b>Depreciation</b>	
At 1 April 2007	<b>13,352</b>
Charge for the year	-
Depreciation on disposals	<b>(6,658)</b>
At 31 March 2008	<u><b>6,694</b></u>
<b>Net book value</b>	
At 31 March 2008	<u>-</u>
At 31 March 2007	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**8 Listed investments**

<b>At valuation:</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Listed investments 1 April	<b>12,856,155</b>	13,340,401
Additions at cost	<b>5,237,313</b>	3,470,641
Disposals	<b>(7,731,378)</b>	(4,024,181)
Unrealised (losses)/gains on revaluation	<b>(1,565,746)</b>	69,294
	<hr/>	<hr/>
Listed investments 31 March	<b>8,796,344</b>	12,856,155
Cash awaiting re-investment	<b>3,100,895</b>	863,620
	<hr/>	<hr/>
	<b>11,897,239</b>	<b>13,719,775</b>

**Analysis by type:**

	<b>2008</b>		<b>2007</b>	
	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Corporate bonds and British Government stocks	<b>3,200,615</b>	<b>3,365,163</b>	3,472,062	3,202,455
Equities and convertible loan stocks	<b>5,595,729</b>	<b>6,175,877</b>	9,384,093	7,767,831
Cash awaiting re-investment	<b>3,100,895</b>	<b>3,100,895</b>	863,620	863,620
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>11,897,239</b>	<b>12,641,935</b>	<b>13,719,775</b>	<b>11,833,906</b>

All investments are held in the UK.

**Realised (Losses)/Gains:**

The difference between the total market value of shares disposed as at 1 April 2007 and the cash proceeds resulted in a realised loss of £272,612 (2007: profit of £197,181). There were no other realised gains/losses on investments in the year.

At the year end there were no individual investments that accounted for 5% or more of the portfolio of investments.

**9 Trustees' reimbursements and remuneration**

Included in the cost of meetings is a total of £14,171 of travel and hotel costs (2007: £6,843) reimbursed to or paid directly on behalf of 15 trustees (2007: 15). No remuneration is paid to trustees. Grant funding received by trustees is disclosed in Note 20.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**10 Debtors**

	<b>2008</b>	2007
	<b>£</b>	£
Tax recoverable	-	1,871
Fixed interest due on securities	<b>9,063</b>	37,864
Equity dividends declared but not yet received	<b>91,625</b>	117,652
Accrued interest receivable on time deposits	<b>10,711</b>	-
Prepayments	<b>564</b>	564
Other debtors	<b>4,031</b>	26,607
	<u><b>115,994</b></u>	<u>184,558</u>

All amounts due within one year.

Other debtors include £3,298 due from HMRC for the overpayment of class 1A National Insurance on payments in lieu of pension contributions.

**11 Creditors – amounts falling due within one year:**

	<b>2008</b>	2007
	<b>£</b>	£
Accrued expenses	<b>10,050</b>	27,813
Research and development projects	<b>635,008</b>	739,134
Small Grants	<b>128,182</b>	121,185
Studentship grants	<b>61,289</b>	63,167
Other creditors	-	5,074
	<u><b>834,529</b></u>	<u>956,373</u>

**12 Creditors – amounts falling due after more than one year:**

	<b>2008</b>	2007
	<b>£</b>	£
Research and development projects	-	29,796
Studentship grants	<b>20,640</b>	9,150
	<u><b>20,640</b></u>	<u>38,946</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**13 Unrestricted funds reconciliation**

	<b>2008</b>	2007
	£	£
Balance brought forward	13,461,617	13,195,681
Incoming resources	741,582	699,804
Outgoing resources	(637,738)	(700,343)
Gains and losses	(1,838,358)	266,475
	<u>11,727,103</u>	<u>13,461,617</u>

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

**14 Analysis of net assets**

	<b>2008</b>	2007
	£	£
Investments	11,897,239	13,719,775
Debtors	115,994	184,558
Cash at bank	569,039	552,603
Creditors	(855,169)	(995,319)
	<u>11,727,103</u>	<u>13,461,617</u>

**15 Financial Instruments**

FRS 13, Derivatives and other Financial Instruments, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the Council faces in undertaking its activities. As permitted by FRS13, debtors and creditors which mature or become payable within twelve months of the Balance Sheet have been omitted from this note.

**Liquidity and Currency 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 2008 were £11.9m (2007: £13.7M). It is therefore not exposed to liquidity risk. Furthermore as all material assets and liabilities are denominated in sterling, it is also not exposed to currency risk. The Council has chosen not to manage its interest rate risk as it does not believe it to be significant.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**16 Financial Instruments (cont.)**

**Interest Rate Risk**

*Financial assets*

	<b>Floating Rate £</b>	<b>Asset Earning Equity Return £</b>
<b>At 31 March 2008</b>		
Sterling:		
Cash at Bank	569,039	-
Cash awaiting reinvestment investments	3,100,895	-
Fixed Asset Investments	-	8,796,344
<b>Total</b>	<b><u>3,669,934</u></b>	<b><u>8,796,344</u></b>
<b>At 31 March 2007</b>		
Sterling:		
Cash at Bank	552,603	-
Cash awaiting reinvestment investments	863,620	-
Fixed Asset Investments	-	12,856,155
<b>Total</b>	<b><u>1,416,223</u></b>	<b><u>12,856,155</u></b>
<b>Reconciled to the Accounts</b>		
	<b>2008 £</b>	<b>2007 £</b>
Fixed Asset Investments	11,897,239	13,719,775
Cash at Bank	569,039	552,603
<b>Total</b>	<b><u>12,466,278</u></b>	<b><u>14,272,378</u></b>

**17 Cash balances**

	<b>2008 £</b>	<b>2007 £</b>	<b>Change in year</b>
Cash on deposit at bank	569,039	552,603	16,436
Cash awaiting re-investment	3,100,895	863,620	2,237,275
	<b><u>3,669,934</u></b>	<b><u>1,416,223</u></b>	<b><u>2,253,711</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**18a Grants payable Summary**

	Research & development projects £	Small grants £	Studentship grants £	2008 total £	2007 total £
Commitments at 1 April 2007	768,930	121,185	72,317	962,432	983,855
Awarded in Year	301,327	93,996	81,295	476,618	505,872
Payments made during the year	(416,353)	(69,978)	(52,386)	(538,717)	(527,295)
Grants Cancelled	(18,896)	(17,021)	(19,297)	(55,214)	-
<b>Commitment at 31 March 2008</b>	<b>635,008</b>	<b>128,182</b>	<b>81,929</b>	<b>845,119</b>	<b>962,432</b>

Note 18b

**Resources expended charge for the year**

Awarded in Year	301,327	93,996	81,295	476,618	505,872
Grants Cancelled	(18,896)	(17,021)	(19,297)	(55,214)	-
<b>Resources expended</b>	<b>282,431</b>	<b>76,975</b>	<b>61,998</b>	<b>421,404</b>	<b>505,872</b>

Note 4

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

**18b Total Grant Commitments as at 31 March 2008 are as follows:**

	Amount due within one year	Amount due in > one year	Total Commitments as at 31 March 2008
Research & Development Projects	635,008	-	635,008
Small Grants	128,182	-	128,182
Studentship Grants	61,289	20,640	81,929
<b>Total</b>	<b>824,479</b>	<b>20,640</b>	<b>845,119</b>

**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.

**Grant Under-spending**

A full review of outstanding grant commitments identified a number of approved grants which will not now be paid in full. These amount to £20,594 (net of providing for an overspend of Small Grants amounting to £42) and were cancelled prior to the year-end.

This is in addition to the cancellation in the year of grants amounting to £34,620 (net) as set out in Note 18b to the Financial Statements for the year ending 31 March 2007.



**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**19 Cash Flow Statement**

	<b>2008</b>	2007
	£	£
<b>Reconciliation of net movement in funds to net cash inflow/(outflow) from operating activities</b>		
Net incoming/(outgoing) resources	<b>103,844</b>	(539)
Decrease/(increase) in debtors	<b>68,564</b>	(64,638)
(Decrease) in current liabilities	<b>(121,844)</b>	(40,046)
(Decrease) in long-term liabilities	<b>(18,306)</b>	(7,589)
<b>Net cash inflow/(outflow) from operating activities</b>	<u><b>32,258</b></u>	<u><b>(112,812)</b></u>
<b>Analysis of changes in cash during the year (Note 17)</b>		
Cash at bank	<b>16,436</b>	(86,414)
Cash awaiting re-investment	<u><b>2,237,275</b></u>	<u>724,323</u>
	<u><b>2,253,711</b></u>	<u><b>637,909</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**20 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 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:-

**R03/02 Oxford Brookes University**

One of the grant holders is Professor David Foxcroft who is a member of the Council.

**CA04/01 Cardiff University**

One of the grant holders is Ms Rhoda Emlyn-Jones who was a member of the Council until 14 May 2008.

**R05/02 London School of Hygiene and Tropical Medicine**

This grant was awarded in 2005. One of the grant holders, Professor Virginia Berridge, is a member of the Council.

In addition, fees amounting to £2,791 (2007: £2,820) were paid in the year to a relative of the Accounting Officer for IT services. The work paid for was commissioned and following a competitive tendering process, which did not involve the Accounting Officer, and which confirmed the quotation accepted as being the lowest received.

The temporary office assistant costs disclosed in Note 4a (£210) represents payments made to Miss Deryn Tilouche (£125) and Miss Nerissa Tilouche (£85), both daughters of the Council's Grants Manager, Mrs Andrea Tilouche.

Mr Ford, Council Member, 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 (2007: £1,000).

**21 Post Balance sheet events**

No significant post balance sheet events have been identified that would necessitate revision of the results of the Financial Statements or disclosures in the notes to the Financial Statements.

The Financial Statements were authorised for issue by the Accounting Officer on 7 July 2008.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2008**

**Appendix 1**

Grant recipient	Grant ref	Balance Brought forward as at 1 April 2007 £	Grants awarded in the year £	Grants De-committed in the year £	Payments made £	Outstanding Balance as at 31 March 2008	
						Amount due within one year	Amount due in more than one year
<b>Research &amp; Development Projects</b>							
University of Bath	R01/05 / R2/99	1,808				1,808	
University College, London	R01/01	6,183				6,183	
National Deaf Services	R01/03	2,250		(2,250)		-	
Black and Ethnic Minorities Project	A01/03	10,750				10,750	
University of Newcastle-upon-Tyne	R02/01	9,742		(9,742)		-	
Glasgow University School of Dentistry	R02/02	2,695		(2,695)		-	
Imperial College Department of A and E Medicine	R02/03	4,200				4,200	
University of Birmingham	R03/01	14,974			13,365	1,609	
Oxford Brookes University	R03/02	4		(4)		-	
The University of Birmingham	DP03/03A	23,917			19,339	4,578	
The University of Bath	DP03/03B	10,072			10,072	-	
The University of Bath	DP03/04A	54		(54)		-	
Alcohol Concern	DP03/04B	750		(750)		-	
Alcohol Concern	L03/05	392		(392)		-	
Goldsmith's College, University of London	R03/06	2,332		(2,332)		-	
London School of Hygiene & Trop – Nanchahal	R04/02	5,000			3,950	1,050	
London School of Hygiene & Trop – Roberts	R04/03	24		(24)		-	
University of Bath	R04/04	7,450				7,450	
Community Action – Birmingham	CA04/02	5,022			5,022	-	
Community Action - Glasgow	CA04/03	44,357			22,598	21,759	
Community Action - Evaluator - University of Bath	CA04/04	25,643			25,643	-	
UWIC	DP04/01	23,422				23,422	
Community Safety Unit, Suffolk Police	DP04/02	43,213			30,555	12,658	
Womens Resource & Development Agency	DP04/03	5,311			5,311	-	
Robert Gordon University	DP04/04	653		(653)		-	
UK CAP R&D	CA04/05	53,137			2,500	50,637	
University of Leicester	R05/01	31,245			31,072	173	
London School of Hygiene & Trop – Berridge	R05/02	12,534			11,793	741	
London School of Hygiene & Trop - McCambridge	R05/03	49,767			12,010	37,757	
<b>Carried forward</b>		<b>396,901</b>		<b>(18,896)</b>	<b>193,230</b>	<b>184,775</b>	

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**Appendix 1 (cont.)**

Grant recipient	Grant ref	Balance brought forward as at 1 April 2007 £	Grants awarded in the year £	Grants De-committed in the year £	Payments made £	Outstanding Balance as at 31 March 2008 £	
						Amount due within one year	Amount due in more than one year
<b>Brought forward</b>		<b>396,901</b>		<b>(18,896)</b>	<b>193,230</b>	<b>184,775</b>	
Glasgow Caledonian University – Shewan	R05/04	3,737				3,737	
Glasgow Caledonian University – Forsyth	R05/05	2,679				2,679	
Alcohol & Health Research Trust	R05/06	30,000			15,100	14,900	
Glasgow Caledonian University – Watson	DP05/01	35,970			32,193	3,777	
TSA	R06/01	50,410	4,966		53,706	1,670	
University of Nottingham	R06/02	38,728	5,000		13,295	30,433	
University of Leeds – Hadfield	R06/03	50,330			31,692	18,638	
University of Bristol	R06/04	41,680			16,518	25,162	
University of Leeds - Bewick	R06/05	47,450			15,460	31,990	
SOLUCIA	DP06/01	33,897			20,329	13,568	
UCL	DP06/02	15,950			15,950	-	
Body of Christ Charity	DP06/03	12,318				12,318	
University of Kent	DP06/04	8,880			8,880	-	
Cardiff Institute of Society, Health & Ethics	R01/2007		59,101			59,101	
University of Northampton	R02/2007		54,909			54,909	
Glasgow Caledonian University	R03/2007		31,774			31,774	
Northumbria University	R04/2007		49,077			49,077	
Cambridgeshire County Council	DP01/2007		43,700			43,700	
Project 28	DP02/2007		52,800			52,800	
<b>Total Research &amp; Development Projects</b>		<b>768,930</b>	<b>301,327</b>	<b>(18,896)</b>	<b>416,353</b>	<b>635,008</b>	
<b>Small Grants</b>							
Glasgow Caledonian University	SG03/04 4	1,204		(1,204)		-	
University of Bath	SG04/05 9	1,000				1,000	
University of Ulster	SG04/05 12	(414)		414		-	
University of Stirling	SG04/05 13	37		(37)		-	
University of Southampton	SG04/05 14	2,266				2,266	
OCHRAD	SG04/05 17	3		(3)		-	
CATH	SG04/05 18	4,550		(4,550)		-	
East Kent Community Alcohol Service	SG04/05 19	5,000		(5,000)		-	
University of Bristol	SG04/05 23	1,000		(423)	577	-	
City of Stoke on Trent	SG04/05 24	5,000			5,000	-	
University of the West of England	SG04/05 25	175		(175)		-	
<b>Carried forward</b>		<b>19,821</b>		<b>(10,978)</b>	<b>5,577</b>	<b>3,266</b>	

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**Appendix 1 (cont.)**

Grant recipient	Grant ref	Balance brought forward as at 1 April 2007 £	Grants awarded in the year £	Grants De-committed in the year £	Payments made £	Outstanding Balance as at 31 March 2008 £	
						Amount due within one year	Amount due in more than one year
<b>Brought forward</b>		<b>19,821</b>		<b>(10,978)</b>	<b>5,577</b>	<b>3,266</b>	
Leeds North East PCT	SG05/06 27	3,500				3,500	
Medical Council on Alcohol	SG05/06 28	234		(234)		-	
Royal Gwent Hospital	SG05/06 29	1,500		(1,500)		-	
Lothian and Borders Police	SG05/06 30	191		(191)		-	
Cardiff University	SG05/06 31	14		(14)		-	
Manchester Metropolitan University	SG05/06 33	745		(745)		-	
North Bristol NHS Trust	SG05/06 37	1,000		(1,000)		-	
PUAC	SG05/06 42	(25)		25		-	
Claire Novak	SG05/06 43	172		(172)		-	
Northumbria University	SG05/06 44	4,882				4,882	
Alcohol Concern	SG05/06 45	5,000				5,000	
University of Ulster at Magee Campus	SG05/06 46	4,826		(158)	4,668	-	
The Gwalia	SG05/06 47	5,000				5,000	
Glasgow Caledonian University – Forsyth	SG05/06 49	4,996			2,888	2,108	
University of Bristol – Mufano	SG05/06 50	4,964			4,964	-	
Priority Youth Housing	SG05/06 51	4,500				4,500	
Matchbox Training	SG06/07 52	(5)		5		-	
Brunel University – D Forrester	SG06/07 56	4,400		(206)	4,194	-	
Middlesex University – LARG Team	SG06/07 59	3,400				3,400	
Gloucestershire Community Health	SG06/07 60	4,979				4,979	
Drinksense	SG06/07 61	5,000				5,000	
Liverpool JMU	SG06/07 62	4,915				4,915	
Latin Smile UK	SG06/07 64	3,779			3,779	-	
Journal – Drugs: education prevention policy	SG06/07 65	4,000				4,000	
Queen Margaret College, Edinburgh	SG06/07 66	1,166		(1,166)		-	
University of East Anglia	SG06/07 68	4,787		(725)	4,062	-	
Leeds Addiction Unit	SG06/07 69	4,971			3,630	1,341	
Chelmsford CHESS Night Shelter	SG06/07 70	5,000			5,000	-	
Professor Mark Johnson	SG06/07 71	3,000			3,000	-	
Young Voice	SG06/07 72	4,653			4,653	-	
No Limits	SG06/07 73	1,000			1,000	-	
Rushden Mind	SG06/07 75	4,820				4,820	
Alcohol Concern	SG07/08 76		5,000		5,000	-	
<b>Carried forward</b>		<b>121,185</b>	<b>5,000</b>	<b>(17,059)</b>	<b>52,415</b>	<b>56,711</b>	

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**Appendix 1 (cont.)**

Grant recipient	Grant ref	Balance brought forward as at 1 April 2007 £	Grants awarded in the year £	Grants De-committed in the year £	Payments made £	Outstanding Balance as at 31 March 2008	
						Amount due within one year	Amount due in more than one year
<b>Brought forward</b>		<b>121,185</b>	<b>5,000</b>	<b>(17,059)</b>	<b>52,415</b>	<b>56,711</b>	
Mr R Patton – Course at LSH&TM	SG 07/08 77		1,950		1,950	-	
The Sandryford Initiative	SG07/07 78		5,000			5,000	
Alcohol Training Workshop	SG 07/08 79		1,000		576	424	
Oxford Brookes University	SG 07/08 80		4,995			4,995	
NOFAS UK	SG 07/08 81		5,000		5,000	-	
Rochdale MBC	SG 07/08 82		4,665			4,665	
Leeds Metropolitan University	SG 07/08 83		5,000			5,000	
Toxteth TV	SG 07/08 84		4,698			4,698	
University of Sussex	SG 07/08 85		4,980			4,980	
Faculty of Public Health	SG 07/08 86		5,000	42	5,042	-	
National Health Forum	SG 07/08 87		5,000			5,000	
Latin Smile UK	SG 07/08 88		5,000	(5)	4,995	-	
Weston Spirit	SG 07/08 89		3,188			3,188	
Home-Start Wyre Forest	SG 07/08 90		2,359			2,359	
Hope Gate Trust	SG 07/08 91		4,878			4,878	
UCL	SG 07/08 92		4,627			4,627	
Thames Valley University	SG 07/08 93		5,000			5,000	
University of Wales Bangor	SG 07/08 94		1,894			1,894	
Kingston University	SG 07/08 95		4,744			4,744	
Leeds Addiction Unit	SG 07/08 96		5,019			5,019	
Cumbria Youth Alliance	SG07/08 97		5,000			5,000	
Rounding Adjustments			(1)	1			
<b>Total Small Grants</b>		<b>121,185</b>	<b>93,996</b>	<b>(17,021)</b>	<b>69,978</b>	<b>128,182</b>	
<b>Studentship Grants</b>							
Ms Barbara Clarke	TC02/10	187		(187)		-	
Miss Adela Campbell	TC02/11	1,560		(1,560)		-	
Miss Jane Ann Lee	TC03/04	430		(430)		-	
Mrs Pauline Russ	TC03/10	1,680				1,680	
Miss Kate Brightmore	TC04/02	1,300				1,300	
Ms Beth Cundy	TC04/03	2,000			2,000	-	
Mr Sean O’Neill	TC04/07	7,000		(7,000)		-	
Mr Anthony Rhone	TC04/08	6,225				6,225	
Miss Claire Anderson	TC05/01	3,410			1,975	1,435	
Mr Chris Baker	TC05/02	2,000				2,000	
Mrs Jenifer Dew	TC05/05	2,910		(2,910)		-	
Ms Caroline Thompson	TC05/09	2,000				2,000	
Ms Clair Vainola	TC05/10	7,210		(7,210)		-	
Mr James Varty	TC05/11	670	125		795	-	
Mr Matthew Stephen Higgs	JS05/13	8,000			4,000	4,000	
Mr Paul Airlie	TC06/01	1,720			(395)	2,115	
Mr Andrew Brown	TC06/02	4,500			3,100	1,400	
Mrs Anne Marie Carlin	TC06/03	700				700	
<b>Carried forward</b>		<b>53,502</b>	<b>125</b>	<b>(19,297)</b>	<b>11,475</b>	<b>22,855</b>	

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2008**

**Appendix 1 (cont.)**

Grant recipient	Grant ref	Balance brought forward as at 1 April 2007 £	Grants awarded in the year £	Grants De-committed in the year £	Payments made £	Outstanding Balance as at 31 March 2008 £	
						Amount due within one year	Amount due in more than one year
<b>Brought forward</b>		<b>53,502</b>	<b>125</b>	<b>(19,297)</b>	<b>11,475</b>	<b>22,855</b>	
Mr Paul Edwards	TC06/04	3,765			790	1,325	1,650
Mrs Glynne Grey	TC06/05	1,400	80		1,480	-	
Mr Anthony Lilley	TC06/09	2,300			116	2,184	
Mrs Debbie Paton	TC06/10	2,850			850	2,000	
Mrs Anna Joy Ross	TC06/11	1,500	50		1,550	-	
Ms Tracy Smith	TC06/12	1,500	50		1,550	-	
Ms Geraldine Wateridge	TC06/13	1,500	50		1,550	-	
Mrs Annaleena Williams-Drabble	TC06/14	4,000				2,000	2,000
Ms Hilary Rutter	TC07/01		3,060		1,480	1,580	
Miss Cassie Dyer	TC07/02		4,950		2,475	2,475	
Miss Emma Buckley	TC07/03		7,750		3,100	3,100	1,550
Mr Brent Clark	TC07/04		7,750		3,100	3,100	1,550
Ms Prunella Gee	TC07/05		1,550		1,550	-	
Ms Olga McBarnett	TC07/06		1,550		1,550	-	
Miss Carol Miles	TC07/07		7,750		3,100	3,100	1,550
Miss Trudy Sealy	TC07/08		7,750			3,100	4,650
Mr Owen Bailey	TC07/09		1,440		1,080	360	
Mrs Kashmir Goddard	TC07/10		3,960		1,980	1,980	
Mr Andrew Walsh	TC07/11		3,960		1,980	1,980	
Miss Jemma Branson	TC07/12		1,000		1,000	-	
Mrs Linda Casey	TC07/13		850		850	-	
Miss Maxine Frodsham	TC07/14		4,000		2,000	2,000	
Mrs Gillian Le Page	TC07/15		6,500		1,620	1,630	3,250
Mr Craig McGuire	TC07/16		2,000		2,000	-	
Miss Jennifer McGlinchey	TC07/17		4,950		1,580	1,720	1,650
Ms Maryam Hassan	TC07/18		8,370		960	4,620	2,790
Student Bursaries			1,800		1,620	180	
<b>Total Studentship Grants</b>		<b>72,317</b>	<b>81,295</b>	<b>(19,297)</b>	<b>52,386</b>	<b>61,289</b>	<b>20,640</b>
<b>Total Grants</b>		<b>962,432</b>	<b>476,618</b>	<b>(55,214)</b>	<b>538,717</b>	<b>824,479</b>	<b>20,640</b>
<b>Total Commitments</b>							<b>845,119</b>
							<b>Note 18a</b>













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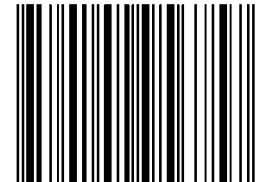
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