

Companies House

COMPANY NUMBER 4504443

HAFAL

(Registered Charity No. 1093747)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2004

**Harris Bassett & Co.
5 New Mill Court
Phoenix Way
Enterprise Park
Swansea
SA7 9FG**



CONTENTS	PAGE
Legal and administrative information	1 - 2
Trustees' report	3 - 5
Statement of Trustees' responsibilities	6
Audit Report	7
Statement of Financial Activities	8
Balance sheet	9
Notes to the accounts	10 - 18

LEGAL AND ADMINISTRATIVE INFORMATION

Status

Hafal is a charitable company incorporated on 6 August 2002 and registered with the Charity Commissioners of England and Wales (number 1093747). It is also a company limited by guarantee (number 4504443) and is governed by its Memorandum and Articles of Association.

Trustees

The Trustees of Hafal constitute its Board of Directors, are the subscribers to the Memorandum, and serve for terms of up to three years following either election through a ballot of Members or co-option. The day-to-day running of the Charity is delegated to executive officers.

Registered Office and Head Office:

Suite C2 William Knox House
Britannic Way
Llandarcy, Neath
SA10 6EL

The Trustees of the Charity in 2003/04 were:

Chair: Peter Davey

Vice Chair: Elin Jones

Honorary Treasurer:

Lesley Butcher (to 14 May 2003)
Dilwyn Voyle (Co-opted Trustee)
(Honorary Treasurer from 29 May 2003)

Other Trustees:

Jazz Gerrard
Peter Jones
Rosalie Murray
Christine Price
Ceinwen Rowlands
Darryl Stevens (Co-opted from 29 May 2003
and elected from 13 November 2003)
Brian Watkiss (Co-opted Trustee)

Executive Officers:

Chief Executive

Bill Walden-Jones

Deputy Chief Executive:

Alun Thomas (from 24 September 2003)

Company Secretary

Emrys Peters (to 24 September 2003)
Nicola Thomas (from 24 September 2003)

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

Auditors:	Harris Bassett & Co. Chartered Accountants 5 New Mill Court Phoenix Way Enterprise Park Swansea SA7 9FG
Bankers:	The Co-operative Bank PLC 34 The Kingsway Swansea SA1 5LG
Solicitors:	Hutchinson Thomas 19 London Road Neath SA11 1LF

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2004

INTRODUCTION

The Trustees, as Directors of Hafal, present their annual report and the audited financial statements of the Charity for the year ended 31 March 2004. This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

OBJECTIVES AND PRINCIPAL ACTIVITIES

The objects of Hafal are to act as the Welsh national organisation for all matters concerning the welfare of people with severe mental illness, their relatives and carers, and to promote research and education as to the causes, consequences and management of severe mental illness.

The principal activities of the Charity are to:

- Provide information, advice, support and services of the highest standard to those experiencing severe mental illness, their families and carers, in areas such as housing, education and training, rehabilitation and employment and recreation.
- Spread understanding of the problems arising from severe mental illness.
- Campaign nationally and locally for high quality care, including both acute and long stay services.

The Charity provides this wide range of services through a number of local groups, members and volunteers together with staff employed in operational and functional departments at local and national level. Substantial support is given by some hundreds of voluntary helpers, various commercial organisations, charitable trusts and public bodies who give time and financial assistance to the Charity.

ORGANISATION OF HAFAL

Hafal has no subsidiary or associated companies and operates as a single company with up to twelve Trustees serving as Directors. The Trustees employ a Chief Executive, Company Secretary and other staff located in all parts of Wales. In addition to the Head Office in Neath, Hafal has a North Wales Office in Holywell and a National Resource Centre in Cardiff.

CORPORATE GOVERNANCE

Hafal is managed by its Trustees who meet four times a year for that purpose; there are no sub-committees or similar. The majority of Trustees are nominated and elected by the Charity's Members. A formal system of delegation of authority is in place enabling the day-to-day running of the Charity by executive officers with reference as required to the Chair, Vice Chair and Honorary Treasurer. The Trustees who served throughout the year are listed on page 1.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2004****FINANCIAL REVIEW OF YEAR**

Following transfer of the Welsh undertakings of Rethink (the National Schizophrenia Fellowship) to Hafal on 31 March 2003 in the course of its first year of substantive operation the Charity has, on advice from its Auditors and as a matter of good practice, reassessed these undertakings and established a clear new baseline which is reflected in the accounts for 2003/2004. The significant movement in the year is substantially accounted for by this reassessment which addressed both the treatment of funds and the valuation of assets. The movements during the year relating to fixed assets are in Note 9 to the Financial Statements. In addition, the Charity performed well during the year strengthening its position significantly; this was mainly as a result of further development of strong partnerships with funders in the Welsh NHS and local authorities.

CURRENT AND FUTURE DEVELOPMENTS

Although Hafal was established as a company and Charity in 2002, the organisation commenced substantive operation on 1 April 2003 having taken on the undertakings in Wales of Rethink (the National Schizophrenia Fellowship). At one level this meant "business as usual" because all staff were transferred and continued to provide the range of services to people with severe mental illness, their families and carers. However, the legal and constitutional change in establishing the new Welsh Charity has been highly significant and impacted widely across the organisation. Most importantly the Members of the Charity, largely comprising people with severe mental illness and their families (many of whom work actively for the Charity as volunteers) have taken tangible control of the organisation; this has been reinforced by routine personal contact between Trustees, Members and staff. There is now a powerful sense of ownership and common purpose which has already shown its influence in Welsh society.

On 3 July 2003 Hafal was formally launched by the First Minister of Wales, the Right Honourable Rhodri Morgan AM, in front of a large crowd of Members. This launch had not held up vigorous and sustained campaigning by the Charity from its earliest days to address the shortfall in mental health services in Wales and promote the need for balanced legislation to replace the Mental Health Act 1983.

Meanwhile Hafal's services have expanded dramatically during 2003/2004 partly through opportunity but also because of the respect from providers of funding which the new Charity has gained following its establishment. By the end of 2003/2004 over 600 people were being supported by Hafal each day in a range of diverse services including housing, employment, advocacy, social activities, advice and support for carers. In addition, Hafal developed a pioneering new Recovery Programme based on empowerment and an holistic analysis of each individual's needs and aspirations.

During 2004/2005 Hafal will be ensuring that its own expanding services implement our Recovery Programme to a high standard. In addition Hafal will continue to campaign for implementation of the Welsh Assembly Government's National Service Framework for Mental Health. It is also expected that the Charity will be engaged as a high priority in influencing the revised Mental Health Bill expected in September 2004.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2004

RESERVES POLICY

Hafal's Trustees have agreed a Business Plan which targets steady growth in reserves. The Trustees aim to secure a safe level of uncommitted general reserves equivalent to not less than six months operating costs of the Charity in addition to reserves committed by Trustees to specific purposes.

INVESTMENT POLICY

Hafal's Trustees have agreed an Investment Policy of placing funds in interest-bearing accounts with the Charity's bankers.

RISK ASSESSMENT

Hafal's Trustees have agreed a Health & Safety Policy incorporating risk assessment. Hafal has also assessed risk in relation to business and financial management and incorporated safeguards in Financial Regulations and Delegated Authorities and Financial Standing Orders adopted in February 2003 by the Trustees.

The Health & Safety Committee was convened three times during the year, continued to monitor and review the safety of activities, and actively engaged with the Health & Safety Executive. The Committee specifically addressed the issue of physical hazards in premises and continued to review the Personal Safety Policy.

EMPLOYEES

During 2003/2004 Hafal employed just over 100 full and part-time staff across Wales and had staff located in all 22 local authority/local health board areas. Consistent policies and procedures on pay and conditions apply to all staff, and Hafal has instituted universal training for all staff focused on the Charity's values and mission.

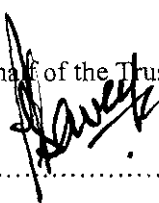
EMPLOYEE INVOLVEMENT

Hafal's Trustees see their employees as key stakeholders in the Charity and consult staff both formally and informally on the policies and direction of the Charity. During 2003/2004 following consultation the Charity recognised a trade union (UNISON) to represent staff. More recently Trustees have agreed that staff should be given free, non-voting, associate membership of the Charity.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Harris Bassett & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Trustees



.....PETER DAVEY - CHAIR

25/11/

2004

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year (unless the Charity is entitled to prepare accounts on the alternative receipts and payments basis). In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

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

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

Signed on behalf of the Trustees


.....
PETER DAVEY, CHAIR

25/11/04 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HAFAL

We have audited the financial statements of Hafal on pages 8 to 18 for the year ended 31 March 2004. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

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 so that we might state to the Charitable 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditors

As described in the Statement of Trustees' Responsibilities on page 6 the Charitable Company's Trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility, is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Trustees' report is not consistent with the financial statements, if 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 transactions with the Charitable Company is not disclosed.

We read the Trustees' Report and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 mis-statement, 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 Charitable Company's affairs as at 31 March 2004 and of the Charitable Company's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Harris Bassett and Co

Harris Bassett & Co.
Chartered Accountants
Registered Auditor

25 November 2004

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
FOR THE YEAR ENDING 31 MARCH 2004**

	Note	General & Designated Funds £	Restricted Funds £	Total 2004 £
INCOMING RESOURCES				
Fees, donations and gifts		42,435	-	42,435
Membership subscriptions		8,835	-	8,835
Activities in furtherance of the Charity's objectives:				
Government and other grants	2	294,974	47,268	342,242
Service agreements		100,142	2,047,448	2,147,590
Deferred income	3	347,271	-	347,271
Activities for generating funds:				
Sales and other income	4	48,426	-	48,426
Interest receivable		2,017	-	2,017
Management fees		<u>292,012</u>	-	<u>292,012</u>
Total incoming resources		<u>1,136,112</u>	<u>2,094,716</u>	<u>3,230,828</u>
RESOURCES EXPENDED				
Cost of generating funds				
Sales costs		<u>32,204</u>	-	<u>32,204</u>
CHARITABLE EXPENDITURE				
Costs of activities in furtherance of the Charity's objectives:				
Family and carers support		-	605,780	605,780
Drop ins		-	300,808	300,808
Supported housing		-	428,668	428,668
Befriending/advocacy		-	333,183	333,183
Employment		-	521,456	521,456
Support costs		105,479	66,755	172,234
Management and Administration		<u>62,911</u>	-	<u>62,911</u>
		<u>168,390</u>	<u>2,256,650</u>	<u>2,425,040</u>
Total resources expended	5	<u>200,594</u>	<u>2,256,650</u>	<u>2,457,244</u>
Net incoming resources – net income for the year before transfers		935,518	(161,934)	773,584
Transfers between funds		<u>(143,208)</u>	<u>143,208</u>	-
Net incoming resources before revaluations		792,310	(18,726)	773,584
Gains on revaluation of fixed assets for the Charity's own use		-	<u>263,415</u>	<u>263,415</u>
Net movement in funds		792,310	244,689	1,036,999
Fund Balances brought forward at 1 April 2003		<u>227,067</u>	<u>126,124</u>	<u>353,191</u>
Fund Balances carried forward at 31 March 2004	12	<u>1,019,377</u>	<u>370,813</u>	<u>1,390,190</u>

The statement of financial activities has been prepared on the basis that all operations are continuing operations and includes all gains and losses recognised in the year.

BALANCE SHEET AT 31 MARCH 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible fixed assets	9	<u>389,577</u>	<u>112,644</u>
CURRENT ASSETS			
Debtors	10	144,868	202,834
Cash at bank		<u>947,205</u>	<u>513,824</u>
		<u>1,092,073</u>	<u>716,658</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	11	<u>91,460</u>	<u>476,111</u>
NET CURRENT ASSETS		<u>1,000,613</u>	<u>240,547</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,390,190	353,191
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
		<u>-</u>	<u>-</u>
NET ASSETS		<u>1,390,190</u>	<u>353,191</u>
FUNDS			
General funds	12	319,377	140,215
Designated funds	12	700,000	86,852
Restricted funds:			
Fund balance	12	107,398	126,124
Revaluation reserve		<u>263,415</u>	<u>-</u>
		<u>1,390,190</u>	<u>353,191</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small charitable companies.

Approved by the Trustees on

and signed on behalf of Hafal.

.....
PETER DAVEY - CHAIR

The notes on pages 10 to 18 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (published in October 2000) and in accordance with applicable Accounting Standards. The particular accounting policies adopted are described below:

a) Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed assets.

b) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in note 12 to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The aim and use of restricted funds is set out in the notes to the financial statements.

A transfer of funds from general funds to restricted funds will be made in order to prevent any deficits arising on individual projects which are funded from restricted funds.

c) Incoming resources

All incoming sources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No amounts are included in the financial statements for services donated by volunteers.

Members subscriptions are taken to income on a received basis. Grants, service agreements and fee income are recognised in the SOFA in the period in which they are receivable. Income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or where the donor/funder has specified that the income is to be expended in a future period.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES (continued)

d) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been apportioned to activities on a basis of time spent.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the cost of disseminating information in support of the charitable activities.

Support costs are those incurred directly in support of expenditure on the objects of the Charity and include an appropriate apportionment of management overheads.

Management and administration costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

e) Taxation

Hafal is an exempt Charity within the meaning of the Taxes Acts and, accordingly, is not liable to Corporation Tax or Capital Gains Tax in respect of charitable activities.

f) Local groups

The results of the Charity's local groups are included in the SOFA and their cash balances at the year-end are included in the balance sheet.

g) Pensions

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The amount charged to the SOFA represents the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

1. ACCOUNTING POLICIES (continued)

h) Tangible fixed assets

Tangible fixed assets costing more than £1,500 are capitalised and other than freehold land and buildings, are included at cost including any incidental expenses of acquisition.

Freehold land and buildings are included at valuation.

Depreciation is provided at rates calculated to write-off the cost less estimated residual value on a straight line basis over their expected economic lives as follows:

Land and buildings	5%
Furniture and equipment	33⅓%
Motor vehicles	33⅓%

Tangible fixed assets are carried at the valuation assigned to them when the assets were transferred to Hafal from Rethink on 31 March 2003. All additions to tangible fixed assets since that date are included at cost. The Charity has adopted the revaluation policy for its land and buildings in accordance with FRS15.

i) Leasing commitments

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

j) Cash Flow statement

No cash flow statement is included in accordance with FRS 1 as the Charity has taken advantage of the exemption granted to smaller charities.

2. GOVERNMENT AND OTHER GRANTS

	2004
	£
National Assembly for Wales	294,974
Community Fund – Wales	<u>47,268</u>
	<u>342,242</u>

3. DEFERRED INCOME

Balance at 1 April 2003	347,271
Amount released from previous years	<u>(347,271)</u>

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NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

4. SALES AND OTHER INCOME	2004
	£
Sales	48,426
Other income	-
	<u>48,426</u>

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs	Other costs	Total costs
	£	£	2004
			£
Costs of generating funds	-	32,204	32,204
Family and carers support	343,306	262,474	605,780
Drop-ins	153,157	147,651	300,808
Supported housing	404,064	323,333	727,397
Befriending/advocacy	17,929	16,525	34,454
Employment	234,570	286,886	521,456
Support costs	125,906	46,328	172,234
Management and administration	<u>21,058</u>	<u>41,853</u>	<u>62,911</u>
	<u>1,299,990</u>	<u>1,157,254</u>	<u>2,457,244</u>

Other costs include:

Management and administration – Audit	7,373
Accountancy	7,767
Operating lease rentals	9,257
Support costs – Motor expenses	17,442
Depreciation (includes £7,942 management cost)	33,403
Rents paid on leasehold premises (includes £14,421 management cost)	<u>105,803</u>

6. TRUSTEES ENDOWMENTS

Trustees are not remunerated.

Expenses for travelling and subsistence on Charity business in the amount of £940 were reimbursed to three Trustees.

The Charity has paid premiums in respect of Trustees' liability insurance. The amount paid cannot be segregated from the premiums paid for total Charity indemnity cover of £1,617.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

7. STAFF COSTS	2004
	£
Wages and salaries	1,254,441
Social Security Costs	108,202
Pension costs	<u>36,023</u>
	1,398,666
Less: Costs recharged as training expense	<u>(98,676)</u>
Total Staff Costs per Statement of Financial Activities (Note 5)	<u>1,299,990</u>
Pension contributions made by Hafal in respect of higher paid employees amounted to:	<u>4,033</u>
The number of employees whose emoluments amounted to over £50,000 in the year, were as follows:	Number
£50,000 - £60,000	<u>1</u>
The average number of employees calculated on a full-time equivalent basis, analysed by function, was:	
Charitable activities	73
Management and administration	<u>5</u>
8. PENSION COSTS	2004
	£
Defined contribution	
Contributions payable by the Charity for the year	<u>36,023</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

9. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment £	Motor Vehicles £	Total £
Cost/valuation					
Brought forward from Rethink – 31 March 2004	-	66,462	16,449	29,733	112,644
Additions	-	-	-	46,921	46,921
Revaluation	<u>87,500</u>	<u>175,915</u>	<u>-</u>	<u>-</u>	<u>263,415</u>
	<u>87,500</u>	<u>242,377</u>	<u>16,449</u>	<u>76,654</u>	<u>422,980</u>
Depreciation					
Charge for year	-	2,377	11,452	19,574	33,403
Eliminated on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>2,377</u>	<u>11,452</u>	<u>19,574</u>	<u>33,403</u>
NET BOOK VALUE					
At 31 March 2004	<u>87,500</u>	<u>240,000</u>	<u>4,997</u>	<u>57,080</u>	<u>389,577</u>
At 31 March 2003	<u>-</u>	<u>66,462</u>	<u>16,449</u>	<u>29,733</u>	<u>112,644</u>

All fixed assets held are used for direct charitable purposes.

The freehold land and buildings at Porthmadog (valuation £87,500) were valued independently on 7 February 2004 at open market value on the basis of existing use by Messrs Robert Parry & Sons, Chartered Surveyors.

Leasehold land and buildings at Aberystwyth (valuation £240,000) were valued independently on 13 January 2004 at open market value on the basis of existing use by J.O. Peel & Associates, Chartered Building Surveyors.

10. DEBTORS

	2004 £	2003 £
Amounts falling due within one year:		
Grants and other debtors	141,929	197,593
Amount due from Rethink	-	5,241
Sundry debtors	<u>2,939</u>	<u>-</u>
	<u>144,868</u>	<u>202,834</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2004 £	2003 £
Creditors	37,080	80,619
Tax and Social Security	32,073	-
Accruals	5,892	48,221
Grant creditors	12,000	-
Deferred income	-	347,271
Other creditors	<u>4,415</u>	<u>-</u>
	<u>91,460</u>	<u>476,111</u>

12. STATEMENT OF FUNDS

	Balance at 1 April 2003 £	Incoming resources £	Expend- iture £	Transfers £	Balance at 31 March 2004 £
General funds	140,215	1,136,112	(200,594)	(756,356)	319,377
Designated funds					
Capital equipment reserve fund	86,852	-	-	13,148	100,000
Centre of excellence fund	-	-	-	250,000	250,000
Property development and maintenance	-	-	-	150,000	150,000
Fund for housing support	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Total general funds and designated funds	<u>227,067</u>	<u>1,136,112</u>	<u>(200,594)</u>	<u>(143,208)</u>	<u>1,019,377</u>
Restricted funds					
Community fund	20,675	47,268	(66,755)	-	1,188
Capital property fund	102,099	184,425	(185,934)	-	100,590
Other restricted fund balances	<u>3,350</u>	<u>1,863,023</u>	<u>(2,003,961)</u>	<u>143,208</u>	<u>5,620</u>
	<u>126,124</u>	<u>2,094,716</u>	<u>(2,256,650)</u>	<u>143,208</u>	<u>107,398</u>
Total funds	<u>353,191</u>	<u>3,230,828</u>	<u>(2,457,244)</u>	<u>-</u>	<u>1,126,775</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

12. STATEMENT OF FUNDS (continued)

The transfer of general funds to restricted funds has been made in order to prevent deficits on individual charitable projects.

Analysis of net assets between funds

	General £	Designated £	Restricted £	Total Funds £
Fund balances at 31 March 2004 are represented by:				
Tangible fixed assets	16,235	-	109,927	126,162
Current assets	382,602	700,000	9,471	1,092,073
Current liabilities	(79,460)	-	(12,000)	(91,460)
Total net assets	<u>319,377</u>	<u>700,000</u>	<u>107,398</u>	<u>1,126,775</u>

DESIGNATED FUNDS

Capital equipment reserve fund

This fund represents income set aside to purchase capital items.

Centre of excellence fund

Hafal Trustees are committed to the development of a national Centre of Excellence which will furnish a new Headquarters and facilities for residential therapy, education, and health promotion. This fund has been established to provide revenue funding for the development and initial operation of the centre which Trustees aim to complement with capital funds from external sources.

Property repair, maintenance and development fund

This fund represents provision for long-term repair and maintenance of the Charity's properties and also for further necessary development of properties in order to meet new legislation or standards, the revaluation of properties removing any significant depreciation of the Charity's assets.

Fund for housing support

Hafal has, in the last two years, engaged in new large-scale housing support operations using short-term "spot purchase" funding sources which are unpredictable in the medium-to-long term. This fund will be available in the event that large-scale funding is withdrawn resulting in major liabilities for redundancy and other obligations. The fund would not be used to sustain services where external funding is withdrawn.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2004

12. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

Community fund

The Community Fund has provided three-year funding (October 2002 – September 2005) for the Hafal Empowerment Programme. The Project aims to empower adults with severe mental illness to manage their own development alongside the input from mental health professionals by assisting individuals to exercise choice, gain skills, confidence and experience in order to lead more productive lives.

Capital property fund

This fund represents income that has been received on projects which have included funds specifically for the purchase of property. The property has remained within the restricted fund.

13. FINANCIAL COMMITMENTS

At 31 March 2004, the Charity has annual commitments under non-cancellable leases as follows:

	Other £	Total 2004 £
Expiry date:		
Less than one year	2,149	2,149
Two to five years	—	—
	<u>2,149</u>	<u>2,149</u>