

COMPANY NUMBER 4504443

# hafa

Registered Charity No. 1093747

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

31 MARCH 2010

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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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 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 2009/10 were:**

**Chair:** Peter Davey (retired both as Trustee and as Chair of Trustees 12 November 2009)  
 Elin Jones (elected Chair from 12 November 2009)

**Vice Chair** Elin Jones (to 12 November 2009)  
 Christopher Eastwood (Co-opted 18 June 2009, elected 12 November 2009,  
 elected Vice Chair from 10 December 2009)

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

**Other Trustees** Linda Biaggi (to 22 July 2009)  
 Matthew Butcher (to 17 June 2009)  
 Colette Dawkin (from 12 November 2009)  
 Suzanne Duval (Co-opted Trustee)  
 James Gerrard  
 Carol Morgan (to 7 September 2009)  
 Dennis Postlethwaite  
 Ceinwen Rowlands  
 Brian Watkiss (Co-opted 7 December 2006, elected 12 November 2009)

**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 2010***

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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 2010***

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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 2010

**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

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 Charities Commission, Companies House and other relevant organisations

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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**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 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 and updated in 2009 by the Trustees. Trustees reviewed Hafal's corporate risk assessment which addressed 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 in January and acted upon during the year.

Following the assessment of risk, Hafal purchased the following insurance cover for 2009/10. 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 cover for buildings and contents of £2,621,000, 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 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 2010**

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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. 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 £13,311.48 for 2009/10 compared with £55,947 for 2008/09, interest rates have declined substantially in the last two years as the Bank of England rate was cut.

**ACHIEVEMENTS AND PERFORMANCE**

Hafal has spent its first seven 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 46 are registered formally as volunteer staff or volunteer drivers.

During the year Hafal provided a service to 3,684 people, 2,584 clients with serious mental illness and 1,100 carers, and had contact with 1,410 health, social care and other professionals involved in supporting people with serious mental illness, their families and carers.

The development of local services continued in 2009/10 with Hafal attracting funding for new services and achieving expansion in others. Among these developments were

- A one year contract to deliver a Young Persons pilot project in Neath Port Talbot, providing information and training to services across the county to raise awareness of the issues faced by young people with a serious mental illness.
- A Home Office funded project – Safer Homes – providing training and security equipment to vulnerable adults across Cardiff.
- Hafal Blackwood relocated to new, larger premises in conjunction with Local Health Board staff, offering upgraded premises for project activities and carer group meetings.
- Successful renegotiation of services in Blaenau Gwent resulted in the service operating four days per week from its new premises at Godwin Hall in place of the previously funded one day per week.
- Hafal's Wrexham Community Link service was established during the year and, alongside the delivery of the service, supported six clients to participate in a 'My Story' workshop run by the BBC.

**TRUSTEES' REPORT (CONTINUED)**  
***FOR THE YEAR ENDED 31 MARCH 2010***

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

Hafal's Short Steps Employment project commenced on 1<sup>st</sup> April 2009 delivering a support service for people recovering from serious mental illness who are interested in education or work-related activity. The project also worked 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.

Hafal's Short Steps project has formed strong working relationships with the South Wales Chamber of Commerce, North Wales Business Clubs, Job Centre Plus and the Equality and Human Rights Commission.

During 2009/10 Short Steps exceeded its projected outcomes with 54 clients gaining employment, 199 clients entering mainstream education and training, and 186 clients securing voluntary work. Hafal will continue to develop and expand the service during 2010/2011.

Hafal's Criminal Justice Link Service had a very successful first year, establishing 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. The service was rolled out in all Probation areas in August 2009 and was officially launched by Edwina Hart, Minister for Health and Social Care, in October 2009.

During 2009/10 Hafal's Link Service supported 118 clients, delivered mental health awareness training to the Crown Prosecution Service and the four police services in Wales and became a member of the All Wales Strategic Review of Secure Mental Health Services Committee. The Link Service will continue to develop in 2010/2011 including disseminating comprehensive and individually tailored guidance and advice to clients.

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.

Hafal's Young Persons project in Neath Port Talbot delivered individually-tailored support based on Hafal's Recovery Programme to 23 young people during 2009/2010, and provided training and information to over 45 different organisations working with young people to aid the identification of issues at an earlier stage to further improve the quality of services received by young people residing in the area.

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 1,118 (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.



**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

Canolfan Dysgu Hafal – Hafal's Training and NVQ Assessment Centre commenced delivery of the Institute of Leadership and Management Awards during 2009/10

In addition, Hafal's Learning Centre became an Agored Assessment Centre and delivered IT training courses to both staff and service users

During the year, external purchasers of Hafal's training included the Welsh Assembly Government, Regard Partnership, housing associations and the police services

During 2009/2010 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 "Carers in Employment", "Recovery – a Step-by-Step Plan for People with Serious Mental Illness", "10 Point Plan for Carers", and "New Values – New Practice. a Guide to What Service Users Want from Future Mental Health Services"

During 2009/10 Hafal purchased property in Aberystwyth. Minor alterations and repairs were undertaken, and from December 2009 the building was operational both as a base for Hafal's Learning Centre and for local projects in Ceredigion. Major external repairs and internal refurbishments were undertaken during 2009/2010 at Tŷ Aman, Carmarthenshire, and the project is now fully operational

**Employees**

During 2009/2010 Hafal employed just over 165 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 2010**

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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)"

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 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

Hafal plans to continue to further develop its work undertaken in 2009/2010 with young people and those in contact with the criminal justice system, including delivery of the Appropriate Adult Scheme in Cardiff which commenced in April 2010

We are mindful of the growing 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 & Co 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

11. XI. 10

2010

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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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

11.10.10

2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAFAL**

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We have audited the financial statements of Hafal for the year ended 31 March 2010 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 accounting policies set out therein.

This report is made solely to the charity'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 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) and for being satisfied that the charity's financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

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

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

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We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the United Kingdom Generally accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements



Mrs Sharon Warrington (Senior Statutory Auditor)  
for and on behalf of Harris Bassett & Co

11 November 2010

**Chartered Accountants  
Statutory Auditor**

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 2010**

	Note	General & Designated Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	436,785	202,715	639,500	459,949
Activities for generating funds	3	23,079	300,820	323,899	144,940
Investment income		13,312	-	13,312	55,947
<b>Incoming resources from charitable activities</b>					
Service level agreements and project grants		1,200,594	2,409,473	3,610,067	3,626,949
<b>Other incoming resources</b>					
Profit from sale of fixed assets		-	-	-	-
<b>Total incoming resources</b>	4	<u>1,673,770</u>	<u>2,913,008</u>	<u>4,586,778</u>	<u>4,287,785</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Fund raising trading costs of goods sold and other costs	5	40,651	-	40,651	40,659
<b>Charitable activities</b>		1,713,351	2,632,030	4,345,381	4,085,880
<b>Governance costs</b>		<u>27,686</u>	<u>-</u>	<u>27,686</u>	<u>26,585</u>
<b>Total resources expended</b>	6	<u>1,781,688</u>	<u>2,632,030</u>	<u>4,413,718</u>	<u>4,153,124</u>
<b>Net incoming/(outgoing) resources before transfers</b>		(107,918)	280,978	173,060	134,661
<b>TRANSFERS</b>					
Transfers to eliminate project deficits	1c	(108,466)	108,466	-	-
Transfer of management fees	7	<u>406,370</u>	<u>(406,370)</u>	<u>-</u>	<u>-</u>
<b>Total transfers</b>		<u>297,904</u>	<u>(297,904)</u>	<u>-</u>	<u>-</u>
<b>Net income/(expenditure) before other recognised gains and losses</b>		189,986	(16,926)	173,060	134,661
<b>OTHER RECOGNISED GAINS/(LOSSES)</b>					
Gains on revaluation of fixed assets for charity's own use		-	-	-	21,155
<b>Net movement in funds</b>		189,986	(16,926)	173,060	155,816
<b>RECONCILIATION OF FUNDS</b>					
Fund balances brought forward at 1 April 2009		<u>2,835,710</u>	<u>476,822</u>	<u>3,312,532</u>	<u>3,156,716</u>
Fund balances carried forward at 31 March 2010	13	<u>3,025,696</u>	<u>459,896</u>	<u>3,485,592</u>	<u>3,312,532</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 2010 (continued)**

<b>Statement of Total Recognised Gains and Losses Year to 31 March 2010</b>	<b>31/3/10 £</b>	<b>31/3/09 £</b>
Increase in funds	173,060	134,661
Unrealised (deficit)/surplus on revaluation of properties	<u>-</u>	<u>21,155</u>
Total recognised gains and losses relating to the year	<u>173,060</u>	<u>155,816</u>
<b>Note of historical cost surpluses and deficits</b>		
Increase in funds	173,060	134,661
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>16,395</u>	<u>15,927</u>
Historical cost increase in funds from activities	<u>189,455</u>	<u>150,588</u>

**BALANCE SHEET**  
**AS AT 31 MARCH 2010**

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	11	1,175,819	1,062,165
<b>CURRENT ASSETS</b>			
Debtors		139,721	326,158
Cash at bank		<u>2,411,876</u>	<u>2,327,253</u>
		2,551,597	2,653,411
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors	12	<u>(241,824)</u>	<u>(403,044)</u>
<b>NET CURRENT ASSETS</b>		<u>2,309,773</u>	<u>2,250,367</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,485,592	3,312,532
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
		-	-
<b>NET ASSETS</b>		<u>3,485,592</u>	<u>3,312,532</u>
<b>FUNDS</b>			
<b>General funds:</b>			
Gwyn Jones Fund		951,666	835,710
Revaluation reserve		35,845	38,845
		<u>21,155</u>	<u>21,155</u>
	13	1,008,666	895,710
Designated funds	13	2,017,030	1,940,000
<b>Restricted funds:</b>			
Fund balance		89,499	106,425
Revaluation reserve		<u>370,397</u>	<u>370,397</u>
	13	459,896	476,822
		<u>3,485,592</u>	<u>3,312,532</u>

The financial statements on pages 12 – 27 were approved by the Board of Trustees on  
 11.04.10 and signed on their behalf by

  
 ELIN JONES - CHAIR



**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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	2010	2009
	£	£
<b>Net cash inflow from operating activities</b>	274,660	65,031
Returns on investment interest received	13,312	55,947
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(203,349)	(184,419)
Receipts from sales of tangible assets	<u>-</u>	<u>-</u>
<b>Net cash outflow for capital expenditure</b>	(203,349)	(184,419)
<b>Management of liquid resources</b>		
(Increase)/decrease in short term deposits	<u>(433,526)</u>	<u>375,198</u>
<b>(Decrease)/increase in cash in the year</b>	<u>(348,903)</u>	<u>311,757</u>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2010**

	2010 £	2009 £	
<b>1 Net cash inflow from operating activities</b>			
Net incoming resources before transfers	173,060	134,661	
Decrease/(increase) in debtors	186,437	(202,774)	
(Decrease)/increase in creditors	(161,220)	101,044	
Depreciation of tangible assets	89,694	88,047	
Profit from sale of fixed assets	-	-	
Investment income	(13,311)	(55,947)	
<b>Net cash inflow from operating activities</b>	<u>274,660</u>	<u>65,031</u>	
<b>2 Analysis of net cash resources</b>			
	<b>01/04/2009 £</b>	<b>Cashflow £</b>	<b>31/03/2010 £</b>
Net cash			
Petty cash imprests	15,550	(17)	15,533
Bank current accounts	943,929	(348,886)	595,043
Liquid resources			
Bank deposit accounts	<u>1,367,774</u>	<u>433,526</u>	<u>1,801,300</u>
<b>Net funds</b>	<u>2,327,253</u>	<u>84,623</u>	<u>2,411,876</u>
		<b>2010 £</b>	<b>2009 £</b>
<b>3 Reconciliation of net cash flow to movement in net funds</b>			
(Decrease)/increase in cash and current accounts		(348,903)	311,757
Cash inflow/(outflow) from change in liquid resources		<u>433,526</u>	<u>(375,198)</u>
Movement in net funds in the year		84,623	(63,441)
Net funds at 1 April		<u>2,327,253</u>	<u>2,390,694</u>
<b>Net funds at 31 March</b>		<u>2,411,876</u>	<u>2,327,253</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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**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) 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 2010**

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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 Flexible Retirement Plan.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**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>2010</b>	<b>2009</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)	255,750	250,000
User and Carer Participation Mechanism Research Grant	9,133	18,267
Miscellaneous grant	1,058	3,500
Donations	<u>373,038</u>	<u>190,523</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

<b>3. ACTIVITIES FOR GENERATING FUNDS</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Income stated in this category is after crediting		
Sales	23,079	36,408
Grant received from Big Lottery Fund	<u>295,627</u>	<u>93,363</u>
<b>4. ANALYSIS OF TOTAL INCOMING RESOURCES</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Sales	23,079	36,408
Family and carers support	1,174,472	1,155,461
Clubs and centres	401,186	427,882
Supported housing	1,456,885	1,445,293
Befriending/advocacy	177,288	187,522
Employment	503,305	490,573
General charitable activities	<u>850,563</u>	<u>544,646</u>
	<u>4,586,778</u>	<u>4,287,785</u>
<b>Included in the above are the following sources of income:</b>		
Local Health Board/Social Services Joint Funding	439,700	431,374
Social Services	906,440	1,144,609
Local Mental Health Grant Scheme/SPD	421,127	411,844
Housing Benefit	143,386	102,478
Supporting People Grant	846,141	886,621
Local Health Boards	296,960	544,694
Health Trusts	4,310	15,463
Comic Relief	33,035	53,014
Lloyds TSB Foundation	<u>99,500</u>	<u>-</u>
<b>5. FUNDRAISING TRADING</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Purchase of goods for sale	11,009	11,767
Staff time dedicated to fundraising	<u>29,642</u>	<u>28,892</u>
	<u>40,651</u>	<u>40,659</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**6. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	<b>Staff costs £</b>	<b>Other costs £</b>	<b>Total costs 2010 £</b>	<b>Total costs 2009 £</b>
Purchase of goods for sale	-	11,009	11,009	11,767
Family and carers support	707,145	375,933	1,083,078	1,054,895
Clubs and centres	227,055	167,459	394,514	444,619
Support housing	997,840	346,378	1,344,218	1,261,983
Befriending/advocacy	108,895	47,010	155,905	156,514
Employment	256,710	191,210	447,920	446,942
General charitable activities	494,224	221,659	715,883	552,482
Management and Administration	<u>206,302</u>	<u>54,889</u>	<u>261,191</u>	<u>223,922</u>
	<u>2,998,171</u>	<u>1,415,547</u>	<u>4,413,718</u>	<u>4,153,124</u>

<b>Included in the above costs:</b>		<b>2010 £</b>	<b>2009 £</b>
Management and administration	Audit	8,500	6,500
	Accountancy	6,402	9,164
Motor expenses		24,144	23,899
Depreciation		89,671	88,047
Rents paid on leasehold premises		<u>225,703</u>	<u>218,367</u>

**7. TRANSFER OF MANAGEMENT FEES**

	<b>2010 £</b>	<b>2009 £</b>
Family and carers support	129,656	128,263
Clubs and centres	44,227	45,860
Supported housing	156,950	156,126
Befriending/advocacy	19,699	20,836
Employment	<u>55,838</u>	<u>54,391</u>
	<u>406,370</u>	<u>405,476</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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

Trustees are not remunerated. Expenses for travelling and subsistence on Charity business in the amount of £1,129 (2009 - £556) were reimbursed to three Trustees.

The Charity has paid premiums in respect of Trustees' liability indemnity insurance of £1,617. 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 (2009 - Nil).

<b>9. EMPLOYEE INFORMATION</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Staff Costs</b>		
Wages and salaries	2,826,038	2,615,354
Social security cost	250,197	233,936
Pension cost	<u>53,162</u>	<u>61,289</u>
	3,129,397	2,910,579
Less Salaries reallocated to service charge internally	(168,135)	(143,910)
Add Recruitment costs	31,019	49,154
Life assurance	<u>5,890</u>	<u>5,368</u>
Total Staff Cost per Statement of Financial Activities (Note 6)	<u>2,998,171</u>	<u>2,821,191</u>

**Staff Numbers**

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

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
Charitable activities	135	136
Management and administration	<u>6</u>	<u>5</u>

**Emoluments of Employees**

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

	<b>2010</b>	<b>2009</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000 <sup>1</sup>	<u>1</u>	<u>1</u>
£70,001 - £80,000	<u>=</u>	<u>1</u>
£80,001 - £90,000 <sup>2</sup>	<u>1</u>	<u>=</u>

<sup>1</sup>Salary £61,979, benefits in kind (vehicle) £2,408, employer contributions to defined contribution pension scheme £4,958

<sup>2</sup>Salary £76,623, benefits in kind (vehicle) £2,010, employer contributions to defined contribution pension scheme £6,130.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**10. PENSION OBLIGATIONS**

	2010	2009
	£	£
Defined contribution		
Contributions payable by the Charity for the year	<u>53,162</u>	<u>61,289</u>

Hafal makes contributions for 20 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 2009, 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 2009	779,070	330,000	54,459	137,559	1,301,088
Additions	175,150	-	-	28,199	203,349
Disposals	-	-	(1,041)	-	(1,041)
Revaluation	-	-	-	-	-
<b>At 31 March 2010</b>	<u>954,220</u>	<u>330,000</u>	<u>53,418</u>	<u>165,758</u>	<u>1,503,396</u>
<b>Depreciation</b>					
At 1 April 2009	57,131	27,000	35,977	118,815	238,923
Revaluation	-	-	-	-	-
Charge for year	42,672	16,500	12,586	17,936	89,694
Eliminated on disposals	-	-	(1,040)	-	-
<b>At 31 March 2010</b>	<u>99,803</u>	<u>43,500</u>	<u>47,523</u>	<u>136,751</u>	<u>327,577</u>
<b>NET BOOK VALUE</b>					
At 31 March 2010	<u>854,417</u>	<u>286,500</u>	<u>5,895</u>	<u>29,007</u>	<u>1,175,819</u>
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>

All fixed assets held are used for direct charitable purposes.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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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

Valuations are to be undertaken in the next financial year

**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 2009 and 31 March 2010	<u>117,102</u>
<b>Depreciation based on original transferred value/cost</b>	
At 1 April 2009	28,410
Charge for period	<u>5,855</u>
At 31 March 2010	<u>34,265</u>
<b>Net book value</b>	
At 31 March 2010	<u>82,837</u>
At 31 March 2009	<u>88,692</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

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

	2010	2009
	£	£
Creditors	118,556	91,405
Tax and Social Security	69,142	63,892
Accruals	35,112	62,316
Deferred income	10,003	171,412
Grant creditors	<u>9,011</u>	<u>14,019</u>
	<u>241,824</u>	<u>403,044</u>

**13. STATEMENT OF FUNDS**

	Balance at 1/04/09 £	Incoming resources £	Expendi- ture £	Transfer £	Other Gains £	Balance at 31/3/10 £
<b>General funds</b>	835,710	1,673,770	(1,555,718)	(2,096)	-	951,666
Gwyn Jones fund	38,845	-	(3,000)	-	-	35,845
Revaluation reserve	21,155	-	-	-	-	21,155
<b>Designated funds</b>						
Housing Projects fund	880,000	-	-	-	-	880,000
Day Service Facilities fund	440,000	-	(222,970)	100,000	-	317,030
National Study / Outdoor Centre fund	195,000	-	-	-	-	195,000
National Centre fund	425,000	-	-	-	-	425,000
Repairing Properties fund	-	-	-	<u>200,000</u>	-	<u>200,000</u>
<b>Total general funds and designated funds</b>	<u>2,835,710</u>	<u>1,673,770</u>	<u>(1,781,688)</u>	<u>297,904</u>	=	<u>3,025,696</u>
<b>Restricted funds</b>						
Donations & Trusts	-	170,329	(170,329)	-	-	-
Big Lottery fund	-	295,627	(295,627)	-	-	-
Other restricted fund balances (projects)	85,176	2,416,593	(2,113,062)	(310,676)	-	78,031
Capital property fund	21,249	30,459	(53,012)	12,772	-	11,468
Revaluation reserve	<u>370,397</u>	-	-	-	-	<u>370,397</u>
<b>Total restricted funds</b>	<u>476,822</u>	<u>2,913,008</u>	<u>(2,632,030)</u>	<u>(297,904)</u>	=	<u>459,896</u>
<b>Total funds</b>	<u>3,312,532</u>	<u>4,586,778</u>	<u>(4,413,718)</u>	-	-	<u>3,485,592</u>

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

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

Analysis of net assets between funds	General	Designated	Restricted	Total Funds
	£	£	£	£
Fund balances at 31 March 2010 are represented by				
Tangible fixed assets	839,679	-	336,140	1,175,819
Current assets	346,634	2,017,030	187,933	2,551,597
Current liabilities	<u>(177,647)</u>	<u>-</u>	<u>(64,177)</u>	<u>(241,824)</u>
Total net assets	<u>1,008,666</u>	<u>2,017,030</u>	<u>459,896</u>	<u>3,485,592</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**

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

**Housing Projects Fund**

This fund is for the 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

*Timetable for expenditure*

Property in West Wales £280,000 – 2009/10 *a property was purchased in September 2010 and the corresponding expenditure will be reflected in Hafal's 2010/2011 accounts*

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

**National Study/Outdoor Centre**

This fund is for the development of Hafal's centre in Porthmadog

*Timetable for expenditure*

Development of Centre £195,000 – 2010/11 or 2011/12

**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 seen as longer term pending the build up of general reserves

*Timetable for expenditure*

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

**Repairing Properties Fund**

This fund is for major repairs and refurbishment of 12 Hafal owned 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 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