

ACTION ON SMOKING AND HEALTH
(A company limited by guarantee and not having a share capital)

Company No. 998971
Charity No. 262067

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2008

Action on Smoking and Health

Report of the Trustees 31st March 2008

The Trustees are pleased to present their report and the financial statements of the charity for the year ended 31st March 2008.

Legal & Administrative Details

Legal Status

Action on Smoking and Health ("ASH") is registered in England as company number 998971 and as charity number 262067.

Registered Office

First Floor
144-145 Shoreditch High Street
London
E1 6JE

Website

www.ash.org.uk

Directors & Trustees

The Directors of the charitable company are its trustees for the purposes of charity law and throughout this report are referred to as the Trustees.

The following Trustees were in office at the 31st March 2008 and had served throughout the year, except where shown:

Professor John Britton
Lord Faulkner of Worcester
Dr Anna Gilmore
Mr Ed Gyde
Mr Malcolm Hall - Treasurer
Dr Martin Jarvis
Ms Patricia Jones
Ms Jean King - Vice-Chair
Ms Betty McBride
Dr Jennifer Mindell
Professor John Moxham
Dr Lesley Owen
Mr Donald Reid - Chair

Senior Staff

The senior member of staff to whom day to day management of the charity is delegated by the Trustees is the Director, Ms Deborah Arnott. The Company Secretary is the Business Manager, Mr Philip Rimmer.

Auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Principal Bankers

Barclays Bank plc
93 Baker Street
London
W1A 4FD

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Report of the Trustees (Continued) 31st March 2008

Structure, Governance & Management

ASH is a company limited by guarantee without share capital. Its governing documents are its Memorandum and Articles of Association.

The Trustees form the Board of Management of the charity. For the purposes of the Companies Act 1985 as the Directors of ASH they are also Members of the Advisory Council. The Trustees are elected by the other Members of the Advisory Council, who are also the members of the Company, at the Annual General Meeting. One third of the Trustees are required to retire at each Annual General Meeting. Retiring Trustees are eligible for re-election.

The Director of ASH, a paid member of staff, is responsible for the day to day running of the organisation and is responsible to the Board of Management who meet at least four times a year and are responsible for setting the strategic objectives.

So as to maintain a pool of skilled potential Trustees, new Advisory Council Members are constantly sought by the Board of Management, particularly from within the health, public health, public relations and political spheres. As new Trustees are recruited from the membership of the Advisory Council they tend to be grounded in the policies, working practices and procedures of the Board.

All new Trustees are advised of their responsibilities by the Chair and the Business Manager. In addition they receive an induction pack containing Board policies and advice booklets from the Charity Commission. The training needs of the Trustees are examined and acted upon as part of the regular review of risks.

Related Parties and Partner Organisations

ASH is entitled to one position on the Board of No Smoking Day. Currently, the Director, Deborah Arnott sits on their Board.

Statement of Risk

The Trustees have examined the major risks to which the charity is exposed and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to control these risks. Detailed consideration of risks is delegated to the Business Manager, who acts as Risk Manager and reports to the Board. Risks are identified, assessed and controls established throughout the year. However, a comprehensive review of risks takes place every two years. The last such review was completed in September 2006.

Objectives

As stated in its Memorandum of Association, the objectives of the charity are:

- 1) To preserve and protect the health of the community both physical and mental and in the furtherance of this purpose to provide other charitable relief for those practising or likely to practise cigarette and other forms of smoking.
- 2) To advance the education of the public concerning the effects of cigarette and other forms of smoking and their effects on the health of the community and the individual.
- 3) To assist, carry out, promote and encourage research into cigarette and other forms of smoking and to collect and study information relating thereto with a view to publication of the same and the communication of information in connection therewith to the general public and others having legitimate interest in receiving such information for the benefit of the health of the community at large.

In February 2004, the Trustees agreed that the organisation should develop a Strategic Plan to guide the charity over the three financial years, from April 2005 to March 2008. Over the following twelve months, through a series of consultations, workshops and meetings, the Trustees, staff and stakeholders developed the plan which was agreed at a Board meeting held in March 2005.

The plan set ASH's strategic priorities for the three years and established a process to monitor, review and evaluate ASH's progress following the implementation. Staff have been charged with the responsibility of achieving various objectives through their annual business plans and the Director will provide Trustees with regular progress reports.

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Report of the Trustees (Continued) 31st March 2008

The six strategic priorities and associated objectives, are as follows:

1) **Advocacy & Policy Development**

To press for concrete and evidence based measures to effect policy change and reduce the harm caused by tobacco.

Objectives:

- To achieve legislation for smokefree workplaces and enclosed public places.
- To ensure all tobacco control policies contribute, as far as is possible, to the reduction of health inequalities, poverty and social exclusion.
- To ensure effective monitoring and enforcement of tobacco control policies such as the advertising ban.
- To support the maintenance of high tobacco taxation and the minimisation of smuggling.
- To promote the ratification and effective implementation of the Framework Convention on Tobacco Control.
- To promote the provision of effective information for consumers, such as: mass media campaigns, education and product labelling.
- To lobby for adequate government investment in tobacco control policies.
- To promote the most effective stop smoking services.

2) **Information & Research**

To maintain, develop and enhance the quality, reputation and integrity of the information which ASH provides.

Objectives:

- Sound quality control of all information provided.
- To monitor, analyse and expose the tactics and messages of the tobacco industry.
- Constant review of informational needs of ASH and others in the field.
- Effective collection and storage of information required.
- Ensuring that all information resources are up to date.

3) **Networking & Enabling Networking**

To be the main nexus for UK tobacco networking. To be the feed-in point and key contributor for regional and international networking within the context of our strategic priorities.

Objectives:

- To maximise the effectiveness of existing networks and to develop new ones, locally, nationally and internationally. To identify and rank potential new partners.
- To communicate using materials which are appropriate to the various segments of the target audience.
- The effective use of technology in servicing and enabling networks.
- Innovation in the methods used to enable networks.

4) **Governance**

To maintain the long-term effective governance of the charity.

Objectives:

- To ensure the maintenance of best practice in relation to charity, company, employment and other law. In this respect the regular risk assessment process is of particular importance.
- To implement effective recruitment and succession planning and diversification of the Board of Trustees, Advisory Council and staff.
- To provide for a regular outside evaluation of the charity and its work which is relevant to its objectives.
- To conduct an annual review of the strategic plan.

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Report of the Trustees (Continued) 31st March 2008

5) Resources & Sustainability

To secure appropriate funding and other resources for the achievement of the organisation's objectives in a sustainable way.

Objectives:

- To maintain good relations with the three current key funders.
- Review periodically other potential sources of funding, especially for new initiatives. Expansion beyond the three key funders should be evidence based and only cost effective grants should be sought.
- Retaining and recruiting high quality staff.

6) Image & Communication

To maintain and develop our image and reputation through the development of rolling strategies/plans for communications, advocacy, PR, marketing and branding which are both closely linked to desired outcomes and are cost effective. To promote and employ our information resources effectively.

Objectives:

- To identify and use the most effective communication routes.
- To remain aware that different methods of communication may be required for different audiences.
- Communicate a positive image to both hostile groups and under-utilised stakeholder groups.
- The introduction of and effective use of any new technologies and methods which are both appropriate and cost-effective.
- To be creative and innovative – always looking for new opportunities.
- To develop and maintain performance measures.
- The effective use of available technology.
- To develop innovative and effective ways of keeping the harmful effects of tobacco in the public eye, in order to influence opinion formers and decision makers.

Activities

Introduction

This was a momentous year for ASH as we finally achieved a key goal – legal protection from secondhand smoke. The implementation of the smoking ban in Wales and Northern Ireland (in April) and finally in England on 1st July gave ASH, the health community and the public plenty of opportunities to celebrate this amazing public health landmark. As the Chief Medical Officer, Sir Liam Donaldson noted in his annual report: *“The legislation this country has implemented represents some of the most far-reaching protection provided to the public and employees anywhere in the world.”* He added that it would *“leave a large footprint in the history of public health and will be of lasting benefit for generations to come”*.

On other matters, ASH has been working hard with members of the RIP Coalition to ensure the campaign for “fire-safer” cigarettes is kept on track.

Internationally, the second Conference of the Parties (COP) of the international tobacco treaty – the Framework Convention on Tobacco Control – took place in July 2007 at which it was agreed that work would start on a protocol on illicit trade. In addition work began on a number of guidelines with priority being given to guidelines on packaging and labelling and advertising which will go to the next COP in Autumn 2008 for adoption.

Another milestone for ASH this year has been the re-branding and re-launch of our website and publications. Although the ASH website has consistently received much praise from regular users over the years, it had become difficult to find information as it lacked a well-defined structure. The new website is now much easier to navigate and also meets the recommended minimum standards to assist those who have some visual impairment.

ASH also received an encouraging report from its key funders, the British Heart Foundation and Cancer Research UK, following a site visit by the two organisations. The overall conclusion of the site visit report was a recognition of *“the commitment and enthusiasm of all ASH staff.”* In addition, the report congratulated ASH staff, in particular Deborah Arnott *“for the impressive work carried out and the considered approach taken”*. They also felt that ASH's credibility and profile had increased in recent years.

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This view is supported by the results of the survey of public awareness of ASH carried out after the legislation came into force. Asked which organisations are involved in tobacco campaigning, 29% of the population could name us unprompted, up from 20% in 2005. When prompted and unprompted awareness are added together 64% of the population had heard of ASH, comparable to No Smoking Day in the same survey at 63%, and up from 55% in 2005.

Smokefree Environments

Following the passing of the Health Act in the summer of 2006, ASH worked closely with parliamentarians to ensure that strong regulations with very limited exemptions were not watered down in the parliamentary process. We are particularly indebted to Lord Faulkner of Worcester and his colleagues in the House of Lords. He and other peers fought off strong lobbying from pro-tobacco interests who tried to reinstate the exemption for private members' clubs.

ASH was appointed to a group set up by the Government to oversee the implementation of the smokefree law. We continued to advise the Government and provided briefings at short notice on issues such as smoking policies in mental health institutions and the economic impact of the smokefree legislation in Scotland and Ireland. As a result, the English law is among the most comprehensive in the world, particularly with reference to its application to mental health institutions.

A month before the smokefree law entered into force, ASH released the findings of a survey jointly commissioned with Asthma UK and the British Thoracic Society (BTS). The poll found that support for the law to make pubs smokefree had risen to 72% (up from 51% in May 2004) and that an estimated 4 million smokers planned to use the smokefree law as an opportunity to quit smoking.

As expected, implementation of the smoking ban was a resounding success with over 90% compliance from Day One. Three months post-ban we were able to show that none of the scare stories put out by the tobacco and hospitality sectors had materialised. Our follow up survey with Asthma UK and the BTS revealed that of those smokers who had visited pubs since the smoking ban, 97% reported that they had complied with the law.

Smoking Cessation, Nicotine Regulation & Health Inequalities

ASH continues its efforts to encourage policies for the wider availability and use of Nicotine Replacement Therapy (NRT) as reflected in the Government White Paper "Choosing Health".

Late in 2007 we were alerted to a risk that London Boroughs were consulting on a proposal to impose a levy on chewing gum (to cover the clean up costs), which would have been included in their annual legislation for the year. ASH responded to the consultation, making the case for nicotine chewing gum to be exempt from the proposal and sent this to all the Chief Executives of the London boroughs. The proposal to exact a levy on gum was dropped.

ASH Director, Deborah Arnott was invited to present the case for a tobacco harm reduction strategy to the Department of Health's Tobacco Programme Board, a cross-departmental group. ASH is calling on the Government and pharmaceutical industry to improve the range and accessibility of medicinal nicotine products as a real alternative to cigarettes.

There was a further opportunity to promote this policy at an expert seminar attended by senior civil servants from the Department of Health, the Medicines and Healthcare Regulatory Authority (MHRA) and the European Union's DG Sanco. This meeting followed the launch by the Royal College of Physicians in October of a new report on harm reduction and nicotine addiction. We continue to monitor the situation with regard to these matters at both the UK and the EU level.

The "one stop shop" for smoking cessation on the ASH website has now been up and running for more than five years and is regularly updated. It is currently the second most requested section of the ASH website, up from third since the smoking ban came into force in England.

International

The international tobacco control treaty, the Framework Convention on Tobacco Control (FCTC) is going from strength to strength. There are now 151 Parties to the convention, representing more than 80% of the world population. Other issues of particular importance for the UK and Europe include the development of guidelines on Article 11 (packaging and labelling), Article 13 (advertising promotion and sponsorship), as well as guidelines on Articles 9 and 10 (product regulation and disclosure) and Article 5.3 (protection of public health policies with respect to tobacco control from commercial and other vested interests of the tobacco industry).

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Report of the Trustees (Continued) 31st March 2008

ASH International funds the charity to provide project direction and coordination for the Foundation Convention Alliance, an international coalition of organisations focussed on the progress of the WHO FTC.

ASH's Director, Deborah Arnott, who is also a Board member of the Framework Convention Alliance (FCA), attended the Second Conference of the Parties in July where substantial progress was made on all these issues. Specifically, the Conference formally adopted strong guidelines on protection from secondhand smoke and set up a body to start negotiating a protocol on illicit trade. At the first negotiating meeting for the protocol on illicit trade in February 2008, it was agreed that the comprehensive template developed by a WHO working group which included ASH's director, would be developed as it stood into chair's text in time for the next meeting this Autumn. It is envisaged that this protocol will be adopted at the fourth Conference in 2010. Draft guidelines on Articles 11, 13 and 5.3 are due to be presented at the third Conference in 2008. All these will bring significant benefit to tobacco control in the UK.

Taxation and Smuggling

After lobbying at meetings with John Healey, then the Minister responsible, followed up by letters we were successful in persuading HM Treasury to send a representative from HM Revenue and Customs to the Framework Convention on Tobacco Control (FCTC) Conference of the Parties (COP) in Bangkok in summer 2007. The individual concerned is now the key UK link person for customs on the illicit trade protocol, negotiations for which started in early 2008 in Geneva. By participating in the COP HMRC has developed a better understanding of tobacco control and the role of smuggling which should prove valuable as negotiations proceed.

On behalf of 22 health groups, ASH produced a submission to the Chancellor of the Exchequer regarding the treatment of tobacco in the 2008 budget. This included:

- re-introducing the real price escalator to raise the tax on tobacco by at least 10p per pack above the rate of inflation;
- maintenance of the 5% VAT on nicotine replacement therapies that was introduced in last year's Budget (the tax was reduced from 17.5% as an incentive to increase uptake);
- implementation of a revised anti-smuggling strategy with challenging new targets;
- signing up to agreements reached between other EU countries and two of the world's leading tobacco companies – Philip Morris International and Japan Tobacco International – which put the responsibility for reducing smuggling on the tobacco companies themselves.

Advertising & Broadcasting

Since the implementation of the final stage of the tobacco advertising ban ASH Research Manager, Amanda Sandford has been carefully monitoring the situation to try to stop any direct or indirect breaches of the law. ASH also continues to monitor the presentation of smoking both on television and in film.

To coincide with the 2007 BAT AGM, ASH sought to highlight the often covert marketing methods used by BAT to market its products to young people around the world. Our report *"You've got to be kidding?"* put in stark contrast the professed policy not to market to under 18 year olds with the radical strategy (devised for the company) to grow their brands by *"targeting the underground youth community"*. We worked with young tobacco activist groups from the US, UK and Africa to counter BAT's "buzz marketing" in a demonstration outside the event. WHO included reference to our report in its 2008 World No Tobacco Day report *"Break the Tobacco Marketing Net"*.

Reduced Ignition Propensity Cigarettes

An average of 4,000 accidental domestic fires, and around 125 deaths, a year in the UK are caused by smokers' materials. There is an established standard for Reduced Ignition Propensity (RIP) cigarettes already in place in New York State and Canada. This requires cigarettes to be redesigned to reduce the likelihood that they will start fires by up to two thirds.

ASH formally launched a campaign to secure the introduction of Reduced Ignition Propensity (RIP) cigarettes in the UK and European Union in late 2006. Cigarettes with a reduced propensity to cause fires are not only technologically feasible but are already standard in Canada and much of the United States.

ASH set up the RIP Coalition, which now comprises 45 organisations, including the Chief Fire Officers' Association, the Fire Brigades Union and the Burns Association. ASH manages the RIP Coalition website (www.firesafercigarettes.org.uk) and also helped set up the European RIP alliance. In February 2007, ASH took the campaign to the European Parliament where ASH staff gave evidence at a parliamentary hearing on RIP cigarettes.

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Following a favourable meeting of the General Product Safety Directive (GPSD) committee in June 2007, ASH prepared a comprehensive rebuttal of tobacco industry objections to RIP cigarettes. A summary was translated into French, German, Hungarian, Polish and Spanish, with help from the London Fire and Emergency Planning Authority, and circulated to MEPs. The full text was provided exclusively to members of the GPSD. The report was issued by the coalition and endorsed by 21 partner organisations.

In late November the EU's committee of the GPSD took an important step towards introducing RIP cigarettes by requesting the development of a European product standard.

The next step will be to ensure the speedy development of a standard. The British and Finnish governments have both declared an intention to move swiftly to a standard based on our preferred standard, ASTM 2175. Following lobbying by ASH it was agreed by the GPSD regulatory committee that the standard would be referred to the fire standards committee of ISO TC/92, rather than the tobacco products committee ISO TC/126, which had expressed concerns about using ASTM 2175 as the basis for a standard.

Website

With more than 5,700 pages, the ASH website (www.ash.org.uk) has gone from strength to strength, and is widely acknowledged as one of the best tobacco sites in the world. It has a huge searchable content on every aspect of tobacco control and is easily accessible with hundreds of downloadable documents. The site has become a key factor in our ability to provide information, campaign successfully and to network cost-effectively both nationally and internationally.

The most popular sections of the website over the year were: the set of 28 Factsheets, covering various aspects of smoking and health; the quitting smoking resources; and our archive.

Keeping the site accessible, up to date and accurate is central to our effectiveness as an organisation, and a key factor in our ability to provide information and to network with others both nationally and internationally. It is updated by ASH staff regularly with all ASH publications, press releases, responses to current events and links to the latest information, research and data being placed on the site as soon as they become available.

The root and branch overhaul and re-design of the ASH website, for which planning began in September 2005, was completed and launched in the August 2007. In order to assist researchers an archive of the old website remains available at www.ash.org.uk.

Information & Publications

"ASH Daily News" was another product re-designed during 2007, this is a free daily review of the news coverage of tobacco issues distributed by e-mail, which now has 1,578 subscribers. In addition, the briefing is freely available to all members of the UICC - Globalink network, currently just over 5,000 people.

"ASH News & Events Bulletin", a new fortnightly summary of the latest research and news coverage of tobacco issues distributed free by e-mail to members of the UICC - Globalink network, including most of the UK tobacco control community.

During the year, as part of the re-design of the ASH website, the ASH Factsheets underwent a major re-design. There are now a total of 28 Factsheets, each covering a different aspect of tobacco and health. The most popular Factsheets, accessed via the web, were "Smoking Statistics: who smokes and how much", "Smoking Statistics: illness and death" and "Young People and Smoking". The factsheets continue to undergo a rolling programme of review, up-date and addition where necessary.

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ASH's ongoing work to raise awareness about the health risks from secondhand smoke was reported widely in both print and broadcast media. ASH staff were also interviewed on numerous other smoking and health studies and on topics such as reduced ignition propensity (RIP) cigarettes, the proposals to include pictorial health warnings on tobacco packaging and tobacco smuggling. Over the year, based on figures from professional media monitors contracted by ASH, it is estimated that ASH's total media reach¹ (in print and broadcast but not including online media) was around 188 million - an average of 3.5 million per week.

ASH in Wales

During the year, the ASH in Wales branch re-launched itself as a wholly independent charity operating in Wales. The Trustees would like to give their best wishes to the new charity for all its work.

Achievements & Performance

As an integral part of the strategic review, the Trustees agreed a series of success indicators for each of the six strategic priorities. Progress on these has been as follows:

1) Advocacy & Policy Development

- Successfully led a coalition campaigning for smokefree places implemented on 1 July 2007 to cover all enclosed public places and workplaces. This will include all Youth Offender Institutions and the presumption is that adult prisons will go smokefree too in the longer-term. From 1 July 2008 all psychiatric premises will also go smokefree. England will be the largest jurisdiction in the world by population to go comprehensively smokefree so far.
- The tobacco advertising ban is in force and its effectiveness continues to be monitored.
- A high tax policy is being maintained and tobacco smuggling is being contained.
- Smoking cessation services are now part of the mainstream NHS.
- Harm reduction and nicotine and tobacco regulation are now starting to be accepted by the Department of Health as the next key policy areas.
- ASH works in collaboration with the Framework Convention Alliance to ensure the effective implementation of the WHO Framework Convention on Tobacco Control. We have been involved in ensuring that a comprehensive set of guidelines are in development and that a challenging deadline for the adoption of an illicit trade protocol has been set.
- Work is progressing to develop a standard for RIP cigarettes at EU level under the General Product Safety Directive. Our lobbying and coalition building ensured that the UK supported this initiative and has been crucial in ensuring progress in this area.
- In the Cancer Reform Strategy the Government announced that it would be consulting on a future strategy for tobacco control to include further regulatory measures and a harm reduction strategy.

2) Information & Research

- The ASH website continues to be seen by other groups as the leading site for information on tobacco control and receives much positive feedback.
- The ASH website has been developed into one of the best tobacco sites in the world. It currently averages around 1,000 unique visitors a day. The new website design was launched in August 2007.
- Plan for checking and updating the informational needs of the charity now in place.

3) Networking & Enabling Networking

- Other groups involved in tobacco control continue to expect ASH to take a leadership role in tobacco control, via coalitions such as Smokefree ACTION, the RIP Coalition and UK Net.

4) Governance

- All statutory reporting was completed on time.
- Work on a new strategic plan, to cover the period from April 2008 to March 2011 was begun in late 2007.

5) Resources & Sustainability

- We continue to have an effective working relationship with all our key funders.
- A site visit to ASH by the British Heart Foundation (BHF) and Cancer Research UK was completed successfully during May 2007.

¹ Media reach is defined as the total number of people exposed to a message over a given period of time.

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Report of the Trustees (Continued) 31st March 2008

6) Image & Communication

- It is intended that our 'reach' in both the print and broadcast media should be maintained at a high level while recognising that we will not be able to sustain the levels reached during the campaign for smokefree legislation. Over the last year our weekly reach has been 3.5 million people.

ASH Director receives public health award

It was a great honour for both ASH and Deborah Arnott when Deborah was presented with the 2007 Faculty of Public Health's Alwyn Smith award, in recognition of the role ASH played in achieving the smokefree legislation. This prize, endowed by Professor Alwyn Smith, a former President of the Faculty for Public Health, is given to individuals judged to have made the most outstanding contribution to the health of the public by either research or practice in community medicine (public health medicine).

Financial Review

The year saw a £22,000 decrease in funds. Total income of £638,000 was 17% lower than the previous year – largely as a result of planned decrease in research grants, and also the separation of ASH Wales as an independent charity.

Charitable expenditure, at £655,000, decreased by 16% on the previous year. ASH finished the year with cash balances of £430,000 (down from £634,000 last year) and net assets of £435,000.

Having made transfers of £187,000 from general funds to meet deficiencies on the various projects for which restricted funds were available, the balance of general funds at the end of the year was down by £14,000 at £362,000 (of which, branches held £17,000).

Reserves

The Trustees have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets (the 'free reserves') held by the charity should be between 3 and 6 months of the resources expended annually, which presently equates to £163,000 to £328,000 in general funds. At this level, the Trustees feel that they would be able to continue the current activities of the charity in the event of a significant drop in funding. It would obviously be necessary to consider how the funding would be replaced or activities changed in order to continue to pursue the charitable objectives.

The current level of free reserves allows for expenditure for just over the desired range. The Trustees intend to budget to continue drawing down the free reserves in a gradual and responsible manner in order to fund additional work.

Principal Funding Sources

The principal sources of project funding for the charity are the Department of Health Section 64 General Scheme, the British Heart Foundation (BHF) and Cancer Research UK. Both Cancer Research UK and BHF also provide the charity with core funding for our entire programme of work.

Investments

When not required, the free reserves held by the charity are placed on short-term Treasury Deposits.

Funds in Deficit

None.

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Report of the Trustees (Continued) 31st March 2008

Plans for Future Periods

Introduction

The charity's objectives for the period 2005-08 are as laid out in the Strategic Plan detailed above. During the year the charity developed a revised Strategic Plan to cover the period 2008-11. In detail, the four new Strategic Priorities and associated objectives are as follows:

1. Advocacy & Policy Development

To press for concrete and evidence based measures to reduce the harm caused by tobacco.

Objectives:

- Promote the development and implementation of a comprehensive tobacco control strategy in England and support for it from the public health community.
- Work to ensure that the national strategy is replicated both at regional level in the UK and at EU level.
- Monitor effectiveness of existing tobacco control policies.
- To ensure all tobacco control policies contribute, as far as is possible, to health improvements, the reduction of health inequalities, poverty and social exclusion.
- To support the maintenance of high tobacco taxation and the minimisation of smuggling.
- To promote the effective implementation of the WHO FCTC.
- To promote the provision of effective information for consumers, such as: mass media campaigns, education and product labelling.
- Analyse and respond appropriately to industry Corporate Social Responsibility (CSR).
- Preparing for the next Government.

2. Information & Research

To maintain, develop and enhance the quality, reputation and integrity of the information which ASH provides and to communicate it effectively. To service the day-to-day information and intelligence needs of the tobacco control community in the UK.

Objectives:

- Providing a substantial readily-accessible library of information resources on tobacco control through the ASH web site.
- Sound quality control of all information provided.
- To monitor, analyse and expose the tactics and messages of the tobacco industry.
- Constant review of informational needs of ASH and others in the field.
- Effective collection and storage of information required.
- Ensuring that all information resources are up to date
- Gathering public opinion.

3. Networking & Enabling Networking

To be the main hub for UK tobacco control policy networking. To be the main feed in point and key contributor for regional and international networking within the context of our strategic policy.

Objectives:

- Continuing involvement in tobacco control by other public health-related organisations.
- To maximise the effectiveness of existing networks and to develop new ones, locally, nationally and internationally. To identify and rank potential new partners.
- To communicate using materials which are appropriate to the various segments of the target audience.
- The effective use of technology in servicing and enabling networks.
- Innovation in the methods used to enable networks.

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Report of the Trustees (Continued) 31st March 2008

4. Resources & Sustainability

To secure appropriate funding and other resources for the achievement of the organisation's objectives in a sustainable way.

Objectives:

- To maintain good relations with the three current key funders.
- To review periodically other potential sources of funding, especially for new initiatives. Expansion beyond the three key funders should be evidence based and only cost effective grants should be sought.
- To recruit, train and retain high quality staff.

During the coming year particular emphasis will be given to activities in the following areas:

Department of Health consultation on the future of tobacco control

Announced in the Cancer Reform Strategy and launched in May 2008. We are working to ensure that the Government receives a large number of informed responses from the public and the health community. Our goal is to ensure that the Government commits to implementing a comprehensive national tobacco control strategy which is appropriately funded, monitored evaluated and updated regularly and is geared towards protecting children and reducing health inequalities. This should include tougher regulation of tobacco products, increased support for smokers who want to quit and a new harm reduction strategy to help smokers who struggle to quit.

Smoking Kills – 10 years on

In November 2007 research began on a comprehensive report into the progress made on tobacco policy in the ten since the Government White Paper "Smoking Kills", published in December 1998, funded by the British Heart Foundation and Cancer Research UK. The final report will be published in Autumn 2008 and will include a review of policy options for the future, which will be integrated into the consultation process.

Reduced Ignition Propensity Cigarettes

The charity will continue with its efforts to ensure that the European Commission sets standards for fire-safe Reduced Ignition Propensity (RIP) cigarettes at European level under the General Product Safety Directive.

Health Inequalities

Smoking continues to be a major contributory factor to health inequalities. ASH will continue to focus on this in every area of our work. As smoking rates fall, the death and disease caused are increasingly focused on those who are less well off.

International

In cooperation with the FCA, the charity will continue its work in developing the various draft protocols and guidelines which form an integral part of the WHO FCTC, and ensuring that they are effectively implemented. At EU level we are working to ensure that the Tobacco Products Directive is reviewed and updated effectively and that proposals for improvement of the Tax Directive are implemented.

Smokefree Legislation

The legislation is due to be reviewed after three years in 2010 and we will be preparing to ensure that the review identifies any necessary improvements to the regulations.

Thanks

The Trustees would like to thank the British Heart Foundation, Cancer Research UK, the Department of Health and our individual members for supporting our work during the year. In addition, they would like to thank the ASH staff for all of their work during the year.

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Report of the Trustees (Continued) 31st March 2008

Trustees' responsibilities

The Trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the charity for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Audit information

So far as each of the trustees, at the time the trustees' report is approved, is aware; there is no relevant information of which the auditors are unaware; and they have taken all relevant steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Trustees

Donald Reid
Chairman

Date: 22nd September 2008

Action on Smoking and Health

Independent Auditors' Report

To the members of Action on Smoking and Health

We have audited the financial statements of Action on Smoking and Health for the year ended 31st March 2008 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The responsibilities of the trustees (who are also the directors of Action on Smoking and Health for the purposes of company law) for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Trustees' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

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

Basis of Audit Opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31st March 2008 and of its incoming resources and application of resources, including the income and expenditure of the charitable company for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information in the Trustees' Annual Report is consistent with the financial statements.

Devonshire House
60 Goswell Road
London EC1M 7AD
Date: 23 September 2008

Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Action on Smoking and Health
Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For the year ended 31st March 2008

	Note	Unrestricted Funds		Restricted Funds	Total 2008	Total 2007
		General £	Designated £	£	£	£
Incoming Resources						
<i>Incoming resources from generated funds</i>						
Voluntary income						
Grants received	2	180,270	-	-	180,270	158,693
Donations and legacies received		16,332	-	-	16,332	11,489
Interest received		22,927	-	-	22,927	20,027
<i>Incoming resources from charitable activities</i>						
Grants received	2	-	-	415,092	415,092	505,628
Contract income		-	-	-	-	65,206
Subscriptions		2,124	-	-	2,124	2,575
Sales of literature and services		1,587	-	-	1,587	2,909
Other income		-	-	-	-	1,215
Total Incoming Resources		<u>223,240</u>	<u>-</u>	<u>415,092</u>	<u>638,332</u>	<u>767,742</u>
Resources Expended						
Charitable activities						
Policy Research and Information	3	17,667	3,514	598,621	619,802	742,066
Governance	4	<u>35,358</u>	<u>-</u>	<u>-</u>	<u>35,358</u>	<u>37,558</u>
Total Resources Expended		<u>53,025</u>	<u>3,514</u>	<u>598,621</u>	<u>655,160</u>	<u>779,624</u>
Net Income for the year before transfers		170,215	(3,514)	(183,529)	(16,828)	(11,882)
Transferred to ASH Wales		1,648	(4,365)	(1,970)	(4,687)	-
Transfers	6	<u>(186,783)</u>	<u>3,254</u>	<u>183,529</u>	<u>-</u>	<u>1</u>
Net Movement in Funds		(14,920)	(4,625)	(1,970)	(21,515)	(11,881)
Funds brought forward		<u>376,422</u>	<u>66,422</u>	<u>13,517</u>	<u>456,361</u>	<u>468,242</u>
Funds Carried Forward		<u>361,502</u>	<u>61,797</u>	<u>11,547</u>	<u>434,846</u>	<u>456,361</u>
		Note 12	Note 11	Note 10		

Action on Smoking and Health
(A company limited by guarantee and not having a share capital)
Balance Sheet at 31st March 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed Assets					
Tangible assets	7		4,980		9,605
Investments			<u>24</u>		<u>24</u>
			5,004		9,629
Current Assets					
Debtors	8	105,836		45,858	
Cash at bank and in hand		<u>430,014</u>		<u>633,841</u>	
		535,850		679,699	
Creditors: Amounts falling due within one year	9	<u>(106,008)</u>		<u>(232,968)</u>	
Net Current Assets			<u>429,842</u>		<u>446,731</u>
Net Assets			<u><u>434,846</u></u>		<u><u>456,360</u></u>
Funds					
Restricted					
Central funds	10	-		-	
Branch funds	10	<u>11,547</u>		<u>13,517</u>	
			11,547		13,517
Unrestricted					
Designated funds	11		61,797		66,422
General Funds					
Central funds	12	344,497		353,404	
Branch funds	12	<u>17,005</u>		<u>23,017</u>	
			<u>361,502</u>		<u>376,421</u>
			<u><u>434,846</u></u>		<u><u>456,360</u></u>

The accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These accounts were approved by the board of directors on 22 September 2008 and signed on its behalf by:

Donald Reid

Malcolm Hall

Action on Smoking and Health

Notes to the Financial Statements

For the year ended 31st March 2008

1 Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, in accordance with the Statement of Recommended Practice (SORP 2005), "Accounting and Reporting by Charities", the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005).

The charity has taken advantage of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities.

The financial statements incorporate the activities of the branches of the charity on a line by line basis.

Company status

The charity is a company limited by guarantee. In the event of the charity being wound up, the liability of each member in respect of the guarantee is limited to £1.

Income

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only where the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period. Life subscriptions are included as income in full in the year of receipt. Legacies are included in the accounts at the point where the amount receivable can be measured with sufficient reliability; this is normally the point of receipt by the charity.

Resources expended

Expenditure is recognised when a liability is incurred. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

- Charitable activities include expenditure associated with the development of policy, research, information and related activities and include both the direct costs and support costs relating to those activities.
- Governance costs include the costs of providing the strategic direction of the organisation and of meeting constitutional and regulatory requirements.
- Support costs are the costs of central functions which relate to the whole organisation. These have been allocated to cost categories on the basis of staff time occupied in each area.

Pension contributions

The charity makes contributions to a defined contribution scheme for eligible members of staff the amount being determined in relation to the individual's current salary. Additional contributions are made to the individual personal pension scheme of one member of staff. No amounts were outstanding or prepaid at the balance sheet date.

Operating leases

Rentals applicable to operating leases are charged to the SOFA (Statement of Financial Activities) over the period in which the cost is incurred.

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised at their cost to the charity.

Depreciation is provided on expenditure at rates calculated to write off each asset over its estimated remaining life.

The estimated lives of the classes of assets are as follows:

Fixtures, fittings and office equipment	3-5 years
Computer equipment and software	3 years

Investments

Investments are held in tobacco related companies to give ASH the right to attend annual general meetings. The holdings are minimal and it is therefore considered appropriate to disclose them at historical cost rather than market value as required by SORP.

Dividend income is negligible and has, therefore, been included with interest received.

Action on Smoking and Health
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

1 Accounting Policies (continued)

Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the objectives of the charity. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised for particular purposes. The aim and use of each restricted and designated fund is given in the notes.

2 Grants	2008	2007
	£	£
<i>Voluntary income</i>		
Supporting charities	180,270	158,693
	<u>180,270</u>	<u>158,693</u>
<i>Arising from charitable activities</i>		
Department of Health	191,000	210,400
Welsh Assembly Government	-	110,000
ASH International	65,242	-
Supporting charities	158,850	185,228
	<u>415,092</u>	<u>505,628</u>

3 Charitable activities

The detailed charitable activities are more fully described in the trustees' report and relate to interlinked areas of policy, research and information.

	Total	Total
	2008	2007
	£	£
Direct project costs	176,007	242,748
Direct salary costs	298,442	340,916
Support costs	145,353	158,402
	<u>619,802</u>	<u>742,066</u>

Support costs are those shared costs which relate to the operation of the organisation and include:

Staff costs	57,118	57,376
Depreciation	3,514	4,410
Travel and meeting costs	3,334	2,988
Conferences, consultancy & seminar costs	75	7,721
Office running costs	61,488	61,475
Telephone and postage	7,710	10,350
Printing, stationery and design	9,421	8,687
Other costs	2,693	5,395
	<u>145,353</u>	<u>158,402</u>

Action on Smoking and Health
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

4 Governance costs		Total 2008 £	Total 2007 £
Board expenses		2,624	369
Audit fees - current year		6,500	6,100
Audit fees - prior year underprovision		316	810
Other fees paid to auditors		1,511	851
Branch audit fees		-	1,880
Legal and professional fees:	Central	22,764	14,697
	Branch	1,643	12,851
		<u>35,358</u>	<u>37,558</u>

Four directors (2007 - one) were reimbursed for expenses incurred in attending meetings totalling £300 (2007: £149).
 No director received any remuneration.

5 Staff Costs		2008 £	2007 £
Gross pay		312,721	330,185
Social security		32,541	34,617
Pension contributions		7,093	14,079
Other staff costs		3,205	19,411
		<u>355,560</u>	<u>398,292</u>

The remuneration of one member of staff fell into the range £60,000 - £70,000. The pension cost of this individual was £3,600.

The average number of staff employed, including part time staff, allocated according to function was:	2008 Number	2007 Number
Central charitable activities	8.00	8.00
Branch charitable activities	1.00	9.00
	<u>9.00</u>	<u>17.00</u>

The reduction in branch staff numbers is as a direct result of the separation of ASH Wales and its set up as a charity in its own right.

6 Transfers between funds	Unrestricted Funds		Restricted Funds
	General £	Designated £	£
Core contribution to projects	(183,529)	-	183,529
Purchase of fixed assets	(3,254)	3,254	-
	<u>(186,783)</u>	<u>3,254</u>	<u>183,529</u>

Action on Smoking and Health
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

7 Fixed Assets	Office Fixtures, Fittings and Equipment
	£
Cost	
At 1st April 2007	58,619
Additions	3,254
Transferred to ASH Wales	<u>(4,365)</u>
At 31st March 2008	<u>57,508</u>
Depreciation	
At 1st April 2007	49,014
Charge for the year	3,514
Disposals	<u>-</u>
At 31st March 2008	<u>52,528</u>
Net Book Value	
At 31st March 2008	<u>4,980</u>
<i>At 31st March 2007</i>	<u>2,605</u>

All fixed assets are held for use in the charitable activities of ASH.

8 Debtors	2008	2007
	£	£
All amounts fall due within one year		
Other debtors	94,558	33,982
Prepayments	<u>11,278</u>	<u>11,876</u>
	<u>105,836</u>	<u>45,858</u>

9 Creditors: Amounts falling due within one year	2008	2007
	£	£
Trade creditors	48,510	68,605
Deferred income	13,046	60,000
Other creditors	20,213	66,375
Taxation and social security	-	414
Accruals	<u>24,239</u>	<u>37,574</u>
	<u>106,008</u>	<u>232,968</u>

Action on Smoking and Health
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

10 Restricted Funds		Funds Brought Forward £	Incoming Resources £	Resources Expended £	Transfers from General Funds £	Funds Carried Forward £
Central						
Beyond Smoking Kills - the next steps	(a)	-	229,860	(377,156)	147,296	-
Smokefree Environments	(b)	-	60,000	(67,819)	7,819	-
BAT AGM	(c)	-	12,990	(23,435)	10,445	-
International	(d)	-	112,242	(130,211)	17,969	-
		<u>-</u>	<u>415,092</u>	<u>(598,621)</u>	<u>183,529</u>	<u>-</u>
Branch						
Welsh Projects	(e)	1,970	-	-	(1,970)	-
North West Projects	(f)	11,547	-	-	-	11,547
		<u>13,517</u>	<u>-</u>	<u>-</u>	<u>(1,970)</u>	<u>11,547</u>
		<u>13,517</u>	<u>415,092</u>	<u>(598,621)</u>	<u>181,559</u>	<u>11,547</u>

- (a) This project provides an information base and communications to support further progress on tobacco control policy and smoking cessation following on from the White Paper "Smoking Kills". The Department of Health made a Section 64 grant of £191,000 to this project.
- (b) This project provides an information base and communications to support progress on reducing exposure to secondhand tobacco smoke in the workplace and enclosed public places.
- (c) This project related to the preparation of a report for the British American Tobacco Annual General Meeting.
- (d) This project provides research, information and communications in relation to the international cross border elements of tobacco control policy.
- (e) These projects were locally funded for work in Wales.
- (f) These projects were locally funded for work in the North West.

11 Designated Funds		Funds Brought Forward £	Transferred to ASH Wales £	Resources Expended £	Transfers from General Funds £	Funds Carried Forward £
Capital equipment		9,605	(4,365)	(3,514)	3,254	4,980
Tobacco Control Alliance (TCA)		56,817	-	-	-	56,817
		<u>66,422</u>	<u>(4,365)</u>	<u>(3,514)</u>	<u>3,254</u>	<u>61,797</u>

The capital equipment fund represents money set aside for the replacement of fixed assets.

The TCA fund represents the transfer of funds from the TCA on its cessation which have been set aside by directors to enable the continuation of the work within ASH.

Action on Smoking and Health
Notes to the Financial Statements
For the year ended 31st March 2008 (Continued)

12 General Funds	Funds Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Funds Carried Forward £
Central funds	353,404	205,718	(33,716)	(180,909)	344,497
Branch funds	23,017	17,522	(19,309)	(4,225)	17,005
	<u>376,421</u>	<u>223,240</u>	<u>(53,025)</u>	<u>(185,134)</u>	<u>361,502</u>

13 Analysis of Net Assets between Funds	Fixed Assets £	Net Current Assets £	Total Net Assets £
Restricted funds			
Central funds	-	-	-
Branch funds	-	11,547	11,547
Unrestricted Funds			
Designated funds	4,980	56,817	61,797
General funds			
Central funds	24	344,473	344,497
Branch funds	-	17,005	17,005
	<u>5,004</u>	<u>429,842</u>	<u>434,846</u>

14 Operating Lease Commitments

The company had annual commitments under operating leases as follows:

	2008 Land and Buildings £	2007 Land and Buildings £
Expiring:		
- in between two and five years	<u>29,500</u>	<u>21,600</u>