

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

31 MARCH 2010

Action on Smoking and Health

Report of the Trustees 31st March 2010

The Trustees are pleased to present their report and the financial statements of the charity for the year ended 31st March 2010.

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 2010 and had served throughout the year, except where shown:

Professor John Britton	
Mr Ed Gyde	
Mr Malcolm Hall	- Treasurer, resigned 10 th December 2009
Mr Simon Hopkins	- co-opted 11 th March 2010, Treasurer from 11 th March 2010
Dr Martin Jarvis	
Ms Patricia Jones	
Mr Peter Kellner	- appointed 10 th December 2009
Ms Jean King	- Vice-Chair
Ms Betty McBride	
Dr Andy McEwen	- appointed 10 th December 2009
Dr Jennifer Mindell	
Professor John Moxham	- Chair from 10 th December
Dr Lesley Owen	
Mr Donald Reid	- Chair, resigned 10 th December 2009

Senior Staff

The senior member of staff to whom day to day management of the charity is delegated by the Trustees is the Chief Executive, 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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Structure, Governance & Management

ASH was founded in 1971 by the Royal College of Physicians and is a company limited by guarantee without share capital. Its governing document is its Articles of Association.

The Trustees form the Board of Management of the charity. For the purposes of the Companies Act 2006 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 Chief Executive 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 usually meet 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. This position is not currently occupied.

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 and one was completed during this year.

Objectives for the public benefit

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

1. to preserve and protect the health of the public against the harmful effects of cigarette or other tobacco products; and
2. to advance the education of the public about the effects of cigarette and other tobacco and nicotine products.

In September 2007, the Trustees agreed that the organisation should develop a Strategic Plan to guide the charity over the three financial years, from April 2008 to March 2011. Over the following ten 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 June 2008.

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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 Chief Executive provides Trustees with regular progress reports.

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

A. Advocacy & Policy Development

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

Objectives:

1. Promote the development and implementation of a comprehensive tobacco control strategy in England and support for it from the public health community.
2. Work to ensure that the national strategy is replicated both at regional and local level in the UK and at European Union level.
3. Monitor effectiveness of existing tobacco control policies.
4. To ensure all tobacco control policies contribute, as far as is possible, to health improvements, the reduction of health inequalities, poverty and social exclusion.
5. To support the maintenance of high tobacco taxation and the minimisation of smuggling.
6. To promote the effective implementation of the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC).
7. To promote the provision of effective information for consumers, such as: mass media campaigns, education and product labelling.
8. Analyse and respond appropriately to industry Corporate Social Responsibility (CSR).
9. Preparing for the next Government.

B. 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:

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

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C. 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:

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

D. Resources & Sustainability

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

Objectives:

1. To maintain good relations with the three current key funders.
2. 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.
3. To recruit, train and retain high quality staff.

Activities

Introduction

This has been another momentous year for ASH and tobacco control in this country. The passing of the Health Act in November, which included putting tobacco out of sight in shops and a complete prohibition on the sale of tobacco from vending machines, marked the culmination of a year of intensive lobbying by ASH and other members of the Smokefree Action Coalition. Regulations will determine the precise details but the point of sale ban is expected to enter into force in October 2011 in large shops such as supermarkets and in 2013 in small shops. The vending machine ban is also expected to take effect in October 2011.

In addition to the campaigning work on the Health Bill, ASH continued to work with our Coalition partners on tax and smuggling issues. As usual we made a submission to the Treasury before the Spring Budget and also in advance of the November Pre-Budget Report, stressing the need for ongoing tobacco duty rises and measures to reduce tobacco smuggling.

We have also been urging the Government to conform to the new guidelines to Article 5.3 of the Framework Convention on Tobacco Control (FCTC) in any engagement it has with the tobacco industry. The guidelines require Parties to the FCTC to be accountable and transparent when dealing with the industry and state that Parties should only interact with the industry when strictly necessary.

ASH has also continued to play an important role in the development of further international guidelines for the implementation of the FCTC as detailed in the rest of this report.

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Health Act 2009

By far the most important and challenging task for ASH over the past year was the building of parliamentary support for the tobacco control measures in the Health Act. Prior to the Queen's speech, it had become clear that industry lobbying to oppose the proposed legislation might be successful. The Government Bill was introduced in the House of Lords where Labour does not have a majority. Working with Coalition partners, the ASH campaigns team developed and implemented a strategy which involved researching and writing briefing materials, setting up meetings with the health teams of the major political parties, and lobbying parliamentarians at key stages of the Bill. In advance of the report stage of the Bill in the Lords we placed an advertisement in The Observer newspaper calling on Peers to support the tobacco control measures in the Health Bill which had over 100 signatories from health and social welfare organisations.

Although the point of sale proposals survived intact, an amendment calling for a complete ban on the sale of tobacco from vending machines was lost by 48 votes (this was eventually achieved through campaigning led by the BHF and Ian McCartney MP). Another amendment was tabled requiring the Government to review the case for the plain packaging of cigarettes. Although this was not passed, it provided the opportunity for peers to debate the issue. Once the Bill passed into the House of Commons additional amendments were proposed including a requirement to ensure that the Government followed Article 5.3 of the Framework Convention on Tobacco Control. This requires Governments to ensure that public health policies are free from tobacco industry influence. Although this amendment did not survive 3rd Reading the Public Health Minister confirmed that the Government was committed to implementing the FCTC guidelines on 5.3.

Tobacco Strategy for England

ASH was one of the public health organisations which was asked for advice and information during the development of the national tobacco control strategy which was published by DH during February 2010. The help we gave the Department was recognised in the strategy which stated that, *"The non-governmental and academic sectors have played an important role in the development of this strategy, and these organisations (for example Action on Smoking and Health) will continue to be invited to contribute to shaping the national and international tobacco control agenda."*

Tobacco Packaging

Evidence on the need for, and viability of having cigarettes sold only in plain or standardised packaging is growing apace. Research commissioned by ASH examining the impact of packaging revealed that both adults and young people are being misled by the colours and branding on cigarette packs. Both age groups were more likely to rate packs with the terms "light" "smooth" "silver" or "gold" as having lower tar and lower health risk than 'regular' variants. Adults thought the cigarettes with these descriptors would be easier to quit whilst children signified these would be the brands of their choice if they took up smoking. More than half of adults and youth thought that brands labelled "smooth" would be less harmful than the standard brand. The colour of packs was also associated with perceptions of risk and brand appeal. For example, compared to Marlboro packs with a red logo, cigarettes in packs with a gold logo were rated as lower health risk by 53% and easier to quit by 31% of adult smokers. Following the debate on the Health Bill the Public Health Minister Gillian Merron said the Government was committed to reviewing the case for plain packaging.

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Tax and Smuggling

ASH made submissions to the Treasury in advance of the 2009 Budget, autumn Pre-Budget Report and the 2010 Budget. The number of organisations endorsing our submission continued to grow, from 30 in 2009 to 49 in 2010. With support from our Smokefree Action Coalition partners we have lobbied Government for measures including:

1. a sustained increase in tobacco prices through taxation of 5% above inflation to drive down smoking prevalence;
2. joint targets to be set by HMRC and the UK Border Agency for reductions in the market share of illicit cigarettes and hand-rolled tobacco;
3. measurement and reporting of the market share of counterfeit as a proportion of the total illicit market;
4. government support for the adoption of a strong illicit trade protocol to the FCTC;
5. sustained funding for a comprehensive, cost-effective tobacco control strategy.

To coincide with the international negotiations on an illicit trade protocol to tackle tobacco smuggling, ASH commissioned a cost-benefit analysis of the impact of the illicit trade protocol in the UK. The report by Paul Johnson, a former Chief Micro-economist at the Treasury, found that if the protocol were adopted it could reduce smoking in the UK by up to 80% and save 760 lives a year. In addition, the adoption of the protocol would be worth £5.7bn to the UK in net present values and would add £1.3 billion to annual tax revenues. The overall conclusion of the report is that the benefits of adopting the protocol would far outweigh the costs of implementation. ASH also commissioned economist Howard Reed to research a cost benefit and public finances analysis of the effects of increasing tobacco taxation and this report was presented to the Exchequer Secretary with our budget submission.

Smoking Cessation and nicotine regulation

The MHRA set up a Commission on Human Medicines working group to consider the evidence of the safety and efficacy of a harm reduction indication for Nicotine Replacement Therapy (NRT). ASH Chief Executive, Deborah Arnott, was an invited member of the group. The national tobacco control strategy published in February includes a significant section on NRT and harm reduction. In parallel with this the MHRA, on the basis of the advice from the CHM working group, has now given a licence to NRT for harm reduction on the basis that it has become widely accepted that there are no circumstances in which it is safer to smoke than to use NRT.

Deborah Arnott was invited to address a meeting of the NICE Citizen's Council as an expert witness on the topic of harm reduction. This is a panel of lay people who serve for a maximum of three years. The Council is used by NICE to offer insight and recommendations to its Board on a range of issues, ensuring that a public perspective is taken into account when it considers how to develop guidance in the future.

The Council was asked to look at the issue of harm reduction in tobacco control and to assess whether it would be a valid strategy for the NHS to use in relation to smoking and what the pros and cons of a harm reduction approach might be. The Council reflected on a range of issues: for example, whether harm reduction would be palatable to smokers, whether it would undermine the message to quit, who would deliver harm reduction, the role of quit support, the ethical question of maintaining addiction, the effectiveness and appropriateness of existing products and the extent to which harm could be reduced by adopting this strategy. The Citizen's Council's report was published in December 2009.

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Protection from Secondhand Smoke

Towards the end of the year ASH commissioned YouGov to conduct research into smokers' attitudes and behaviour relating to electronic cigarettes (commonly known as e-cigarettes). The purpose of the survey was to explore the acceptability of e-cigarettes, improving our understanding of smokers' who use e-cigarettes and what makes them continue or cease use.

The first stage consisted of qualitative research with smokers who have not used e-cigarettes and, separately with on-line focus groups, smokers who have used e-cigarettes. This has helped to inform and illustrate the second, quantitative phase consisting of a survey of 1000 smokers made up equally of those who have and those who have not used e-cigarettes. An additional question in our separate annual survey indicates the prevalence of e-cigarette use among UK smokers.

Consultations

During the year ASH responded to the following tobacco-related consultations:

1. HM Revenue & Customs (HMRC) consultation on excise compliance checks;
2. Department for Transport on Draft Merchant Shipping (Prohibition of Smoking on Ships) Regulations;
3. Department of Culture Media & Sport on product placement on television;
4. National Institute for Health & Clinical Excellence (NICE) consultation on school based interventions to prevent smoking;
5. NICE consultation on new indicators for Quality Outcomes Framework (QOF);
6. NICE Citizens Council on harm reduction;
7. Department for Transport on revision of the Highway Code;
8. Marmot strategic review of health inequalities in England;
9. Liverpool City Council proposal on classification of films portraying smoking;
10. Mayor of London health inequalities strategy;
11. European Union (EU) consultation on action to reduce health inequalities;
12. Australian Senate proposal on plain packaging of tobacco products; and
13. EU review of the tobacco products directive – impact assessment.

Reduced Ignition Propensity cigarettes (RIP)

ASH has worked in collaboration with DH and other relevant government departments to secure the introduction of Reduced Ignition Propensity (RIP) cigarettes in the UK and EU. 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. The UK government is committed to ensuring that a robust standard is adopted and ASH is supporting the government's work in this area within the EU and with the development of a standard by the International Standards Organisation (ISO).

ASH set up the RIP Coalition, which comprises 45 organisations, including the Chief Fire Officers' Association, the Fire Brigades Union and the Burns Association, to support this work. ASH manages the RIP Coalition website and also helped set up the European RIP alliance. The website can be found at www.firesafercigarettes.org.uk.

Deborah Arnott attended the ISO working group meeting on RIP cigarettes in London in July 2009 as an observer. This is the group that has been mandated to develop a test for RIP cigarettes. The European Commission has set a deadline of August 2010 for completion of the standard.

Tobacco Retailers Survey

ASH organised a survey of over 100 tobacco retailers in London and Nottingham. The survey sought to gather information on the type and size of tobacco display, to find out who was paying for the display, what incentives shop-keepers were given and how frequently industry representatives visited the shops. Almost all shops had tobacco-industry funded gantries and a number of retailers

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were very open about the coercive nature of the relationship they were forced to submit to in order to be provided with the gantries. The research has been accepted for publication in the August 2010 issue of "Tobacco Control".

Tobacco and Tennis

Working with colleagues in Switzerland, ASH's Research Manager, Amanda Sandford has drawn attention to a covert tobacco sponsorship deal with a top international tennis organisation which appears to breach UK and international law. The Association of Tennis Professionals (ATP) which is based in London, represents the world's top male tennis players and includes details of all the world-wide tournaments on its website. The Swiss Indoor event in Basle, which took place in early November, is currently sponsored by Davidoff, a cigarette brand owned by Imperial Tobacco. Although the official sponsor is Oettinger-Davidoff, a Swiss luxury goods company, Imperial Tobacco company acquired the Davidoff cigarette brand in 2006 and has used this to exploit weak Swiss law which allows tobacco sponsorship. The televising of the event has resulted in the tobacco brand being beamed into the homes of millions of people around the world. ASH has urged the ATP to end its association with tobacco and has also written to the Government to clarify whether reference to the Davidoff sponsored event on a UK website is a breach of the UK Tobacco Advertising and Promotion Act.

Smoking in Films

ASH responded to a proposal by Liverpool City Council to apply an "18" classification to films shown in Liverpool that include smoking, in order to protect children from tobacco imagery. Whilst supporting the aims of the policy we raised concerns about how this would work in practice. The proposal fell at the full Council meeting.

WHO Framework Convention on Tobacco Control

ASH plays a key role as an active member of the Framework Convention Alliance (FCA), working on the development and implementation of the WHO FCTC, work which supports the UK government's tobacco control policies.

Deborah Arnott participated in a number of international meetings on the development of guidelines for the implementation of the FCTC. Deborah is the European Board member and an active representative of the Framework Convention Alliance, the coalition of over 350 non-governmental organisations from over 100 countries working for the effective development and implementation of the FCTC.

There has been considerable progress in the international negotiations on a Protocol on Illicit Trade in Tobacco Products. The Protocol is being discussed under Article 15 of the FCTC.

The 3rd International Negotiating Body meeting (INB), also attended by Deborah, held in Geneva in June 2009, made relatively little progress towards an agreed text. However, inter-sessional meetings, with a small number of delegates from each WHO region and NGOs as observers, were held in October and November 2009. Progress at these meetings has been more rapid. As a result of the 4th and final INB in Geneva during March 2010 more work is needed before the Protocol is ready to be adopted.

The UK is a member of working groups on Article 14 on smoking cessation and to develop draft guidelines on Articles 9 & 10 on product regulation. These groups, with the help and support of civil society including ASH, both made good progress towards the development of draft guidelines at the meetings held over the last year in South Korea, Jordan and New Zealand.

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Website

The ASH website now has some 1,800 pages and had 192,912 unique visitors during the 12 months from March 2009. It 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 is a key factor in our ability to provide information, campaign successfully and to network cost-effectively both nationally and internationally.

Information & Publications

Of our regular publications, 'ASH Daily News' has 1,457 subscribers and the weekly 'News & Events Bulletin' has 594. During the year ASH issued some 32 national and regional press releases. The ASH press office was called on almost daily by the national, international, regional, local and specialist media to provide reaction to, and information for, tobacco related news stories. We use the services of a professional media monitoring service to provide the raw data to allow us to monitor ASH's performance in both the print and broadcast media. During the last 12 months from March 2009 there were a total of 614 references to ASH in the TV, radio and print. Over the same twelve month period our 'reach' (the number of people who would have been exposed to our message, excluding the internet), based on these figures, was an average of 2.5 million people a week. Media coverage is balanced but tends to be supportive of the lines that ASH takes.

Achievements & Performance

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

A) Advocacy & Policy Development

1. The passing of the Health Act 2009.
2. The publication of the ASH report "Cost benefit analysis of the FCTC protocol on illicit trade in tobacco products".
3. The publication of the ASH report "The effects of increasing tobacco taxation: A cost benefit and public finances analysis".
4. The tobacco advertising ban is in force and its effectiveness continues to be monitored.
5. Tobacco tax was increased above inflation this year and the market share of illicit tobacco continues to fall.
6. Smoking cessation services are now part of the mainstream NHS.
7. Harm reduction in the form of "new routes to quit" forms part of the new "Tobacco Control Strategy for England" published by the Department of Health in February 2010.
8. ASH works in collaboration with the FCA to ensure the effective implementation of the WHO FCTC. We have been involved in ensuring that a comprehensive set of guidelines and an illicit trade protocol to the FCTC are in development.
9. Work continues to develop and implement a standard for Reduced Ignition Propensity (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.
10. It is intended that our 'reach' in both the print and broadcast media should be maintained at a high level. Our weekly 'reach' averaged 2.5 million people during the year.

B) Information & Research

1. The ASH website continues to be seen by other groups as the leading site for information on tobacco control and receives much positive feedback.
2. The ASH website has been developed into one of the best tobacco sites in the world. It currently averages around 528 unique visitors a day.
3. Plans for checking and updating the informational needs of the charity are in place.

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C) Networking & Enabling Networking

1. Other groups involved in tobacco control continue to expect ASH to take a leadership role in tobacco control via coalitions such as Smokefreeaction and the RIP Coalition.
2. The ASH 5 nations group was established during 2008 with a view to quarterly liaison meetings to coordinate national aspects of tobacco control issues in the British Isles.

D) Resources & Sustainability

1. Work on a new strategic plan, to cover the period from April 2008 to March 2011 was completed on schedule.
2. We continue to have an effective working relationship with all our key funders.
3. All statutory reporting was completed on time.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general practice on public benefit

Financial Review

The year saw a £123,023 increase in funds. Total income of £935,093 was 26% higher than the previous year – largely as a result of increased funding from core research grants.

Charitable expenditure, at £812,070, increased by 14% on the previous year. ASH finished the year with cash balances of £731,098 (up from £556,898 last year) and net assets of £585,288.

Having made transfers of £270,135 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 actually increased by £129,188 to £510,089 (of which, branches held £8,981).

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 9 months of the resources expended annually, which presently equates to £192,200 to £576,600 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.

Principal Funding Sources

The principal sources of project funding for the charity are the Department of Health Section 64 General Scheme, the 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 held on deposit and may be placed on short-term Treasury Deposits.

Funds in Deficit

None.

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Plans for Future Periods

The charity's objectives for the period 2008-11 are as laid out in the Strategic Plan detailed above. ASH's primary goal over the next 12 months in the domestic arena is to ensure that funding is sustained for a comprehensive tobacco control strategy, at national, regional and local level, designed to continue to reduce the harm from tobacco and longer-term to "make smoking history for our children".

To achieve this overarching goal the priority objectives are:

- the Health Act 2009 legislation to put tobacco out of sight in shops and prohibit the sale of tobacco from vending machines is implemented as planned; and
- that the Coalition Government's public health strategy includes a core strand on tobacco control.

In the international arena, we will also continue to:

- play a key role as an active member of the FCA working for the effective implementation of the WHO FCTC;
- work towards the setting and implementation of an international standard for RIP cigarettes;
- support the development of a tobacco control strategy at EU level.

During the year we are also carrying out a comprehensive review of our activities involving the Board, Staff and external stakeholders to help us develop a strategic plan for the year 2011-2013.

Thanks

The Trustees would like to offer particular thanks to two Trustees who retired at our 2009 AGM. Firstly, our immediate past Chair, Donald Reid, who stepped down after more than 12 years as first Trustee and later Chair of Trustees. During his involvement with ASH, Donald made an immense contribution to the work of the charity and he will be missed by his many friends and colleagues. Secondly, Malcolm Hall, who retired after almost 3 years as Treasurer. During this time Malcolm made a significant contribution to the sound financial management of the charity.

The Trustees would also 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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Trustees' responsibilities

The Trustees (who are also the directors of Action on Smoking and Health for the purposes of company law) are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 2006. They are also responsible for safeguarding the assets of the charitable 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

Professor John Moxham
Chair

Date:

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 31 March 2010 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The trustees' (who are also the directors of the company for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

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 charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Neil Finlayson, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP
Statutory Auditor

Dated:

Devonshire House
60 Goswell Road
London
EC1M 7AD

ACTION ON SMOKING AND HEALTH
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2010

	Note	Unrestricted Funds		Restricted Funds	Total 2010	Total 2009
		General	Designated		£	£
		£	£	£		
Incoming Resources						
<i>Incoming resources from generated funds</i>						
Voluntary income						
Grants received	2	332,663	-	-	332,663	319,275
Donations and legacies received		130,686	-		130,686	14,975
Interest received		301	-	-	301	11,277
<i>Incoming resources from charitable activities</i>						
Grants received	2	-	-	468,580	468,580	363,139
Contract income		-	-		-	31,600
Subscriptions		1,580	-	-	1,580	1,837
Sales of literature and services		1,283	-	-	1,283	459
Other income		-	-	-	-	-
Total Incoming Resources		<u>466,513</u>	<u>-</u>	<u>468,580</u>	<u>935,093</u>	<u>742,562</u>
Resources Expended						
Charitable activities						
Policy Research and Information	3	47,120	6,165	738,715	792,000	691,628
Governance	4	20,070	-	-	20,070	23,515
Total Resources Expended		<u>67,190</u>	<u>6,165</u>	<u>738,715</u>	<u>812,070</u>	<u>715,143</u>
Net Income for the year before transfers		399,323	(6,165)	(270,135)	123,023	27,419
Transfers	6	(270,135)	-	270,135	-	-
Net Movement in Funds		129,188	(6,165)	-	123,023	27,419
Funds brought forward		<u>380,901</u>	<u>71,364</u>	<u>10,000</u>	<u>462,265</u>	<u>434,846</u>
Funds carried forward		<u><u>510,089</u></u>	<u><u>65,199</u></u>	<u><u>10,000</u></u>	<u><u>585,288</u></u>	<u><u>462,265</u></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 31 MARCH 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed Assets					
Tangible assets	7		8,382		14,547
Investments			<u>24</u>		<u>24</u>
			8,406		14,571
Current Assets					
Debtors	8	26,125		76,557	
Cash at bank and in hand		<u>731,098</u>		<u>556,898</u>	
		757,223		633,455	
Creditors: Amounts falling due within one year	9	<u>(180,341)</u>		<u>(185,761)</u>	
Net Current Assets			<u>576,882</u>		<u>447,694</u>
Net Assets	13		<u><u>585,288</u></u>		<u><u>462,265</u></u>
Funds					
Restricted					
Central funds	10	10,000		10,000	
Branch funds	10	<u>-</u>		<u>-</u>	
			10,000		10,000
Unrestricted					
Designated funds	11		65,199		71,364
General Funds					
Central funds	12	501,108		354,922	
Branch funds	12	<u>8,981</u>		<u>25,979</u>	
			<u>510,089</u>		<u>380,901</u>
			<u><u>585,288</u></u>		<u><u>462,265</u></u>

The accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These accounts were approved by the Board of directors on
and signed on its behalf by :

.....
Professor John Moxham

.....
Simon Hopkins

Company No. 998971

ACTION ON SMOKING AND HEALTH NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 company 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

Tangible fixed assets

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

ACTION ON SMOKING AND HEALTH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)

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.

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	2010 £	2009 £
<i>Voluntary income</i>		
Supporting charities	<u>332,663</u>	<u>319,275</u>
<i>Arising from charitable activities</i>		
Department of Health	210,000	142,000
ASH International	168,283	104,119
Supporting charities	<u>90,297</u>	<u>117,020</u>
	<u>468,580</u>	<u>363,139</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 2010 £	Total 2009 £
Direct project costs	243,503	204,177
Direct salary costs (see note 5)	401,464	345,152
Support costs	<u>147,033</u>	<u>142,299</u>
	<u>792,000</u>	<u>691,628</u>

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

Staff costs (see note 5)	48,328	50,838
Depreciation	6,165	3,582
Travel and meeting costs	365	2,723
Conferences, consultancy & seminar costs	1,545	2,614
Office running costs	55,424	65,254
Telephone and postage	10,970	9,468
Printing, stationery and design	4,615	5,209
Payment to the North West ASH branch, see below	16,803	-
Other costs	<u>2,818</u>	<u>2,611</u>
	<u>147,033</u>	<u>142,299</u>

Residual funds of the North West ASH Branch, closed during the year, were transferred to another charity working on smoking and health in the North West of England. See note 18 for further details.

**ACTION ON SMOKING AND HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)**

4 Governance costs	Total 2010 £	Total 2009 £
Board expenses	4,871	4,910
Audit fees - current year	7,000	7,500
Audit fees - prior year (over)/underprovision	(767)	85
Other fees paid to auditors	1,307	2,395
Legal and professional fees:	7,659	8,625
	<u>20,070</u>	<u>23,515</u>

One director (2009 - three) were reimbursed for expenses incurred in attending meetings totalling £220 (2009 - £615). No director received any remuneration.

5 Staff Costs	2010 £	2009 £
Gross pay	394,215	336,689
Social security	42,725	37,396
Pension contributions	7,117	11,954
Other staff costs	5,734	9,951
	<u>449,792</u>	<u>395,990</u>

The remuneration of one member of staff fell into the range £60,000 - £70,000. The pension cost of this individual was £4,307.

The average number of staff employed, including part time staff, allocated according to function was:

	2010 Number	2009 Number
Central charitable activities	10	8
	<u>10</u>	<u>8</u>

6 Transfers between funds	Unrestricted Funds General Designated £	£	Restricted Funds £
Core contribution to projects	(270,135)	-	270,135
	<u>(270,135)</u>	<u>-</u>	<u>270,135</u>

**ACTION ON SMOKING AND HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)**

7	Fixed Assets	Office fixtures, fittings and £
	Cost	
	At 1 April 2009	70,657
	Additions	-
	Disposals	-
	At 31 March 2010	<u>70,657</u>
	Depreciation	
	At 1 April 2009	56,110
	Charge for the year	6,165
	Disposals	-
	At 31 March 2010	<u>62,275</u>
	Net Book Value	
	At 31 March 2010	<u>8,382</u>
	At 31 March 2009	<u>14,547</u>

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

8	Debtors	2010	2009
		£	£
	All amounts fall due within one year:		
	Other debtors	15,435	65,843
	Prepayments	<u>10,690</u>	<u>10,714</u>
		<u>26,125</u>	<u>76,557</u>

9	Creditors: Amounts falling due within one year	2010	2009
		£	£
	Trade creditors	67,803	60,569
	Deferred income	94,043	97,700
	Other creditors	1,375	1,375
	Accruals	<u>17,120</u>	<u>26,117</u>
		<u>180,341</u>	<u>185,761</u>

**ACTION ON SMOKING AND HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)**

10 Restricted Funds		Funds brought forward £	Incoming resources £	Resources expended £	from General funds £	Funds carried forward £
Central						
Secondhand Smoking	(a)	10,000	-	-	-	10,000
Capitalising on Smokefree	(b)	-	210,000	(352,152)	142,152	-
FCA	(c)	-	168,283	(169,920)	1,637	-
International	(d)	-	49,795	(99,413)	49,618	-
	(e)	-	40,502	(117,230)	76,728	-
Tobacco Strategy and Policy						
		<u>10,000</u>	<u>468,580</u>	<u>(738,715)</u>	<u>270,135</u>	<u>10,000</u>

- (a) This amount represents the legacy of Jean Matthews. The money was specified for use in campaigns against involuntary smoking.
- (b) This project provides an information base and communications to support further progress on tobacco control policy and smoking cessation following on from the smokefree policies introduced in the Health Act 2007. The Department of Health made a Section 64 Scheme grant of £210,000 to this project.
- (c) This project provides staff support and essential resources in order to carry out international tobacco control work in support of the Framework Convention Alliance on Tobacco Control.
- (d) This project provides research, information and communications in relation to the international cross border elements of tobacco control policy.
- (e) This project supports research, development and promotion of new policies designed to reduce the disease and premature death caused by tobacco.

11 Designated Funds		Funds brought forward £	Incoming resources £	Resources expended £	Transfers from General funds £	Funds carried forward £
Capital equipment		14,547	-	(6,165)	-	8,382
Tobacco Control Alliance (TCA)		<u>56,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,817</u>
		<u>71,364</u>	<u>-</u>	<u>(6,165)</u>	<u>-</u>	<u>65,199</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 that work within ASH.

**ACTION ON SMOKING AND HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010 (CONTINUED)**

12 General Funds	Funds brought forward £	Incoming resources £	Resources expended £	from General funds £	Funds carried forward £
Central funds	354,922	466,508	(50,187)	(270,135)	501,108
Branch funds	25,979	5	(17,003)	-	8,981
	<u>380,901</u>	<u>466,513</u>	<u>(67,190)</u>	<u>(270,135)</u>	<u>510,089</u>

The resources expended include £16,803 which was transferred over to Heart of Mersey when the North West branch of ASH closed its activities. Heart of Mersey's charitable objectives are to undertake and promote medical and scientific research and education in relation to the prevention of heart disease. The money will be put towards their tobacco related heart disease work.

13 Analysis of Net Assets between Funds	Fixed assets £	Net current £	Total net assets £
Restricted funds			
Central funds	-	10,000	10,000
Branch funds	-	-	-
Unrestricted funds			
Designated funds	8,382	56,817	65,199
General funds			
Central funds	24	501,084	501,108
Branch funds	-	8,981	8,981
	<u>8,406</u>	<u>576,882</u>	<u>585,288</u>

14 Operating Lease Commitments

The company had annual commitments under operating leases as follows:

	2010 Land and Buildings £	2009 Land and Buildings £
Expiring:		
- in between two and five years	<u>29,500</u>	<u>29,500</u>