

COMPANY NUMBER 4504443

# hafal

Registered Charity No. 1093747

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2009

THURSDAY



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COMPANIES HOUSE

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2009**

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**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 severe 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 2008/09 were:**

**Chair:** Peter Davey

**Vice Chair:** Elin Jones

**Honorary Treasurer:**  
 Dilwyn Voyle (Co-opted Trustee)

**Other Trustees:**  
 Linda Biaggi  
 Matthew Butcher  
 Suzanne Duval (Co-opted Trustee)  
 James Gerrard  
 Carol Morgan  
 Dennis Postlethwaite  
 Ceinwen Rowlands  
 Brian Watkiss (Co-opted Trustee)

**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 2009**

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**REFERENCE AND ADMINISTRATIVE INFORMATION (CONTINUED)**

<b>Auditors:</b>	Harris Bassett & Co. Chartered Accountants 5 New Mill Court Phoenix Way Enterprise Park Swansea SA7 9FG
<b>Bankers:</b>	The Co-operative Bank PLC 34 The Kingsway Swansea SA1 5LG
<b>Solicitors:</b>	Peter Lynn & Partners 2 <sup>nd</sup> Floor, Langdon House Langdon Road SA1 Swansea Waterfront Swansea SA1 8QY

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

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**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 2009.

**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 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.

The Trustees during the year 2008/09 are listed on page 1. Changes since the end of the year are as follows (at September 2009): Matthew Butcher resigned 17 June 2009; Christopher Eastwood co-opted 18 June 2009 until the AGM; Linda Biaggi resigned 22 July 2009; and Carol Morgan resigned 7 September 2009. In recent elections Christopher Eastwood and Collette Dawkin were elected to serve as Trustees from the AGM on 12 November 2009.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

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 Learning Centre and externally through accessing information from the Charities Commission, Companies House and other relevant organisations.

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 and a National Resource Centre in Cardiff.

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 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. Trustees review annually Hafal's corporate risk assessment which addresses the major risks to which the Charity could be exposed.

Hafal's Health & Safety Committee convened as necessary during the year and continued to monitor and review the safety of activities. Risk Assessments for all premises and services were carried out as a matter of routine in January and acted upon during the year.

Following the assessment of risk, Hafal purchased the following insurance cover for 2008/09: 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 £250,000, Material Damage cover for buildings and contents of £2,510,000, 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 further 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 2009**

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**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. In response to the current financial climate and specifically the insecurity of banks, Trustees strengthened 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: this level of general reserves is seen by Trustees as the minimum necessary to provide security in the context of substantial dependence on short-term service contracts. The designation of reserves and amounts designated to each fund are described in detail in the notes to the financial statements. Hafal's Strategic Plan – "Hafal Ymlaen – Strategic Vision and Plan (2006-2015)" – refers to the planned expenditure from these funds.

**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 £55,947 for 2008/09 compared with £114,727 for 2007/08; interest rates have declined substantially since last year as the Bank of England rate was cut.

**ACHIEVEMENTS AND PERFORMANCE**

Hafal continues to grow with steady 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 about 60 are registered formally as volunteer staff or volunteer drivers.

The development of local services was particularly successful in 2008/9 with Hafal attracting funding for new services and achieving significant expansion in others. Among these developments were:

- A two year contract to provide housing support services for people discharged from hospital in Denbighshire
- Café project opened in Cardiff offering catering and hospitality training
- Hafal Llanrwst moved into new high quality accommodation and a new Rural Carers Group was established
- The flagship core and cluster floating support service in Bridgend began delivering service

Hafal's work with mentally disordered offenders has begun to bridge the gap in information and signposting between custody and the community and an action plan published by Hafal is widely used by many agencies as a guide for people with severe mental illness who become involved in the criminal justice system.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

Extensive media and campaigning work during the year responded to current issues and included in-depth features and interviews on both television and radio, and in the local and national press.

The Members of the Charity, mainly comprising people with severe mental illness and their families (many of whom work actively for the Charity as volunteers) increased to over 1,100 (including staff who are Associate Members). Client involvement at the projects continued to develop as clients work with staff to manage the services and plan future developments.

Canolfan Dysgu Hafal - Hafal's Training and NVQ Assessment Centre continued to support staff to achieve NVQs in Health & Social Care and Business Administration. The Centre achieved Institute of Leadership and Management (ILM) accreditation and plans to deliver management training to staff and external clients. During the year, external purchasers of Hafal's training included the Welsh Assembly Government, Regard Partnership, housing associations and the police.

During 2008/2009 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 'Changes to Mental Health Legislation', 'A Criminal Justice Survival Guide' and 'Have you Clicked?', a five-point plan to challenge stigma.

During 2008/09 Hafal's Port Talbot property was extensively developed and refurbished and is now fully operational as the Cwmtawe Hyder employment project and the Neath Port Talbot Seibiant project. Ty Aman in Ammanford has undergone an initial phase of refurbishment and external repairs have been undertaken.

**Employees**

During 2008/2009 Hafal employed just over 155 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. 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 2009***

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**PLANS FOR FUTURE PERIODS**

Hafal's future strategic plans are guided by our vision statement "Hafal Ymlaen – Strategic Vision and Plan (2006-2015)", with reference to the Charity commission's guidance on public benefit.

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

Hafal is committed to developing a range of new 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 severe 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 2007/08 Hafal submitted funding bids to the Big Lottery and at the end of the year was notified that funding totalling over £1.5 million had been awarded. The grants, which will run over a five year period, will expand Hafal's Short Steps (employment) Project and develop a Criminal Justice Link Service which will support offenders with serious mental illness in all areas of Wales. Staff were recruited at the end of 2008/09 and services commenced delivery in April 2009.

Towards the end of 2008/09 Hafal received confirmation of a successful funding bid for a project aimed at helping young people with serious mental illness in Neath Port Talbot. The project, which begins in 2009, will tackle the difficulties young people in the area have in transferring from Children and Adolescent Mental Health Services to Adult Mental Health Services.

Hafal expects to be actively engaged in the coming period in three matters: development of the new Adult Mental Health National Service Framework; engaging with the new NHS Local Health Boards; and continued involvement in developing a Welsh Mental Health Measure.

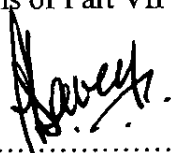
**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

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**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.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized entities.



.....  
PETER DAVEY – CHAIR

.....12 November.....2009

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The trustees are required to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

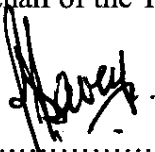
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity 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 charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of Disclosure to Auditor

- a) so far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware; and
- b) they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Signed on behalf of the Trustees



.....  
PETER DAVEY - CHAIR

12 November 2009

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAFAL

We have audited the financial statements of Hafal for the year ended 31 March 2009 which comprise the Statement of Financial Activities incorporating an Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 charity'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 charity'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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of Hafal for the purposes of company law) responsibilities 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) 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 if, 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 charity 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 mis-statements within it.

### Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements.

*Harris Bassett and Co*  
HARRIS BASSETT & CO  
Chartered Accountants  
Registered Auditor

*12 November* 2009  
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 2009**

	Note	General & Designated Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	418,077	41,872	459,949	475,913
Activities for generating funds	3	36,571	108,369	144,940	112,656
Investment income		55,947	-	55,947	114,727
<b>Incoming resources from charitable activities</b>					
Service level agreements and project grants		1,182,884	2,444,065	3,626,949	3,358,201
<b>Other incoming resources</b>					
Profit from sale of fixed assets		-	-	-	2,310
<b>Total incoming resources</b>	4	<u>1,693,479</u>	<u>2,594,306</u>	<u>4,287,785</u>	<u>4,063,807</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Fund raising trading costs of goods sold and other costs	5	40,659	-	40,659	31,390
<b>Charitable activities</b>		1,721,297	2,364,583	4,085,880	3,876,544
<b>Governance costs</b>		<u>26,585</u>	<u>-</u>	<u>26,585</u>	<u>26,341</u>
<b>Total resources expended</b>	6	<u>1,788,541</u>	<u>2,364,583</u>	<u>4,153,124</u>	<u>3,934,275</u>
<b>Net incoming/(outgoing) resources before transfers</b>		(95,062)	229,723	134,661	129,532
<b>TRANSFERS</b>					
Transfers to eliminate project deficits	1c	(161,506)	161,506	-	-
Transfer of management fees	7	<u>405,476</u>	<u>(405,476)</u>	<u>-</u>	<u>-</u>
<b>Total transfers</b>		<u>243,970</u>	<u>(243,970)</u>	<u>-</u>	<u>-</u>
<b>Net income/(expenditure) before other recognised gains and losses</b>		148,908	(14,247)	134,661	129,532
<b>OTHER RECOGNISED GAINS/(LOSSES)</b>					
Gains on revaluation of fixed assets for charity's own use		<u>21,155</u>	<u>-</u>	<u>21,155</u>	<u>-</u>
<b>Net movement in funds</b>		170,063	(14,247)	155,816	129,532
<b>RECONCILIATION OF FUNDS</b>					
Fund balances brought forward at 1 April 2008		<u>2,665,647</u>	<u>491,069</u>	<u>3,156,716</u>	<u>3,027,184</u>
Fund balances carried forward at 31 March 2009	13	<u>2,835,710</u>	<u>476,822</u>	<u>3,312,532</u>	<u>3,156,716</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.

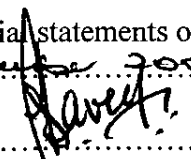
**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)  
& Statement of Total Recognised Gains and Losses)  
FOR THE YEAR ENDED 31 MARCH 2009 (continued)**

<b>Statement of Total Recognised Gains and Losses Year to 31 March 2009</b>	<b>31/3/09 £</b>	<b>31/3/08 £</b>
Increase in funds	134,661	129,532
Unrealised (deficit)/surplus on revaluation of properties	<u>21,155</u>	<u>-</u>
Total recognised gains and losses relating to the year	<u>155,816</u>	<u>129,532</u>
 <b>Note of historical cost surpluses and deficits</b>		
Increase in funds	134,661	129,532
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>15,927</u>	<u>15,927</u>
Historical cost increase in funds from activities	<u>150,588</u>	<u>145,459</u>

**BALANCE SHEET**  
**AS AT 31 MARCH 2009**

	Note	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	1,062,165	944,638
<b>CURRENT ASSETS</b>			
Debtors		326,158	123,384
Cash at bank		<u>2,327,253</u>	<u>2,390,694</u>
		2,653,411	2,514,078
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors	12	<u>(403,044)</u>	<u>(302,000)</u>
<b>NET CURRENT ASSETS</b>		<u>2,250,367</u>	<u>2,212,078</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,312,532	3,156,716
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		-	-
<b>NET ASSETS</b>		<u>3,312,532</u>	<u>3,156,716</u>
<b>FUNDS</b>			
<b>General funds:</b>			
General funds:		835,710	863,405
Gwyn Jones Fund		38,845	41,377
Revaluation reserve		<u>21,155</u>	-
	13	895,710	904,782
Designated funds:	13	1,940,000	1,760,865
<b>Restricted funds:</b>			
Fund balance		106,425	120,672
Revaluation reserve		<u>370,397</u>	<u>370,397</u>
	13	<u>476,822</u>	<u>491,069</u>
		<u>3,312,532</u>	<u>3,156,716</u>

The financial statements on pages 11 – 26 were approved by the Board of Trustees on  
 12 November 2009 and signed on their behalf by:

  
 PETER DAVBY - CHAIR

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2009**

	2009	2008
£	£	£
<b>Net cash inflow from operating activities</b>	65,031	139,146
Returns on investment: interest received	55,947	114,727
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(184,419)	(397,503)
Receipts from sales of tangible assets	<u>-</u>	<u>2,900</u>
<b>Net cash outflow for capital expenditure</b>	(184,419)	(394,603)
<b>Management of liquid resources</b>		
Decrease/(increase) in short term deposits	<u>375,198</u>	<u>219,629</u>
<b>Increase in cash in the year</b>	<u>311,757</u>	<u>78,899</u>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £	
<b>1 Net cash inflow from operating activities</b>			
Net incoming resources before transfers	134,661	129,532	
(Increase)/decrease in debtors	(202,774)	57,672	
Increase in creditors	101,044	3,323	
Depreciation of tangible assets	88,047	65,656	
Profit from sale of fixed assets	-	(2,310)	
Investment income	(55,947)	(114,727)	
<b>Net cash inflow from operating activities</b>	<b><u>65,031</u></b>	<b><u>139,146</u></b>	
<b>2 Analysis of net cash resources</b>			
	<b>01/04/2008 £</b>	<b>Cashflow £</b>	<b>31/03/2009 £</b>
Net cash:			
Petty cash imprests	14,850	700	15,550
Bank current accounts	632,872	311,057	943,929
Liquid resources:			
Bank deposit accounts	<u>1,742,972</u>	<u>(375,198)</u>	<u>1,367,774</u>
<b>Net funds</b>	<b><u>2,390,694</u></b>	<b><u>(63,441)</u></b>	<b><u>2,327,253</u></b>
		<b>2009 £</b>	<b>2008 £</b>
<b>3 Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash and current accounts	311,757	78,899	
Cash outflow from change in liquid resources	(375,198)	(219,629)	
Movement in net funds in the year	(63,441)	(140,730)	
Net funds at 1 April	<u>2,390,694</u>	<u>2,531,424</u>	
<b>Net funds at 31 March</b>	<b><u>2,327,253</u></b>	<b><u>2,390,694</u></b>	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2009**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Companies Act 1985 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) Changes in accounting policy**

The comparative figures in the SOFA have been restated to reflect a change in accounting policy on the treatment of management fees incurred by projects. Management fees that are charged to individual projects are now shown as a transfer from restricted funds to general funds on the face of the SOFA. Previously these fees were shown as income into the general fund and expenditure from restricted funds. The accounting policy has been changed because the Trustees consider that the new policy gives a fairer presentation of the income and actual expenditure incurred.

**c) 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.

**d) 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

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**1. ACCOUNTING POLICIES (Continued)**

**d) Incoming resources (continued)**

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.

**e) 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.

**f) 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.

**g) 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.

**h) Pensions**

The Charity participates in money purchase pension schemes. The pension scheme currently offered to employees is the Pensions Trust's Money Purchase Plan which encompasses the Growth Plan and the Unitised Ethical Plan.

The Growth Plan is a multi employer pension scheme where it is not possible to separately identify the assets and liabilities of participating employers.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**1. ACCOUNTING POLICIES (Continued)**

**h) Pensions (continued)**

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

**i) 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.

**j) Leasing commitments**

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

<b>2. VOLUNTARY INCOME</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Voluntary income is stated after crediting:		
Welsh Assembly Government Grants:		
Grant scheme for all Wales voluntary organisations in the social and health care sector (mental health)	250,000	252,016
Health Challenge Wales	-	12,500
Equity Training Funding	-	5,207
User and Carer Participation Mechanism Research Grant	18,267	-
Miscellaneous grant	3,500	-
Donations	<u>190,523</u>	<u>200,161</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

<b>3. ACTIVITIES FOR GENERATING FUNDS</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Income stated in this category is after crediting:		
Sales	36,408	22,911
Grant received from Big Lottery Fund	<u>93,363</u>	<u>89,745</u>
<b>4. ANALYSIS OF TOTAL INCOMING RESOURCES</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Sales	36,408	22,911
Family and carers support	1,155,461	1,176,122
Clubs and centres	427,882	418,898
Supported housing	1,445,293	1,160,225
Befriending/advocacy	187,522	153,939
Employment	490,573	488,380
General charitable activities	544,646	643,332
	<u>4,287,785</u>	<u>4,063,807</u>
<b>Included in the above are the following sources of income:</b>		
Local Health Board/Social Services Joint Funding	431,374	423,829
Social Services	1,144,609	1,142,310
Local Mental Health Grant Scheme/SPD	411,844	397,659
Housing Benefit	102,478	31,179
Supporting People Grant	886,621	699,368
Local Health Boards	544,694	510,973
Health Trusts	15,463	34,310
Comic Relief	53,014	52,956
Lloyds TSB Foundation	-	31,636
<b>5. FUNDRAISING TRADING</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Purchase of goods for sale	11,767	9,387
Staff time dedicated to fundraising	<u>28,892</u>	<u>22,003</u>
	<u>40,659</u>	<u>31,390</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**6. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	<b>Staff costs £</b>	<b>Other costs £</b>	<b>Total costs 2009 £</b>	<b>Total costs 2008 £</b>
Purchase of goods for sale	-	11,767	11,767	9,387
Family and carers support	682,154	372,741	1,054,895	1,040,236
Clubs and centres	243,973	200,646	444,619	399,646
Support housing	945,094	316,889	1,261,983	1,149,590
Befriending/advocacy	107,225	49,289	156,514	136,768
Employment	266,899	180,043	446,942	450,710
General charitable activities	398,052	154,430	552,482	554,941
Management and Administration	<u>177,794</u>	<u>46,128</u>	<u>223,922</u>	<u>192,997</u>
	<u>2,821,191</u>	<u>1,331,933</u>	<u>4,153,124</u>	<u>3,934,275</u>
<b>Included in the above costs:</b>			<b>2009 £</b>	<b>2008 £</b>
Management and administration				
Audit			6,500	6,000
Accountancy			9,164	9,693
Motor expenses			23,899	25,952
Depreciation			88,047	65,656
Rents paid on leasehold premises			<u>218,367</u>	<u>182,915</u>

**7. TRANSFER OF MANAGEMENT FEES**

	<b>2009 £</b>	<b>2008 £</b>
Family and carers support	128,263	130,041
Clubs and centres	45,860	46,532
Supported housing	156,126	124,171
Befriending/advocacy	20,836	17,104
Employment	<u>54,391</u>	<u>54,222</u>
	<u>405,476</u>	<u>372,070</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**8. TRUSTEES REMUNERATION & RELATED PARTY TRANSACTIONS**

Trustees are not remunerated.

Expenses for travelling and subsistence on Charity business in the amount of £556 (2008 - £849) were reimbursed to two Trustees.

The Charity has paid premiums in respect of Trustees' liability indemnity insurance of £1540.

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 (2008 – Nil).

<b>9. EMPLOYEE INFORMATION</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<b>Staff Costs</b>		
Wages and salaries	2,615,354	2,403,201
Social security cost	233,936	216,226
Pension cost	<u>61,289</u>	<u>51,622</u>
	2,910,579	2,671,049
Less: Salaries reallocated to service charge internally	(143,910)	(163,903)
Add: Recruitment costs	49,154	46,579
Life assurance	<u>5,368</u>	<u>4,666</u>
Total Staff Cost per Statement of Financial Activities (Note 6)	<u>2,821,191</u>	<u>2,558,391</u>

**Staff Numbers**

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

	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
Charitable activities	136	121
Management and administration	<u>5</u>	<u>5</u>

**Emoluments of Employees**

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

	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	1	=
£70,001 - £80,000	<u>1</u>	<u>1</u>

During the year pension contributions to a defined contribution scheme on behalf of these employees amounted to approximately £10,478.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**10. PENSION OBLIGATIONS**

	2009	2008
	£	£
Defined contribution		
Contributions payable by the Charity for the year	<u>61,289</u>	<u>51,622</u>

Hafal makes contributions for 30 staff members into the Pensions Trust's Growth Plan.

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.

The Pensions Trust has indicated that as of 30 September 2008, the estimated debt on withdrawal from the Plan for Hafal was nil. 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 £
<b>Cost/valuation</b>					
At 1 April 2008	598,934	320,640	50,176	137,559	1,107,309
Additions	180,136	-	4,283	-	184,419
Disposals	-	-	-	-	-
Revaluation	-	9,360	-	-	9,360
<b>At 31 March 2009</b>	<u>779,070</u>	<u>330,000</u>	<u>54,459</u>	<u>137,559</u>	<u>1,301,088</u>
<b>Depreciation</b>					
At 1 April 2008	22,706	22,763	21,388	95,814	162,671
Revaluation	-	(11,795)	-	-	(11,975)
Charge for year	34,425	16,032	14,589	23,001	88,047
Eliminated on disposals	-	-	-	-	-
<b>At 31 March 2009</b>	<u>57,131</u>	<u>27,000</u>	<u>35,977</u>	<u>118,815</u>	<u>238,923</u>
<b>NET BOOK VALUE</b>					
At 31 March 2009	<u>721,939</u>	<u>303,000</u>	<u>18,482</u>	<u>18,744</u>	<u>1,062,165</u>
At 31 March 2008	<u>576,228</u>	<u>297,877</u>	<u>28,788</u>	<u>41,745</u>	<u>944,638</u>

All fixed assets held are used for direct charitable purposes.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

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**11. TANGIBLE FIXED ASSETS (continued)**

The freehold land and buildings at Porthmadog (valuation £115,000) were valued independently on 31 March 2007 at open market value on the basis of existing use by G Taylor-Shaw ARICS.

Leasehold land and buildings at Aberystwyth (valuation £270,000) were valued independently on 14 March 2007 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.

The Trustees are not aware of any material changes since the last valuations.

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

<b>Original transferred value/cost</b>	<b>£</b>
At 1 April 2008 and 31 March 2009	<u>117,102</u>
<b>Depreciation based on original transferred value/cost</b>	
At 1 April 2008	22,555
Charge for period	<u>5,855</u>
At 31 March 2009	<u>28,410</u>
<b>Net book value</b>	
At 31 March 2009	<u>88,692</u>
At 31 March 2008	<u>94,547</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**12. CREDITORS: AMOUNTS FALLING DUE  
WITHIN ONE YEAR**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Creditors	91,405	103,239
Tax and Social Security	63,892	64,621
Accruals	62,316	65,031
Deferred income	171,412	-
Grant creditors	<u>14,019</u>	<u>69,109</u>
	<u>403,044</u>	<u>302,000</u>

**13. STATEMENT OF FUNDS**

	<b>Balance at 1/04/08 £</b>	<b>Incoming resources £</b>	<b>Expendi- ture £</b>	<b>Transfer £</b>	<b>Other Gains £</b>	<b>Balance at 31/3/09 £</b>
<b>General funds</b>	863,405	1,693,479	(1,603,447)	(117,727)	-	835,710
Gwyn Jones fund	41,377	-	(2,532)	-	-	38,845
Revaluation reserve	-	-	-	-	21,155	21,155
<b>Designated funds</b>						
"Ein Cyfle" fund	-	-	-	880,000	-	880,000
Day Service facilities fund	-	-	-	440,000	-	440,000
National Study / Outdoor Centre fund	-	-	-	195,000	-	195,000
National Centre fund	-	-	-	425,000	-	425,000
Former Designations	<u>1,760,865</u>	<u>-</u>	<u>(182,562)</u>	<u>(1,578,303)</u>	<u>-</u>	<u>-</u>
<b>Total general funds and designated funds</b>	<u>2,665,647</u>	<u>1,693,479</u>	<u>(1,788,541)</u>	<u>243,970</u>	<u>21,155</u>	<u>2,835,710</u>
<b>Restricted funds</b>						
Donations & Trusts	-	-	-	-	-	-
Big Lottery fund	-	93,363	(93,595)	232	-	-
Other restricted fund balances (projects)	77,071	2,458,844	(2,206,537)	(244,202)	-	85,176
Capital property fund	43,601	42,099	(64,451)	-	-	21,249
Revaluation reserve	<u>370,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,397</u>
<b>Total restricted funds</b>	<u>491,069</u>	<u>2,594,306</u>	<u>(2,364,583)</u>	<u>(243,970)</u>	<u>-</u>	<u>476,822</u>
<b>Total funds</b>	<u>3,156,716</u>	<u>4,287,785</u>	<u>(4,153,124)</u>	<u>-</u>	<u>21,155</u>	<u>3,312,532</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

**13. STATEMENT OF FUNDS (continued)**

<b>Analysis of net assets between funds</b>				<b>Total</b>
	<b>General</b>	<b>Designated</b>	<b>Restricted</b>	<b>Funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fund balances at 31 March 2009 are represented by:				
Tangible fixed assets	698,210	-	363,955	1,062,165
Current assets	519,795	1,940,000	193,616	2,653,411
Current liabilities	(322,295)	-	(80,749)	(403,044)
Total net assets	<u>895,710</u>	<u>1,940,000</u>	<u>476,822</u>	<u>3,312,532</u>

**GENERAL FUNDS**

**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. This fund is to remain unrestricted.

**DESIGNATED FUNDS**

Trustees have reviewed and rationalised Hafal's Designated Funds as detailed below. They are 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.

During the year the Charity spent £149,062 from the All Wales Capital project fund and £33,500 from the Property development and maintenance fund. The remainder of the original designated funds have been reallocated to the projects detailed below.

**"Ein Cyfle" ("Our Opportunity")**

This fund is for the planned purchase and upgrading of three properties across Wales in order to address the chronic shortage of high-needs community-based residential services for people with serious mental illness.

*Timetable for expenditure:*

Property in West Wales £280,000 – 2009/10

Property in South or Mid Wales £320,000 – 2010/12

Property in South or North Wales £280,000 – 2012/13

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2009**

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**13. STATEMENT OF FUNDS (continued)**

**DESIGNATED FUNDS (continued)**

**Day Service Facilities**

This fund is designed to address the problem of substandard facilities in specific Hafal services through purchase and upgrading of suitable premises where leasing is not a realistic option.

*Timetable for expenditure:*

Hafal Ceredigion – new premises £195,000 – 2009/10

Hafal Carmarthenshire – upgrade of Ammanford property £60,000 – 2009/10

Hafal Newport – new premises £185,000 – 2010/11

**National Study/Outdoor Centre**

This fund is for the development of Hafal's recently acquired centre in Porthmadog. It is expected that the funds will be committed (if not already spent) by the end of 2009/10.

*Timetable for expenditure:*

Development of Centre £195,000 – 2009/10 or 2010/11

**National Centre**

This fund is for the purchase of a national centre for Hafal providing for Hafal's head office, our new learning centre, and for a range of new national services. The centre is also intended to give Hafal a secure base in place of current uncertainty in leasing arrangements. However, this project is now seen as longer term pending the build up of general reserves.

*Timetable for expenditure:*

National Centre £425,000 – 2012/13 or 2013/14

**RESTRICTED FUNDS**

**Big Lottery fund**

The Big Lottery fund has provided two three-year funding grants (April 2006 – March 2009). One grant has funded a new Information Officer and one built on Hafal's successful Empowerment Programme, delivering Hafal's Recovery Programme beyond Hafal's current client group.

**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.