

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 2009

ACTION ON SMOKING AND HEALTH

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2009

The Trustees are pleased to present their report and the financial statements of the charity for the year ended 31 March 2009.

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 31 March 2009 and had served throughout the year, except where shown:

Professor John Britton	
Lord Faulkner of Worcester	- resigned 11 June 2009
Dr Anna Gilmore	- resigned 17 December 2008
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 Chief Executive, Ms Deborah Arnott. The Company Secretary is 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

ACTION ON SMOKING AND HEALTH REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

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 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 which meets at least four times a year and is 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 Chief Executive, 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 and this is currently taking place.

Objectives for the public benefit

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 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.

The plan set ASH's strategic priorities for those 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.

ACTION ON SMOKING AND HEALTH REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

The four 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 European Union 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 World Health Organization (WHO) Framework Convention on Tobacco Control (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.

ACTION ON SMOKING AND HEALTH REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

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.

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.

Activities

Introduction

Following the successful implementation of the overwhelmingly popular and effective smokefree law in July 2007, ASH has been at the forefront of a new campaign for a national tobacco control plan. The first step was the re-launch of the Smokefree Action Coalition. Consisting of more than 30 organisations committed to tobacco control, the Coalition was formed originally to campaign for legislation to make enclosed public places and workplaces smokefree. With that goal accomplished, members agreed to change the objective of the Coalition to securing a comprehensive tobacco control strategy. Details can be found on the website at www.smokefreeaction.org.uk.

We also began regular meetings with ASH Wales, ASH Scotland and ASH Northern Ireland to co-ordinate our strategies more effectively and ensure united action for a UK wide comprehensive tobacco strategy, in line with the Coalition's objectives.

Once the key elements of the Coalition's vision for a comprehensive tobacco control strategy were agreed, work began on a detailed report – '*Beyond Smoking Kills*' – to mark the tenth anniversary of '*Smoking kills*', the Government's first tobacco control White Paper. The report, funded by the British Heart Foundation (BHF) and Cancer Research UK, and endorsed by over 100 health and welfare organisations, is a call to action setting out an ambitious strategy for the future. The report which took a year to complete was the cornerstone of our strategy to influence the government. It was launched in early October at a Parliamentary reception, attended by the Minister of State for Public Health, Dawn Primarolo.

The production of '*Beyond Smoking Kills*' was already underway when the Government announced that it would be publishing a consultation document on the future of tobacco control. The timing was such that much of the research and ideas contained in '*Beyond Smoking Kills*' could feed into the consultation process. The consultation closed in early September and the responses will help shape a new national tobacco control plan expected early in the New Year.

ACTION ON SMOKING AND HEALTH REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

In addition to working with colleagues in the Smokefree Action Coalition, ASH has been heavily involved in international work both at EU level as well as advocating for effective implementation of the WHO FCTC. Other projects and activities are set out in more detail in the rest of this report.

"Beyond Smoking Kills" Report

This report reviews achievements in tobacco control over the past decade and sets out a comprehensive strategy to further reduce smoking prevalence. The production of the report, which took a year, was overseen by an editorial board, chaired by Peter Kellner, President of YouGov. Endorsed by over 100 health and welfare organisations, the report makes 44 recommendations, which, if implemented, could halve the number of people smoking in England by 2015. These include: requiring plain packaging for all tobacco products; prohibiting the display of tobacco products in shops; clamping down on smuggling; and giving smokers access to safer non-tobacco alternatives to smoking.

New research for the report:

- Revealed that the annual cost of smoking to the NHS in England has soared from £1.7 billion a year in 1998 to £2.7 billion in 2008. However, the cost would have risen even more – to more than £3 billion a year - if Government action, health education and changing social attitudes had not led over the last decade to a fall in the total number of smokers from nearly 12 million to just over 9 million.
- Shows that tobacco branding and packaging sends misleading 'smoke signals' to young people. A separate study for the report revealed how tobacco companies increasingly use elaborate displays at the point of sale to promote their products.
- A Citizens' Jury comprising a representative sample of residents from the London Borough of Hackney. Participants were provided with factual information about the current law and status of various tobacco control interventions and then invited to debate the issues and put forward their views on what they thought the Government should do to further reduce smoking prevalence.
- A public opinion survey to find out levels of support amongst the wider population for a range of tobacco control measures.

Government Consultation on the future of tobacco control

In May, the Government announced the public consultation on the future of tobacco control. The document took a similar approach to that of 'Beyond Smoking Kills' and identified the same areas for action. It was a major success that harm reduction is one of the main planks of the consultation. The Government received over 95,000 responses, nearly double the 55,000 received following the consultation on the smokefree legislation. The vast majority of the responses were supportive of the Government's plans and helped shape the Health Bill 2009. They should also inform the new national plan, expected later in 2009.

Other Consultations

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

- the Medicines & Healthcare Regulatory Authority (MHRA) consultation on reclassifying nicotine nasal spray from Pharmacy only to General Sale;
- the MHRA consultation on reclassifying the 25mg Nicorette patch from Pharmacy only to General Sale;
- submission to the US Food & Drug Administration (FDA) on the wider availability of nicotine replacement therapy;
- the draft European Commission statement on impact assessment guidelines;
- Liberal Democrats' inquiry into social mobility;
- the Health Protection Agency's draft children's environment and health strategy;
- the EU review of legislation on VAT with reference to nicotine replacement therapy;
- the Information Centre for Health and Social Care's review of publications and surveys;
- Department of Communities & Local Government consultation on smoking guidance for black and ethnic minorities.

Secondhand Smoke: the next steps

Reducing children's exposure to tobacco smoke needs to be a central element of the three-year review of the smokefree legislation, due in 2010. To raise awareness of the devastating health effects of secondhand smoke on children, ASH teamed up with the Faculty of Public Health (FPH) to produce a position statement on what needs to be done to protect children. The statement, targeted at all health professionals, was followed up by a parents' leaflet and a poster for GP surgeries.

ACTION ON SMOKING AND HEALTH REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

Local Area Agreements

ASH collaborated with the Chartered Institute of Environmental Health (CIEH), the FPH, The Association of Directors of Public Health and the Trading Standards Institute to jointly write to all Directors of Public Health, Chief Environmental Health Officers and Chief Trading Standards Officers in England to encourage local authorities to adopt smoking prevalence as a key performance indicator. The letter and attached briefing emphasised the link between smoking and health inequalities. Subsequently 89 out of 150 local authorities in England picked reducing smoking

BAT's African Footprint

BAT first set foot in Africa in 1908 and over the past century it has been the dominant force in tobacco production and consumption on the continent. To mark this 100th anniversary ASH produced a report to show the devastating health, social and economic impacts of BAT's 'footprint' on Africa. In particular, the report explored how BAT markets its products to children, the environmental damage it causes and the company's influence on African political and economic systems.

ASH released 'BAT's African footprint' on the day of BAT's AGM and staged a protest with youth activists from Salford and South Wales. The young people left their own footprint outside BAT's headquarters where one thousand shoes were laid on the pavement, each shoe representing 100 deaths in Africa and the Middle East. The BBC, with "Dragon's Den" panelist Duncan Bannatyne, filmed the event as part of a documentary about BAT's marketing practices across the African continent. Since transmission in the UK this summer, the film has been broadcast on the BBC's international service and is proving a powerful weapon in tobacco advocacy armoury.

WHO Framework Convention on Tobacco Control

There are now 160 Parties to the FCTC covering over 80% of the world population and of tobacco-leaf production, 76% of cigarette production and 78% of cigarette consumption. ASH plays a key role as an active member of the Framework Convention Alliance (FCA) working for the effective implementation of the FCTC. The FCA, on which Deborah Arnott serves as a Board member, has worked tirelessly to support the development of strong guidelines in particular on: Article 11 on packaging and labelling; Article 13 on tobacco advertising; Article 5.3 on protecting public health policies from interference by the tobacco industry; Articles 9 & 10 on product measurement, regulation and disclosure; Article 12 on public education; and Article 14 on smoking cessation.

Tax and Smuggling

Our annual Budget submission to the Treasury, endorsed by 22 health organisations across the UK, focused on calling for renewed efforts to tackle tobacco smuggling. Subsequently in the Budget, the Chancellor announced that a new strategy would be published later this year. The Chancellor also responded to ASH's call for an extension of the reduced rate of VAT on nicotine replacement therapy, which will now apply indefinitely.

Deborah Arnott was called to give evidence to a Health Select Committee inquiry into health inequalities. As part of the evidence, ASH presented the results of a study which revealed that one in four poorer smokers bought cheap smuggled tobacco compared to only one in eight of the most affluent, illustrating the importance of cracking down on smuggling to reduce health inequalities.

Reduced Ignition Propensity cigarettes

Following our campaign for "fire-safer" cigarettes, supported by the RIP Coalition, at the end of 2007 we learned that the EU General Products Safety Directive Committee had agreed to mandate the setting of a standard for Reduced Ignition Propensity ("fire-safer") cigarettes. The standard is being developed by International Organization for Standardization (ISO) and the UK government is committed to ensuring that a robust standard is adopted. We continue to monitor progress on this.

ACTION ON SMOKING AND HEALTH REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

Website

The ASH website now has 24,901 pages and had 237,993 unique visitors between April 2008 and March 2009 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.

Information & Publications

Our regular publications, 'ASH Daily News' and 'News & Events Bulletin', currently have 1,872 subscribers.

During the twelve months ASH issued some 35 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 12 months from March 2008 to February 2009 there were a total of 823 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 around 212.16 million, an average of 4.08 million people a week.

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:

1) Advocacy & Policy Development

- Research and publication of the major new report '*Beyond Smoking Kills*'.
- 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 now form part of the new strategy to be published by the Department of Health at the end of 2009.
- 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 are in development and that a challenging deadline for the adoption of an illicit trade protocol has been set.
- Work continues to progress towards developing 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.
- It is intended that our 'reach' in both the print and broadcast media should be maintained at a high level. Our weekly 'reach' increased from 3.5 million people in 2007-08 to 4.08 million in 2008-09.

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 652 unique visitors a day.
- Plans for checking and updating the informational needs of the charity are 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 SmokefreeACTION and the RIP Coalition.
- In attracting the endorsement by over 100 health and welfare organisations, the report "*Beyond Smoking Kills*" was a noteworthy success.

4) Resources & Sustainability

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

ACTION ON SMOKING AND HEALTH REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

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 £27,000 increase in funds. Total income of £743,000 was 16% higher than the previous year – largely as a result of increased funding from core research grants.

Charitable expenditure, at £715,000, increased by 9% on the previous year. ASH finished the year with cash balances of £557,000 (up from £430,000 last year) and net assets of £462,000.

Having made transfers of £268,000 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 actually increased £19,000 to £381,000 (of which, branches held £26,000).

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 £179,000 to £358,000 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 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.

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 an adequately funded 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". The Government has committed to developing such a strategy and it is due to be published during 2009. ASH and its partners need to ensure that the strategy is ambitious but achievable and to develop support across the political spectrum to ensure that it is sustained in the longer-term.

To achieve this overarching goal the priority objectives are:

- the strongest possible legislation with regulations in place by April 2010;
- a national plan to be developed and published by the Department of Health;
- all political party manifestos to include a commitment to sustaining a comprehensive tobacco control strategy (action to achieve this will be cross cutting rather than independent of all the other elements); and
- the review of smokefree legislation to be completed with recommendations published by Spring 2010.

ACTION ON SMOKING AND HEALTH REPORT OF THE TRUSTEES (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2009

Plans for Future Periods (continued)

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;
- monitor progress towards the setting of an international standard for RIP cigarettes.

During the year the technical and management aspects of the ASH website will undergo a comprehensive program of review and modernisation.

Towards the end of 2008-09 the charity's Trustees employed legal advisors and began a thoroughgoing review of the Memorandum & Articles of Association. Subject to approval by both the Charity Commission and the ASH Advisory Council, this will be completed during 2009-10.

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.

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:

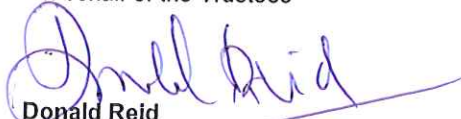
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 1985. 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 is aware; there is no relevant information of which the auditors are unaware; and they have taken all steps that 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: 9/09/09

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 2009 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 31 March 2009 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.

Vst - JSA LR
Kingston Smith LLP
Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

Dated: 24/9/2009

**ACTION ON SMOKING AND HEALTH
STATEMENTS OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009**


	Note	Unrestricted Funds General £	Designated £	Restricted Funds £	Total 2009 £	Total 2008 £
Incoming Resources						
<i>Incoming resources from generated funds</i>						
Voluntary income						
Grants received	2	319,275	-	-	319,275	180,270
Donations and legacies received		4,975	-	10,000	14,975	16,332
Interest received		11,277	-	-	11,277	22,927
<i>Incoming resources from charitable activities</i>						
Grants received	2	-	-	363,139	363,139	415,092
Contract income		-	-	31,600	31,600	-
Subscriptions		1,837	-	-	1,837	2,124
Sales of literature and services		459	-	-	459	1,587
Other income		-	-	-	-	-
Total Incoming Resources		<u>337,823</u>	<u>-</u>	<u>404,739</u>	<u>742,562</u>	<u>638,332</u>
Resources Expended						
Charitable activities						
Policy Research and Information	3	26,669	3,582	661,377	691,628	619,802
Governance	4	23,515	-	-	23,515	35,358
Total Resources Expended		<u>50,184</u>	<u>3,582</u>	<u>661,377</u>	<u>715,143</u>	<u>655,160</u>
Net Income for the year before transfers		287,639	(3,582)	(256,638)	27,419	(16,828)
Transfers	6	(268,240)	13,149	255,091	-	(4,687)
Net Movement in Funds		19,399	9,567	(1,547)	27,419	(21,515)
Funds brought forward		<u>361,502</u>	<u>61,797</u>	<u>11,547</u>	<u>434,846</u>	<u>456,361</u>
Funds Carried Forward		<u>380,901</u>	<u>71,364</u>	<u>10,000</u>	<u>462,265</u>	<u>434,846</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 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed Assets					
Tangible assets	7		14,547		4,980
Investments			<u>24</u>		<u>24</u>
			14,571		5,004
Current Assets					
Debtors	8	76,557		105,836	
Cash at bank and in hand		<u>556,898</u>		<u>430,014</u>	
		633,455		535,850	
Creditors: Amounts falling due within one year	9	<u>(185,761)</u>		<u>(106,008)</u>	
Net Current Assets			<u>447,694</u>		<u>429,842</u>
Net Assets	13		<u><u>462,265</u></u>		<u><u>434,846</u></u>
Funds					
Restricted					
Central funds	10	10,000		-	
Branch funds	10	<u>-</u>		<u>11,547</u>	
			10,000		11,547
Unrestricted					
Designated funds	11		71,364		61,797
General Funds					
Central funds	12	354,922		344,497	
Branch funds	12	<u>25,979</u>		<u>17,005</u>	
			<u>380,901</u>		<u>361,502</u>
			<u><u>462,265</u></u>		<u><u>434,846</u></u>

The accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

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


.....
Donald Reid

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.....
Malcolm Hall

ACTION ON SMOKING AND HEALTH

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

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 2007).

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 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

**ACTION ON SMOKING AND HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 (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	2009	2008
		£	£
	<i>Voluntary income</i>		
	Supporting charities	<u>319,275</u>	<u>180,270</u>
	<i>Arising from charitable activities</i>		
	Department of Health	142,000	191,000
	ASH International	104,119	65,242
	Supporting charities	<u>117,020</u>	<u>158,850</u>
		<u>363,139</u>	<u>415,092</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
	2009	2008
	£	£
Direct project costs	204,177	176,007
Direct salary costs (see note 5)	345,152	298,442
Support costs	<u>142,299</u>	<u>145,353</u>
	<u>691,628</u>	<u>619,802</u>

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

Staff costs (see note 5)	50,838	57,118
Depreciation	3,582	3,514
Travel and meeting costs	2,723	3,334
Conferences, consultancy & seminar costs	2,614	75
Office running costs	65,254	61,488
Telephone and postage	9,468	7,710
Printing, stationery and design	5,209	9,421
Other costs	<u>2,611</u>	<u>2,693</u>
	<u>142,299</u>	<u>145,353</u>

**ACTION ON SMOKING AND HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 (CONTINUED)**

4 Governance costs	Total 2009 £	Total 2008 £
Board expenses	4,910	2,624
Audit fees - current year	6,500	6,500
Audit fees - prior year (over)/underprovision	1,085	316
Other fees paid to auditors	2,395	1,511
Legal and professional fees: Central	8,625	22,764
Branch	-	1,643
	<u>23,515</u>	<u>35,358</u>

Three directors (2008 - four) were reimbursed for expenses incurred in attending meetings totalling £615 (2008 - £300). No director received any remuneration.

5 Staff Costs	2009 £	2008 £
Gross pay	336,689	312,721
Social security	37,396	32,541
Pension contributions	11,954	7,093
Other staff costs	<u>9,951</u>	<u>3,205</u>
	<u>395,990</u>	<u>355,560</u>

The remuneration of one member of staff fell into the range £60,000 - £70,000. The pension cost of this individual was £4,141.

Included within other staff costs is £6,366 in respect of the estimated share of the underfunded net debt of the Pension's Trust Growth Plan (a multi-employer pension scheme) as calculated in accordance with that scheme's actuarial valuation as at 30th September 2008. This liability has been provided for as the charity intends to withdraw from the scheme as it no longer has any current employees in the scheme and the scheme is no longer offered to new employees.

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

	2009 Number	2008 Number
Central charitable activities	8	8
Branch charitable activities	<u>-</u>	<u>1</u>
	<u>8</u>	<u>9</u>

6 Transfers between funds	Unrestricted Funds		Restricted Funds
	General £	Designated £	£
Core contribution to projects	(255,091)	-	255,091
Purchase of fixed assets	<u>(13,149)</u>	<u>13,149</u>	-
	<u>(268,240)</u>	<u>13,149</u>	<u>255,091</u>

**ACTION ON SMOKING AND HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 (CONTINUED)**

7 Fixed Assets	Office fixtures, fittings and equipment £
Cost	
At 1 April 2008	57,508
Additions	13,149
Disposals	-
At 31 March 2009	<u>70,657</u>
Depreciation	
At 1 April 2008	52,528
Charge for the year	3,582
Disposals	-
At 31 March 2009	<u>56,110</u>
Net Book Value	
At 31 March 2009	<u>14,547</u>
At 31 March 2008	<u>4,980</u>

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

8 Debtors	2009 £	2008 £
All amounts fall due within one year:		
Other debtors	65,843	94,558
Prepayments	10,714	11,278
	<u>76,557</u>	<u>105,836</u>
9 Creditors: Amounts falling due within one year	2009 £	2008 £
Trade creditors	60,569	48,510
Deferred income	97,700	13,046
Other creditors	1,375	20,213
Accruals	26,117	24,239
	<u>185,761</u>	<u>106,008</u>

**ACTION ON SMOKING AND HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009 (CONTINUED)**

10 Restricted Funds

		Funds brought forward £	Incoming resources £	Resources expended £	Transfers from General funds £	Funds carried forward £
Central						
Secondhand Smoking	(a)	-	10,000	-	-	10,000
Capitalising on Smokefree FCA	(b)	-	142,000	(265,775)	123,775	-
Tobacco Strategy & Policy	(c)	-	104,119	(112,238)	8,119	-
International	(d)	-	41,600	(79,259)	37,659	-
Beyond Smoking Kills	(e)	-	45,885	(117,278)	71,393	-
	(f)	-	61,135	(86,827)	25,692	-
		-	<u>404,739</u>	<u>(661,377)</u>	<u>266,638</u>	<u>10,000</u>
Branch						
North West Projects	(g)	<u>11,547</u>	-	-	(11,547)	-
		<u>11,547</u>	-	-	(11,547)	-
		<u>11,547</u>	<u>404,739</u>	<u>(661,377)</u>	<u>255,091</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 £142,000 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 supports research, development and promotion of new policies designed to reduce the disease and premature death caused by tobacco.
- (e) This project provides research, information and communications in relation to the international cross border elements of tobacco control policy.
- (f) This project supported research, writing and publication of a report on the impact of the 1999 Government White Paper 'Smoking Kills' and the future of tobacco control policies.
- (g) This project was locally funded for work in the North West.

11 Designated Funds

	Funds brought forward £	Incoming resources £	Resources expended £	Transfers from General funds £	Funds carried forward £
Capital equipment	4,980	-	(3,582)	13,149	14,547
Tobacco Control Alliance (TCA)	<u>56,817</u>	-	-	-	<u>56,817</u>
	<u>61,797</u>	-	<u>(3,582)</u>	<u>13,149</u>	<u>71,364</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 2009 (CONTINUED)**

12 General Funds	Funds brought forward £	Incoming resources £	Resources expended £	Transfers from General funds £	Funds carried forward £
Central funds	344,497	337,601	(47,389)	(279,787)	354,922
Branch funds	17,005	222	(2,795)	11,547	25,979
	<u>361,502</u>	<u>337,823</u>	<u>(50,184)</u>	<u>(268,240)</u>	<u>380,901</u>

13 Analysis of Net Assets between Funds	Fixed assets £	Net current assets £	Total net assets £
Restricted funds			
Central funds	-	10,000	10,000
Branch funds	-	-	-
Unrestricted funds			
Designated funds	14,547	56,817	71,364
General funds			
Central funds	24	354,898	354,922
Branch funds	-	25,979	25,979
	<u>14,571</u>	<u>447,694</u>	<u>462,265</u>

14 Operating Lease Commitments

The company had annual commitments under operating leases as follows:

	2009 Land and Buildings £	2008 Land and Buildings £
Expiring:		
- in between two and five years	<u>29,500</u>	<u>29,500</u>