

COMPANY NUMBER 4504443

hafal

Registered Charity No 1093747

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2012

THURSDAY



A1LS20YW

A23

15/11/2012

#366

COMPANIES HOUSE

www.hafal.org

CONTENTS

	Page
Trustees' report	1 - 8
Statement of Trustees' responsibilities	9
Independent Auditor's report	10 - 11
Statement of financial activities	12
Statement of total recognised gains and losses	13
Balance sheet	14
Cash flow statement	15
Notes to the cash flow statement	16
Notes to the financial statements	17 - 27

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2012

REFERENCE AND ADMINISTRATIVE INFORMATION

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.

Hafal's Mission Statement is as follows:

"Hafal empowers people with serious mental illness and their families to achieve a better quality of life, to fulfil their ambitions for recovery, to fight discrimination, and to enjoy equal access to health and social care, housing, income, education, and employment."

Registered Office and Head Office: Suite C2,
 William Knox House
 Britannic Way
 Llandarcy
 Neath SA10 6EL

The Trustees of the Charity in 2011/12 were:

Chair: Elin Jones

Vice Chair: Christopher Eastwood

Honorary Treasurer: Dilwyn Voyle (Co-opted Trustee)

Other Trustees: Colette Dawkin
 Suzanne Duval (Co-opted Trustee)
 Richard Ebley
 James Gerrard
 Dennis Postlethwaite
 Ceinwen Rowlands
 Bryan Watkiss

Executive Officers:

Chief Executive: Bill Walden-Jones

Deputy Chief Executive: Alun Thomas

Company Secretary: Nicola Thomas

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

REFERENCE AND ADMINISTRATIVE INFORMATION (CONTINUED)

Auditors:

Harris Bassett Limited
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

Peter Lynn & Partners
2nd Floor, Langdon House
Langdon Road
SA1 Swansea Waterfront
Swansea
SA1 8QY

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

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 2012

OBJECTIVES AND ACTIVITIES

The Charity's objectives ("the objects") as stated in the Memorandum of Association are to act as a non-sectarian non-party-political charitable organisation based in Wales for the relief and support of people with severe mental illness and their families and carers, for research and education as to the causes, consequences and management of such illness, and for advice and assistance in the field of mental health and welfare

The principal activities and aims 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 projects and groups, members and volunteers together with staff employed in operational and functional departments at local and national level. Hafal's charitable activities are all undertaken to further its charitable purposes for the public benefit. The guidance contained in the Charity Commission's general guidance on public benefit has been referred to when reviewing Hafal's aims and objectives and in planning future activities. In particular the Trustees consider how planned activities will contribute to the aims and objectives they have set

STRUCTURE, GOVERNANCE AND MANAGEMENT

Hafal has no subsidiary or associated companies and operates as a single company with up to twelve Trustees serving as Directors. 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

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. Training for Trustees is provided both internally by Hafal's National Learning Centre and externally through accessing information from the Charity Commission, Companies House and other relevant organisations

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 employ a Chief Executive, Deputy 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 Colwyn Bay, a National Resource Centre in Cardiff, and a Learning Centre in Aberystwyth.

Hafal works closely with the Wales Alliance for Mental Health in Wales and with similar charities in other parts of the British Isles.

Risk Assessment

Hafal's Trustees have agreed an updated General Statement of Policy under the Health & Safety at Work Act 1974. 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 and updated in 2009 and 2012 by the Trustees. During the year Trustees reviewed Hafal's corporate risk assessment which addressed the major risks to which the Charity could be exposed.

During the year Hafal's Trustees agreed a Health and Safety Audit Report and Action Plan and Hafal's Health & Safety Committee convened as necessary to monitor and review the safety of activities. Hafal continues to engage Portico Associates to provide specialist support and advice on Health & Safety processes and procedures with the aim of continuing to work in line with the Health and Safety Executive's model for "Successful Health and Safety Management". All Hafal core operational staff and Practice Leaders across Wales have successfully completed the Institute of Safety and Health's 'Managing Safely' Award.

Following an assessment of risk in January and February 2011, Hafal purchased the following insurance cover for 2011/12: Employers' Liability £10,000,000, Public/Products Liability £10,000,000, Travel Insurance (including medical and other expenses whilst travelling) £1,000,000, Charity Indemnity £1,000,000, Material Damage and All Risks cover for buildings and contents of £4,580,099 and Employment and Legal Expenses cover £1,000,000.

FINANCIAL REVIEW OF YEAR

The Charity performed well during the year further strengthening its position, this was mainly as a result of continuing development of strong partnerships with funders in the Welsh NHS and local authorities. The business of the Charity substantially depends on commissioned work in local areas. The Charity also continues to develop fund-raising from other sources.

Sound financial management in this year and the previous financial years has strengthened the reserves position enabling Trustees to work towards securing the Charity's future and to develop a number of national projects while continuing to provide a high standard of local services in line with 'Hafal Ymlaen' – the Charity's Strategic Vision and Plan for 2006 - 2015.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

FINANCIAL REVIEW OF YEAR (continued)

The Charity continued to review its purchase contracts during the year, and through re-negotiating contracts, identified cost savings for the organisation. Trustees continued to safeguard the financial security of the Charity by dividing money held on deposit between two financial institutions.

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. The designation of reserves and amounts designated to each fund are described in detail in the accounts section of this report.

Investment Policy

Hafal's Trustees have agreed an Investment Policy which depends mainly on placing funds in interest-bearing accounts with the Charity's bankers. Income from interest amounted to £16,048.78 for 2011/12 compared with £19,485.87 for 2010/11.

ACHIEVEMENTS AND PERFORMANCE

Hafal has spent its first nine years of operation consolidating its independent operation and managing rapid developments in services, policy and campaigns.

Hafal's Volunteer Policy ensures support and high standards for volunteers. The majority of the individuals accessing Hafal services daily provide informal voluntary support to the organisation and 90 are registered formally as volunteer staff or volunteer drivers.

The development of local services continued in 2011/12 with Hafal attracting funding for new services and achieving expansion in others. Among these developments were:

- North Wales services were awarded four year funding for a 'New Work Connections' service. The project which covers four counties will improve employment and skill levels for people with serious mental illness.
- A new service was developed in Merthyr Tydfil to provide a family support and transport service to families of those who are inpatients and have been moved from St Tydfil's.
- A major new housing service was developed in Wrexham providing clients with a supported accommodation service in two properties.
- Services in Denbighshire were extended to include a Mental Health Floating Support Service funded for two years by Supporting People.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

ACHIEVEMENTS AND PERFORMANCE (Continued)

Hafal's Short Steps Employment project continued to build on the success of its second year of operation delivering a support service for people recovering from serious mental illness who are interested in education or work-related activity. The project continued to work with employers and education providers across Wales to deliver training on mental health issues in the workplace and to provide guidance and advice on these matters.

During 2011/12 Short Steps exceeded its projected outcomes with 76 clients gaining employment, 243 clients gained voluntary work, 251 clients entering mainstream education and training, and 1,762 clients and carers being referred onto partner agencies such as JobCentre Plus, the Shaw Trust and COASTAL for complementary support.

Hafal's Criminal Justice Link Service continued to develop, maintaining strategic relationships with National Offender Management Service Cymru, the four Probation Trusts of Wales, the four police services in Wales and key professionals in health and social care.

During 2011/12 Hafal's Link Service supported 244 clients including providing individuals with tailored guidance and advice and providing specialist advice, support and signposting to women from Wales in English prisons. The Link Service also delivered mental health awareness training to South Wales Police officers and has been commissioned to provide further training to Incident Commanders, negotiators and firearms officers.

Hafal's Criminal Justice Link Service further developed its services through award of funding from the South Wales Police Force to provide an Appropriate Adult service covering police stations across South Wales. The service has continued to develop during the year and to date has supported 683 vulnerable adults through the police custody process of detention and questioning.

Towards the end of the year Hafal joined with Gofal and Mind Cymru to launch "Time to Change Wales", an initiative aimed at reducing stigma and discrimination. This project became fully operational during 2012/13.

Hafal's Public Affairs work during 2011/2012 was both influential and far-reaching. Extensive media and campaigning work during the year responded to current affairs and included in-depth features and interviews on both television and radio, and in the local and national press.

Crucial work to ensure the effective implementation of the Mental Health (Wales) Measure was undertaken by Hafal clients and staff. Over 700 service users and carers supported Hafal's campaign to improve the Regulations and Codes of Practice accompanying the Measure and in November 2011 people receiving secondary mental health services in Wales finally won the right to a holistic Care and Treatment Plan covering all areas of their life and a Code of Practice for Parts 2 and 3 of the Measure specifying timescales for receiving the Plans.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

ACHIEVEMENTS AND PERFORMANCE (Continued)

The Members of the Charity, mainly comprising people with serious mental illness and their families (many of whom work actively for the Charity as volunteers) increased to 1,316 (including staff who are Associate Members) (1,205 in 2010/2011). Client involvement at the projects continued to develop as clients work with staff to manage the services and plan future developments.

Hafal's National Learning Centre continued to deliver its broad range of training to clients, staff and external agencies in 2011/2012. During the year a total of 145 learners were registered on accredited training courses ranging from cookery, computer skills and 'routes to recovery'. In addition, the Appropriate Adult scheme trained over 70 individuals to support people with a mental illness in contact with the criminal justice system. Hafal's Learning Centre staff were invited by Lincoln University to deliver the keynote speech at the Care Programme Approach UK Conference and to write a unit for the Mental Health Measure training materials.

Hafal's Comic Relief funded Expert Patient Trainer programme continued to deliver high quality training to individuals and groups during the year including facilitating and delivering workshop sessions at Hafal's Spring Seminar in May 2012. The trainers are all individuals with experience of a serious mental illness who qualified as mental health trainers in order to share their experiences and skills.

During 2011/2012 Hafal produced a number of publications and information leaflets which were distributed throughout Wales. Local leaflets were updated to reflect the service developments across Wales, and new publications included "What Users Want" a report based on the findings of the "Taking the Wheel" campaign which was produced in collaboration with the Mental Health Foundation and MDF the Bipolar Organisation Cymru, a comprehensive briefing paper on mental health for the National Assembly Plenary meeting on 29 November 2011, and Hafal's Annual Review for 2010/11.

Hafal's website was regularly updated with weekly news information and Hafal also continued to update and develop the Mental Health Wales website and produced a quarterly journal which was circulated widely throughout Wales and included significant interviews with NHS Chief Executive David Sissling and Lesley Griffiths AM.

Employees

During 2010/2011 Hafal employed just over 190 full and part-time staff across Wales and had staff located in all 22 counties. Consistent policies and procedures on pay and conditions apply to all staff. During the year the Charity communicated and consulted regularly with its employees through quarterly staff learning days, staff newsletters and mailings; local and national meetings and the online 'Staff Area' on its website.

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. The Charity has a recognised trade union (UNISON) to represent staff and staff have free, non-voting, associate membership of the Charity.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

PLANS FOR FUTURE PERIODS

Hafal's future strategic plans are guided by our vision statement "Hafal Ymlaen – Strategic Vision and Plan (2006-2015)". In 2012 Trustees undertook to review and revise this document to set out the organisations' key aims, its core commitments for each of eight "life areas" and commitments to groups of people who may be particularly vulnerable and marginalised including carers, young people and people within the criminal justice system.

Hafal will continue to develop, expand, and improve the performance of its wide range of direct services throughout Wales

We are committed to developing a range of national projects which will help lead the organisation through the medium-to-long term. These national projects will help Hafal to fulfil its mission and realise its vision of maximum recovery being the rightful expectation of people who experience serious mental illness

The national projects will also be implemented to specifically assist and support Hafal's local service delivery and implementation of the Recovery Programme

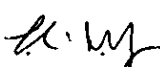
During 2011/12 Hafal's property in Porthmadog underwent a major refurbishment towards its development and operation as Hafal's national recovery service, Tŷ Adferiad. Tŷ Adferiad appointed a member of staff in February 2012 and welcomed the first cohort of clients in the summer of 2012 to undertake a three-day stay to reflect and review their Care and Treatment Plans, develop recovery goals and take part in motivational activities. The project was awarded £199,907 of Big Lottery revenue funding, Hafal will ensure that a minimum of 150 people access and benefit from the service during the initial three year funding period

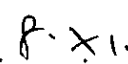
Hafal plans to continue to further develop its work undertaken in 2012/2013 with carers, young people and those in contact with the criminal justice system

We are mindful of the continuing constraints on public expenditure and will as a priority both campaign to protect general mental health services and also work to secure and expand the resources required for Hafal's services

AUDITORS

A resolution for the re-appointment of Harris Bassett Limited as auditors of the company will be proposed at the forthcoming Annual General Meeting, in accordance with S485 of the Companies Act 2006

... 
 ELIN JONES – CHAIR

...  ... 2012

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Hafal for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

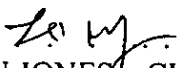
Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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

In so far as the trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware, and the trustees have taken all the 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

Signed on behalf of the Trustees


ELIN JONES – CHAIR

8. XI . 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAFAL

We have audited the financial statements of Hafal for the year ended 31 March 2012 which comprise the Statement of Financial Activities incorporating an Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the charitable 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 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 trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees' (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

Opinion on financial statements

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 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAFAL
(CONTINUED)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Mr Nick Bassett (Senior Statutory Auditor)
for and on behalf of Harris Bassett Limited**

**Chartered Accountants
Statutory Auditor**

8 November 2012

5 New Mill Court
Phoenix Way
Enterprise Park
Swansea
SA7 9FG

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account
& Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	General & Designated Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	334,916	34,785	369,701	523,141
Activities for generating funds	3	16,455	515,492	531,947	533,773
Investment income		16,049	-	16,049	19,486
Incoming resources from charitable activities					
Service level agreements and project grants		1,525,723	2,565,230	4,090,953	3,528,497
Other incoming resources					
Profit from sale of fixed assets		-	-	-	-
Total incoming resources	4	<u>1,893,143</u>	<u>3,115,507</u>	<u>5,008,650</u>	<u>4,604,897</u>
RESOURCES EXPENDED					
Costs of generating funds					
Fund raising trading costs of goods sold and other costs	5	39,465	-	39,465	37,980
Charitable activities		2,289,451	2,618,593	4,908,044	4,442,989
Governance costs		<u>30,290</u>	<u>-</u>	<u>30,290</u>	<u>28,419</u>
Total resources expended	6	<u>2,359,206</u>	<u>2,618,593</u>	<u>4,977,799</u>	<u>4,509,388</u>
Net incoming/(outgoing) resources before transfers		(466,063)	496,914	30,851	95,509
TRANSFERS					
Transfers to eliminate project deficits	1c	46,120	(46,120)	-	-
Transfer of management fees	7	<u>437,573</u>	<u>(437,573)</u>	<u>-</u>	<u>-</u>
Total transfers		<u>483,693</u>	<u>(483,693)</u>	<u>-</u>	<u>-</u>
Net income/(expenditure) before other recognised gains and losses		17,630	13,221	30,851	95,509
OTHER RECOGNISED GAINS/(LOSSES)					
Gains on revaluation of fixed assets for charity's own use		-	-	-	73,079
Losses on revaluation of fixed assets for charity's own use		<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,848)</u>
Net movement in funds		17,630	13,221	30,851	136,740
RECONCILIATION OF FUNDS					
Fund balances brought forward at 1 April 2011		<u>3,148,046</u>	<u>474,286</u>	<u>3,622,332</u>	<u>3,485,592</u>
Fund balances carried forward at 31 March 2012	13	<u>3,165,676</u>	<u>487,507</u>	<u>3,653,183</u>	<u>3,622,332</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

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account
& Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 MARCH 2012 (continued)**

Statement of Total Recognised Gains and Losses Year to 31 March 2012	31/3/12 £	31/3/11 £
Increase in funds	30,851	95,509
Unrealised surplus on revaluation of properties	-	73,079
Unrealised loss on revaluation of properties	<u>-</u>	<u>(31,848)</u>
Total recognised gains and losses relating to the year	<u>30,851</u>	<u>136,740</u>
 Note of historical cost surpluses and deficits		
Increase in funds	30,851	95,509
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>6,897</u>	<u>4,517</u>
Historical cost increase in funds from activities	<u>37,748</u>	<u>100,026</u>

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	2012	2011
		£	£
FIXED ASSETS			
Tangible fixed assets	11	1,577,512	1,634,003
CURRENT ASSETS			
Debtors		207,436	270,620
Cash at bank		<u>2,296,775</u>	<u>1,948,429</u>
		2,504,211	2,219,049
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	12	(428,540)	(230,720)
NET CURRENT ASSETS		<u>2,075,671</u>	<u>1,988,329</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,653,183	3,622,332
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		—	—
NET ASSETS		<u>3,653,183</u>	<u>3,622,332</u>
FUNDS			
General funds:			
Fund balance		455,753	418,493
Revaluation reserve		—	—
	13	455,753	418,493
Designated funds:			
Fund balance		2,645,021	2,664,651
Revaluation reserve		<u>64,902</u>	<u>64,902</u>
	13	2,709,923	2,729,553
Restricted funds:			
Fund balance		87,778	74,557
Revaluation reserve		<u>399,729</u>	<u>399,729</u>
	13	487,507	474,286
		<u>3,653,183</u>	<u>3,622,332</u>

The financial statements on pages 12 – 27 were approved by the Board of Trustees on

P. Xi.

2012 and signed on their behalf by

Elin Jones

ELIN JONES - CHAIR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	2012	2011
	£	£
Net cash inflow/(outflow) from operating activities	335,046	(16,125)
Returns on investment interest received	16,049	19,486
Capital expenditure and financial investment		
Payments to acquire tangible assets	(2,749)	(466,808)
Receipts from sales of tangible assets	<u>-</u>	<u>-</u>
Net cash outflow for capital expenditure	(2,749)	(466,808)
Management of liquid resources		
Decrease/(increase) in short term deposits	<u>33,956</u>	<u>499,062</u>
Increase/(decrease) in cash in the year	<u><u>382,302</u></u>	<u><u>35,615</u></u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

		2012 £	2011 £	
1	Net cash inflow from operating activities			
	Net incoming resources before transfers	30,851	95,509	
	Decrease/(increase) in debtors	63,184	(130,899)	
	Increase/(decrease) in creditors	197,820	(11,104)	
	Depreciation of tangible assets	59,240	49,855	
	Investment income	(16,049)	(19,486)	
	Net cash (outflow)/inflow from operating activities	<u>335,046</u>	<u>(16,125)</u>	
2	Analysis of net cash resources			
		01/04/2011 £	Cashflow £	31/03/2012 £
	Net cash			
	Petty cash imprests	14,950	(3,850)	11,100
	Bank current accounts	631,241	386,152	1,017,393
	Liquid resources			
	Bank deposit accounts	<u>1,302,238</u>	<u>(33,956)</u>	<u>1,268,282</u>
	Net funds	<u>1,948,429</u>	<u>348,346</u>	<u>2,296,775</u>
			2012 £	2011 £
3	Reconciliation of net cash flow to movement in net funds			
	Increase/(decrease) in cash and current accounts		382,302	35,615
	Cash (outflow)/inflow from change in liquid resources		(33,956)	(499,062)
	Movement in net funds in the year		348,346	(463,447)
	Net funds at 1 April		<u>1,948,429</u>	<u>2,411,876</u>
	Net funds at 31 March		<u>2,296,775</u>	<u>1,948,429</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Companies Act 2006 and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2005 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 13 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 that 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 FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

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.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resources.

Services provided by core and charged to projects as management fees are shown as transfers from the Restricted Funds to the General Funds. Where costs are clearly identifiable these are recoded from core to the projects.

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 participates in money purchase pension schemes. The pension scheme currently offered to employees is the Pensions Trust's Flexible Retirement Plan.

The amount charged to the SOFA represents the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

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	2%
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

2. VOLUNTARY INCOME	2012	2011
	£	£
Voluntary income is stated after crediting		
Welsh Government Grants		
Grant scheme for all Wales voluntary organisations in the social and health care sector (mental health)	244,785	257,668
Miscellaneous grant	-	1,500
Donations	<u>105,128</u>	<u>205,694</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

3. ACTIVITIES FOR GENERATING FUNDS	2012	2011
	£	£
Income stated in this category is after crediting		
Sales	16,455	18,758
Grant received from Big Lottery Fund -		
Criminal Justice Link	187,754	177,888
Short Steps	133,543	143,966
Young People's Info Hub	<u>50,765</u>	<u>49,811</u>
4. ANALYSIS OF TOTAL INCOMING RESOURCES	2012	2011
	£	£
Sales	16,455	18,758
Family and carers support	979,305	1,147,338
Clubs and centres	440,099	413,071
Supported housing	1,758,921	1,312,391
Befriending/advocacy	246,541	174,881
Employment	620,725	533,786
General charitable activities	<u>946,604</u>	<u>1,004,672</u>
	<u>5,008,650</u>	<u>4,604,897</u>
Included in the above are the following sources of income:		
Local Health Board/Social Services Joint Funding	722,831	439,699
Social Services	1,085,064	1,079,248
Local Mental Health Grant Scheme/SPD	423,200	423,475
Housing Benefit	274,565	178,278
Supporting People Grant	395,177	276,749
Supporting People Revenue Grant	315,909	321,359
Local Health Boards	522,621	520,179
Health Trusts	4,310	4,310
Comic Relief	40,023	42,150
Lloyds TSB Foundation	99,300	97,900
ESF Funding for COAST project Pembrokeshire	72,365	43,040
New Work Connections	<u>52,399</u>	<u>-</u>
5. FUNDRAISING TRADING	2012	2011
	£	£
Purchase of goods for sale	8,352	8,966
Staff time dedicated to fundraising	<u>31,113</u>	<u>29,014</u>
	<u>39,465</u>	<u>37,980</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other costs £	Total costs 2012 £	Total costs 2011 £
Purchase of goods for sale	-	8,352	8,352	8,966
Family and carers support	586,708	309,908	896,616	1,069,533
Clubs and centres	238,409	161,224	399,633	378,416
Supported housing	1,078,899	374,248	1,453,147	1,372,269
Befriending/advocacy	156,073	53,660	209,733	159,663
Employment	363,427	211,207	574,634	493,099
General charitable activities	540,753	631,692	1,172,445	766,977
Management and Administration	<u>209,719</u>	<u>53,520</u>	<u>263,239</u>	<u>260,465</u>
	<u>3,173,988</u>	<u>1,803,811</u>	<u>4,977,799</u>	<u>4,509,388</u>
Included in the above costs:			2012 £	2011 £
Management and administration				
Audit			5,500	8,500
Accountancy			8,150	5,506
Motor expenses			44,348	34,561
Depreciation			59,240	49,855
Rents paid on leasehold premises			<u>245,910</u>	<u>232,004</u>

7. TRANSFER OF MANAGEMENT FEES

	2012 £	2011 £
Family and carers support	108,032	126,962
Clubs and centres	48,514	45,259
Supported housing	190,661	140,725
Befriending/advocacy	27,393	19,431
Employment	56,384	58,924
General charitable activities	<u>6,589</u>	<u>-</u>
	<u>437,573</u>	<u>391,301</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

8. TRUSTEES REMUNERATION & RELATED PARTY TRANSACTIONS

Trustees are not remunerated. Expenses for travelling and subsistence on Charity business in the amount of £754 (2011 - £976) were reimbursed to two Trustees.

The Charity has paid premiums in respect of Trustees' liability indemnity insurance of £1885. No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year (2011 - Nil).

9. EMPLOYEE INFORMATION	2012	2011
	£	£
Staff Costs		
Wages and salaries	3,069,335	2,792,052
Social security cost	265,909	249,540
Pension cost	<u>62,329</u>	<u>51,899</u>
	3,397,573	3,093,491
Less Salaries reallocated to service charge internally	(269,548)	(247,762)
Add Recruitment costs	40,119	27,587
Life assurance	<u>5,844</u>	<u>4,713</u>
Total Staff Cost per Statement of Financial Activities (Note 6)	<u>3,173,988</u>	<u>2,878,029</u>

Staff Numbers

The average number of employees calculated on a full-time equivalent basis, analysed by function, was

	2012	2011
	No.	No.
Charitable activities	137	122
Management and administration	<u>7</u>	<u>6</u>

Emoluments of Employees

The number of employees whose emoluments (salaries, wages, pension contributions and benefits in kind) fell within the following bands

	2012	2011
	No.	No.
£70,001 - £80,000 ¹	<u>1</u>	<u>1</u>
£80,001 - £90,000 ²	<u>1</u>	<u>1</u>

¹Salary £65,479, benefits in kind (vehicle) £3,437, employer contributions to defined contribution pension scheme £5,238.

²Salary £80,123, benefits in kind (vehicle) £2,222, employer contributions to defined contribution pension scheme £6,410.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

10. PENSION OBLIGATIONS

	2012	2011
	£	£
Defined contribution		
Contributions payable by the Charity for the year	<u>62,329</u>	<u>51,899</u>

Hafal participates in the Pensions Trust's Growth Plan. The Plan is funded and is not contracted-out of the state scheme. The Growth Plan is a multi-employer pension Plan, it is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to each individual participating employer.

The Pensions Trust has indicated that as of 31 March 2012, the estimated debt on withdrawal from the Plan for Hafal was £118,002. It is unlikely that the Charity would withdraw from the scheme when it was not fully funded.

11. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment £	Motor Vehicles £	Total £
Cost/valuation					
At 1 April 2011	1,306,314	310,506	62,370	206,770	1,885,960
Additions	-	-	2,749	-	2,749
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 March 2012	<u>1,306,314</u>	<u>310,506</u>	<u>65,119</u>	<u>206,770</u>	<u>1,888,709</u>
Depreciation					
At 1 April 2011	37,184	9,150	54,370	151,253	251,957
Charge for year	25,829	6,150	4,191	23,070	59,240
Eliminated on disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
At 31 March 2012	<u>63,013</u>	<u>15,300</u>	<u>58,561</u>	<u>174,323</u>	<u>311,197</u>
NET BOOK VALUE					
At 31 March 2012	<u>1,243,301</u>	<u>295,206</u>	<u>6,558</u>	<u>32,447</u>	<u>1,577,512</u>
At 31 March 2011	<u>1,269,130</u>	<u>301,356</u>	<u>8,000</u>	<u>55,517</u>	<u>1,634,003</u>

All fixed assets held are used for direct charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

11. TANGIBLE FIXED ASSETS (continued)

The freehold land and buildings at 110, High Street, Porthmadog (valuation £106,076) were valued internally on 1 April 2010

Freehold land and buildings at Colwyn Bay (valuation £135,000) were valued independently on 9 February 2011 at open market value on the basis of existing use by Sterling Estate Agents & Valuers

Freehold land and buildings at Llanhilleth (valuation £25,000), Taibach, Port Talbot (valuation £140,000) and Ammanford (valuation £150,000) were valued independently on 24 February 2011 at open market value on the basis of existing use by John Francis RICS

Leasehold land and buildings at Aberystwyth (valuation £250,506) were valued internally on 1 April 2010, and at Cardigan (valuation £60,000) on 31 March 2009 at open market value on the basis of existing use by J E Charles Raw-Rees FRICS.

Comparable original transferred value/historical cost for the freehold and leasehold land and buildings included at valuation:

Original transferred value/cost	£
At 1 April 2011 and 31 March 2012	<u>632,111</u>
Depreciation based on original transferred value/cost	
At 1 April 2011	116,847
Charge for period	<u>10,558</u>
At 31 March 2012	<u>127,405</u>
Net book value	
At 31 March 2012	<u>504,706</u>
At 31 March 2011	<u>515,264</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Creditors	247,708	79,328
Tax and Social Security	72,491	72,405
Accruals	46,660	50,697
Deferred income	10,971	19,279
Payments received in advance	<u>50,710</u>	<u>9011</u>
	<u>428,540</u>	<u>230,720</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

13. STATEMENT OF FUNDS

	Balance at 1/04/11 £	Incoming resources £	Expendi- ture £	Transfer £	Other Gains/ Losses £	Balance at 31/3/12 £
General funds:						
General fund	418,493	1,893,143	(2,034,454)	178,571	-	455,753
Designated funds:						
Gwyn Jones fund	55,860	-	(1,140)	-	-	54,720
Housing Projects fund	270,042	-	(10,593)	-	-	259,449
Day Service Facilities fund	768,010	-	(24,702)	-	-	743,308
National Study / Outdoor Centre fund	410,124	-	(265,246)	(144,878)	-	-
National Centre fund	950,000	-	-	450,000	-	1,400,000
Vehicles fund	75,517	-	(23,071)	-	-	52,446
Repairing Properties fund	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total general funds and designated funds	<u>3,148,046</u>	<u>1,893,143</u>	<u>(2,359,206)</u>	<u>483,693</u>	<u>-</u>	<u>3,165,676</u>
Restricted funds:						
Donations & Trusts	-	139,323	(139,323)	-	-	-
Big Lottery fund	-	372,062	(366,936)	-	-	5,126
Other restricted fund balances (projects)	70,346	2,573,625	(2,079,706)	(483,693)	-	80,572
Capital property fund	<u>403,940</u>	<u>30,497</u>	<u>(32,628)</u>	<u>-</u>	<u>-</u>	<u>401,809</u>
Total restricted funds	<u>474,286</u>	<u>3,115,507</u>	<u>(2,618,593)</u>	<u>(483,693)</u>	<u>-</u>	<u>487,507</u>
Total funds	<u>3,622,332</u>	<u>5,008,650</u>	<u>(4,977,799)</u>	<u>-</u>	<u>-</u>	<u>3,653,183</u>

The total of the Revaluation Reserve at 31 March 2012 is £464,631. This comprises revaluation of properties held within the following funds: Gwyn Jones fund - £21,155, Day Service Facilities fund - £43,747 and Capital Property fund - £399,729.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

13. STATEMENT OF FUNDS (continued)

Analysis of net assets between funds

	General	Designated	Restricted	Total
	£	£	£	Funds
				£
Fund balances at 31 March 2012 are represented by				
Tangible fixed assets	-	1,235,193	342,319	1,577,512
Current assets	822,612	1,474,730	206,869	2,504,211
Current liabilities	<u>(366,859)</u>	<u>-</u>	<u>(61,681)</u>	<u>(428,540)</u>
Total net assets	<u>455,753</u>	<u>2,709,923</u>	<u>487,507</u>	<u>3,653,183</u>

GENERAL FUNDS

General fund

This represents funds not designated for specific purposes.

DESIGNATED FUNDS

As well as meeting costs for projects which are related to Hafal's mission, Hafal's designated funds are also all designed to strengthen Hafal's asset base as a counterbalance to reliance on short-term service contracts and likely exposure to pressure on public expenditure in coming years. These include both fixed and current assets designated for a specified use

Gwyn Jones fund

This fund represents the net book value of "Soar Glyd" a property purchased in Cardigan from donations received in memory of Gwyn Jones

Housing Projects fund

This fund covers Hafal's ownership, planned purchase and upgrading of properties across Wales in order to address the chronic shortage of high-needs community-based residential services for people with serious mental illness

Day Service Facilities fund

This fund is for the ownership, planned purchase and upgrading of properties across Wales in order to provide high quality bases for day services

National Study/Outdoor Centre

This fund covered Hafal's planned development of the centre in Porthmadog, this work was completed in the year

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2012

13. STATEMENT OF FUNDS (continued)

DESIGNATED FUNDS (continued)

National Centre

This fund is for the purchase and development of a National Centre for Hafal providing a 15 bed residential service together with Hafal's head office, Hafal's learning centre, and for a range of national services. The centre is also intended to give Hafal a secure base in place of current uncertainty in leasing arrangements. Timetable for expenditure 2013-2014

Vehicles fund

This fund represents Hafal's current fleet of vehicles, anticipated replacement costs and costs for major repairs

Repairing Properties fund

This fund is for major repairs and refurbishment of Hafal's properties to maintain and preserve the Charity's assets

RESTRICTED FUNDS

Big Lottery fund

The Big Lottery fund has provided three grants, one grant is funding an Information Officer, one grant is funding Hafal's Criminal Justice Link Service and one grant is funding Hafal's Short Steps Employment Service

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

Other restricted fund balances

This fund represents unexpended income on services that has been received for a specific purpose

14. FINANCIAL COMMITMENTS

At 31 March 2012 the Charity had annual commitments under non-cancellable leases as follows

	Land & Buildings	
	2012	2011
	£	£
Expiry date		
Less than 1 year	54,169	18,266
1 to 5 years	41,854	83,426
More than 5 years	<u>51,090</u>	<u>40,327</u>
	<u>147,113</u>	<u>142,016</u>