

COMPANY NO. 4504443

# hafal

Registered Charity No.1093747

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2016

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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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:** Unit B3  
 Lakeside Technology Park  
 Phoenix Way  
 Llansamlet  
 Swansea SA7 9FE

**The Trustees of the Charity in 2015/16 were:**

**Chair:** Elin Jones

**Vice Chair:** Christopher Eastwood (Resigned September 2015)  
 Ceinwen Rowlands (Appointed December 2015)

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

**Other Trustees:** John Barnes  
 Gerald Cole  
 Suzanne Duval (Co-opted Trustee)  
 Mair Elliott (from November 2015)  
 Steve Hails (to December 2015)  
 Gareth Lewis (from November 2015)  
 Jennifer Phillips (from September 2015)  
 Philip Thomas (Co-opted Trustee)

**Executive Officers:**

**Chief Executive:** Alun Thomas

**Company Secretary / Director of Corporate and Public Affairs:** Nicola Thomas

**Director of Operations:** Sharon Jones

**Finance Director:** Sharon Warrington

**Recovery Centre Director:** Alison Guyatt

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**REFERENCE AND ADMINISTRATIVE INFORMATION (CONTINUED)**

<b>Auditors:</b>	Harris Bassett Ltd. Chartered Accountants 5 New Mill Court Phoenix Way Enterprise Park Swansea SA7 9FG
<b>Bankers:</b>	NatWest Bank Swansea City Centre Branch 14/16a Oxford Street Swansea SA1 3AG
<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 2016**

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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 2016.

**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 aims of the Charity are to:

- Improve people's lives through the delivery of holistic, recovery-focused, individual Care and Treatment Plans for everyone receiving secondary mental health services.
- To reduce inequalities in health and social care outcomes for people with serious mental illness and reduce inequalities in the delivery of health and social care services.
- To ensure that support and friendship is available for everyone with a serious mental illness as part of their on-going recovery.

These aims will be achieved through the following principal activities:

- Provision of information, advice, support and services of the highest standard to those experiencing serious mental illness, their families and carers, in areas such as housing, education and training, rehabilitation and employment and recreation.
- Challenge discrimination through education and training.
- Campaign nationally and locally for high quality care, including both acute and long-stay services.

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

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**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. From July 2015 a Finance sub-committee was convened and during the year ratified terms of reference and delegated authorities. Trustees are collectively responsible for reviewing and agreeing senior staff benefits and achieve this by means of reference to the ACEVO Charity Pay Survey report and recommendations received from the Finance sub-committee. The majority of Trustees are nominated and elected by the Charity's Members. Training for Trustees is provided both internally by Hafal's Training and Development team and externally through accessing information from the Charity Commission, Companies House and other relevant organisations. Trustees receive an Induction Pack which includes Hafal's Memorandum & Articles of Association, Hafal Ymlaen (future plans and objectives) and Charity Commission publications relating to Trustees' roles and responsibilities. Trustees meet with the senior management team when they commence their term of office, and during the year Trustees visit local services, shadow staff and attend local events to gain first-hand knowledge of service delivery. Information from training events is circulated and discussed by all Trustees.

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. During 2015/16 Hafal restructured its senior management team to meet the challenges ahead, and during the year developed a small team of senior managers which includes a Director of Corporate and Public Affairs; a Director of Operations, a Finance Director and a Recovery Centre Director.

In addition to the Head Office in Swansea, 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 Rethink and other similar charities across the British Isles on both a bespoke basis and also as a member of the Mental Health Alliance.

**Risk Assessment**

Hafal's Trustees have agreed an updated General Statement of Policy under the Health & Safety at Work Act 1974. Hafal has also assessed risk in relation to business and financial management and incorporated safeguards in the Financial Regulations and Delegated Authorities and Financial Standing Orders which were reviewed in 2015 by the Trustees. During the year Trustees reviewed Hafal's corporate risk assessment which addressed the major risks to which the Charity could be exposed and a new Risk Register was developed for the organisation.

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2016**

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#### **Risk Assessment (continued)**

During the year Hafal's Trustees agreed a Health and Safety Audit Report and Action Plan and Hafal's Health & Safety Committee convened as necessary to monitor and review the safety of activities. Hafal continues to engage Amanda Trimble to provide specialist support and advice on Health & Safety processes and procedures with the aim of continuing to work in line with the Health and Safety Executive's model for "Successful Health and Safety Management".

'Managing Safely' update training was delivered in February 2016. During 2015/16 Amanda Trimble delivered updated Health and Safety training and new Fire Warden training to all members of staff, volunteers and Trustees.

#### **FINANCIAL REVIEW**

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 which are its principal funding sources. The business of the Charity substantially depends on commissioned work in local areas and the Charity continues to seek funding from other sources so as to mitigate the effects of austerity and cuts to public sector funding. The Charity also continues to develop fund-raising from other sources. The Charity does not engage any professional fundraising agencies or employ any direct marketing campaigns; should this change in the future, Trustees will ensure that an ethical fundraising policy is adopted and adhered to.

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 2012 - 2022.

Trustees continued to safeguard the financial security of the Charity and during the year Trustees have reviewed investment options in order to maximise investment income for the Charity.

In the reporting period the Charity secured a total income of £5,030,161 with a reported surplus of £164,275 at the end of the year. The net worth of the Charity as at 31 March 2016 was £4,371,289.

#### **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 between three and six months operating costs of the Charity in addition to reserves committed by Trustees to specific purposes. The reserves are required to meet the working capital requirements of the Charity and the Trustees are confident that at this level they would be able to sustain the current activities in the event of a significant reduction to funding.

The present amount of total reserves is £4,371,289; this includes restricted funds of £536,218, designated funds of £3,292,758 and freely available reserves of £542,313. Although the strategy is to continue to build reserves, the Trustees are aware that a level equivalent to between three and six months operating costs of the Charity will not be achieved for some time. Trustees have also considered the extent to which existing activities and expenditure could be curtailed, should such circumstances arise. The designation of reserves and amounts designated to each fund are described in detail in the accounts section of this report. The following designated funds can only be realised by the release of fixed assets - the Gwyn Jones fund; the Housing Projects fund; the Day Service Facilities fund, the Vehicles Fund and an element of the Recovery Centre fund.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**FINANCIAL REVIEW (continued)**

**Investment Policy**

Hafal's Trustees have agreed a low risk Investment Policy which was revised in June 2013 and reviewed in March 2016. It is anticipated that the Charity will need to access much of its cash funds within the near future; therefore, there is little scope for long term investment. The Trustees have agreed to invest funds in interest-bearing accounts with the Charity's bankers. Income from interest amounted to £22,297 for 2015/16 compared with £17,783 for 2014/15.

**ACHIEVEMENTS AND PERFORMANCE**

Hafal has spent its first thirteen years of operation consolidating its independent operation and managing a wide range of developments in services, policy and campaigns.

Hafal measures the success of its activities through contract monitoring and management arrangements to ensure achievement and compliance which includes service feedback from service users and carers receiving Hafal services. Hafal's internal Quality Standards audits are applied to all Hafal services and external validation provided through achievement of ISO 9001:2008 accreditation, Investors in People accreditation and Agored Cymru Centre recognition. Hafal is also subject to inspection by the Care and Social Services Inspectorate for Wales for registered services and inspection reports are available on their website.

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 65 are registered formally as volunteer staff or volunteer drivers.

During the year Hafal's Expert Patient Leadership Panel (HELP Panel) met regularly, agreed terms of reference, and contributed to a range of work including facilitation of an event focussing on priority setting for carers; evaluation of the Linc 18-25 Service, and contribution to a number of publications. HELP Panel members have agreed a schedule of meeting dates and activity priorities for the forthcoming year.

Hafal operates over 70 local services, including supported housing, family and carers support services, employment training and resources centres. The development of local services continued in 2015/16 with Hafal attracting funding for new services and achieving expansion in others. Among these developments were:

- Access to Justice - a Comic Relief funded service providing a point of contact for people with a mental illness and their carers in the criminal justice system, giving them access to expert advice, information and signposting.
- Let's Get Serious about Psychological Therapies – funded by the Big Lottery People and Places programme the service will promote and raise awareness about evidence-based psychological therapies and interventions for people in Wales with a serious mental illness.
- Caniad – a partnership service delivered by Hafal and CAIS and funded by Betsi Cadwaladr University Health Board and the North Wales Area Planning Board for Substance Misuse, to provide an integrated service user and carer involvement service for people with personal experience of mental health and/or substance misuse issues.



**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

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

During the year Hafal's Appropriate Adult service, covering police stations across South Wales, has supported a total of 2,724 vulnerable adults during police detention and questioning, and successfully trained 74 Appropriate Adults to support vulnerable adults during police detention and questioning. Hafal's contract with South Wales Police for Appropriate Adult services was successfully renewed in February 2016 for a period of three years with an option to extend for a further 12 months.

In 2015/16 Hafal commenced delivery of its 'Out of the Blue' Big Lottery funded service which delivers a brand new mental health intervention for offenders receiving community sentences at court in the South Wales Police Authority area. Low level, non violent offending or those deemed suitable engage with the project for a six week course to break their cycle of offending and achieve a level of recovery that enables them to make a positive contribution to their communities.

2015/16 saw the fourth full year of operation of "Time to Change Wales", an initiative aimed at reducing stigma and discrimination. The project was delivered in partnership with Gofal and Mind Cymru and funded by Comic Relief and the Welsh Government. The project achieved its targets both for the year and for the funded period : a total of 90 anti-stigma and discrimination training presentations were delivered to over 1,030 people, and over 3,000 informal contacts were made.

During the year Hafal's Staff Development Team continued to facilitate a range of training outcomes to staff, service users and external agencies. A total of 117 learners were recruited onto a variety of accredited and non-accredited training courses including Basic Food Hygiene, Confidence Building, Horticulture and ICT. Hafal learners achieved 225 Agored Cymru accredited units, including the 'How to Get a Great Care and Treatment Plan' Hafal unit.

During 2015/2016 Hafal produced a number of publications and information leaflets which were distributed throughout Wales. Local leaflets were updated to reflect service developments across Wales, and new publications included a guide to carer's assessments, a revised and updated guide to care and treatment planning, reports on our "Making Sense" and "All Together Now!" campaigns, an Assembly election manifesto, a 2016 calendar incorporating our annual review and a new "About Hafal" leaflet.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

Hafal's redesigned website continues to be regularly updated with news and information; this year we have added new information on our work with young people, updated all eight Whole Person Approach pages, and revised our carers, HELP and criminal justice pages. We also featured a new blog on our forthcoming online community. Posters and information promoting our "Let's Get Physical!" website were sent to all GPs in Wales. We also continued to update and develop the Mental Health Wales website and produced a quarterly journal which was circulated widely throughout Wales and which included issues focusing on social life, mental health research in Wales, criminal justice and psychological therapies. Hafal's social media sites continued to develop and increase in popularity in 2015/16, highlighting the latest news and events. Hafal has over 16,500 followers on Facebook and Twitter.

Hafal's Public Affairs work during 2015/16 continued to be both influential and far-reaching. Extensive media and campaigning work during the year responded to current affairs and included in-depth features and interviews on both television and radio, and in the local and national press. Coverage included features on BBC Wales Today; ITV Wales news; Newyddion 9 (S4C); BBC Radio Wales; BBC Radio Cymru; the Western Mail and Mental Health Today.

Hafal clients and staff have continued to ensure the effective implementation of the Mental Health (Wales) Measure and Hafal is represented on the Measure Implementation Steering Group set up by the Welsh Government to oversee delivery of the Measure. Feedback on the quality of Care and Treatment Plans has been received through Hafal's Membership and the information has been shared with the Steering Group. Hafal's Chief Executive also represented the Wales Alliance for Mental Health on the Welsh Government Mental Health Act Code of Practice Steering Group which developed the updated Code of Practice for Wales.

During 2015/16 Hafal worked in partnership with Bipolar UK and the Mental Health Foundation, and with support from Diverse Cymru, to deliver the "All Together Now!" campaign which was launched by the Minister for Health and Social Services Mark Drakeford AM in May 2015. The campaign launch was followed by 22 county music events across Wales where guests received tips and information on how to overcome loneliness and isolation.

Over four and a half thousand people followed the campaign on Twitter, and we reached a total of over 20,000 people, including those engaged through email, Facebook and other social media, plus our local projects and county networks. Our tour bus, which featured at all 22 music events, provided advice on how to improve social activity as a part of recovery and guidance on how to stay safe on the internet.

The Members of the Charity, mainly comprising people with serious mental illness and their families (many of whom work actively for the Charity as volunteers) totalled 1,497 (including staff who are Associate Members) – an increase of 55 Members compared to the previous year. Client involvement at the projects continued to develop as clients worked with staff to manage services and plan future developments.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

**Employees**

During 2015/2016 Hafal employed just over 200 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 bi-annual staff conferences; quarterly staff meetings; 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.

**PLANS FOR FUTURE PERIODS**

Hafal's future strategic plans are guided by our vision statement "Hafal Ymlaen – Strategic Vision and Plan (2012-2022)". In 2013 Trustees reviewed and revised this document to set out the organisations' key aims, its core commitments for each of eight "life areas" and commitments to groups of people who may be particularly vulnerable and marginalised including carers, young people and people within the criminal justice system. In 2015/16 consultation events were held across Wales where Members, Trustees and staff met to consider the strategic direction of the Charity; the information gathered was collated to form a draft strategic plan for Trustees to approve and implement in 2016/17.

One of Hafal's longer term objectives is the establishment of a new progressive in-patient unit offering support and treatment for people with a serious mental illness throughout Wales. The Recovery Centre will offer a progressive service for people experiencing serious mental illness and in need of supportive treatment. In May 2014 Hafal completed the purchase of the former Gellinudd Hospital and during 2014/15 we consulted with architects, clients and carers to develop plans for the Centre.

During 2015/16 Parry and Dawkin, quantity surveyor and Dai2a, architectural services, were appointed as the professional advisors for the development and project management of the Recovery Centre refurbishment with the aim of opening the service in January 2017.

In March 2016 Hafal was awarded £500,000 in Welsh Government Invest to Save funding to support the development of the Centre. The Invest to Save fund is a short-term pool of resources available to help public service organisations and this award was the first ever made to a third sector-led project.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**PLANS FOR FUTURE PERIODS (Continued)**

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

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

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

In August 2016, Hafal announced plans to join with carers charity Crossroads Mid and West Wales to form one organisation from 1 April 2017. Crossroads Mid and West Wales is a well-established and successful charity which provides services for carers and service users in Pembrokeshire, Ceredigion and Powys. The merger, which is subject to the legal processes required, will involve the transfer of Crossroads Mid and West Wales' assets, services and staff into Hafal on 1 April 2017.

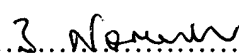
Hafal plans to continue to further develop its work undertaken in 2015/2016 with carers, young people and those in contact with the criminal justice system.

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

**AUDITORS**

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

.....  
 ELIN JONES – CHAIR

..........2016

## 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.

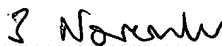
The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

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

.....  
  
 .....2016

**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 2016 which comprise the Statement of Financial Activities incorporating an Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

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

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

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### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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

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



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

**Chartered Accountants  
Statutory Auditor**

*3 November* 2016

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 2016**

	Note	General & Designated Funds £	Restricted Funds £	Total 2016 £	General & Designated Funds	Restricted Funds	As restated Total 2015 £
<b>Income from:</b>							
Donations and legacies	2	280,124	8,401	288,525	325,903	38,494	364,397
Charitable activities	3	2,189,731	2,523,608	4,713,339	2,039,119	2,592,747	4,631,866
Investments		22,297	-	22,297	17,783	-	17,783
Other		<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total income</b>	<b>4</b>	<b><u>2,498,152</u></b>	<b><u>2,532,009</u></b>	<b><u>5,030,161</u></b>	<b><u>2,382,805</u></b>	<b><u>2,631,241</u></b>	<b><u>5,014,046</u></b>
<b>Expenditure on:</b>							
Raising funds	5	37,073	-	37,073	35,124	-	35,124
Charitable activities		<u>2,455,411</u>	<u>2,373,402</u>	<u>4,828,813</u>	<u>2,574,892</u>	<u>2,395,086</u>	<u>4,969,978</u>
<b>Total expenditure</b>	<b>6</b>	<b><u>2,492,484</u></b>	<b><u>2,373,402</u></b>	<b><u>4,865,886</u></b>	<b><u>2,610,016</u></b>	<b><u>2,395,086</u></b>	<b><u>5,005,102</u></b>
<b>Net income/(expenditure)</b>		<b>5,668</b>	<b>158,607</b>	<b>164,275</b>	<b>(227,211)</b>	<b>236,155</b>	<b>8,944</b>
<b>Transfers between funds for:</b>							
Elimination of project deficits	1b	(156,549)	156,549	-	(166,876)	166,876	-
Management and internal fees	7	<u>331,014</u>	<u>(331,014)</u>	<u>-</u>	<u>393,828</u>	<u>(393,828)</u>	<u>-</u>
<b>Total transfers</b>		<b>174,465</b>	<b>(174,465)</b>	<b>-</b>	<b>226,952</b>	<b>(226,952)</b>	<b>-</b>
<b>Other recognised gains/(losses):</b>							
Gains on revaluation of fixed assets for charity's own use		-	-	-	224,237	75,810	300,047
Losses on revaluation of fixed assets for charity's own use		<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,029)</u>	<u>(6,065)</u>	<u>(15,094)</u>
<b>Net movement in funds</b>		<b>180,133</b>	<b>(15,858)</b>	<b>164,275</b>	<b>214,949</b>	<b>78,948</b>	<b>293,897</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		<u>3,654,938</u>	<u>552,076</u>	<u>4,207,014</u>	<u>3,439,989</u>	<u>473,128</u>	<u>3,913,117</u>
<b>Total funds carried forward</b>	<b>14</b>	<b><u>3,835,071</u></b>	<b><u>536,218</u></b>	<b><u>4,371,289</u></b>	<b><u>3,654,938</u></b>	<b><u>552,076</u></b>	<b><u>4,207,014</u></b>

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 2016 (continued)**

		As restated
<b>Statement of Total Recognised Gains and Losses Year to 31 March 2016</b>	<b>31/3/16 £</b>	<b>31/3/15 £</b>
Increase in funds	164,275	8,944
Unrealised surplus on revaluation of properties	-	300,047
Unrealised loss on revaluation of properties	-	(15,094)
Total recognised gains and losses relating to the year	<u>164,275</u>	<u>293,897</u>
<b>Note of historical cost surpluses and deficits</b>		
Increase in funds	164,275	8,944
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>10,893</u>	<u>10,893</u>
Historical cost increase in funds from activities	<u>175,168</u>	<u>19,837</u>

**BALANCE SHEET**  
**AS AT 31 MARCH 2016**

	Note	2016 £	As restated 2015 £
<b>Fixed assets:</b>			
Tangible fixed assets	11	<u>2,185,911</u>	<u>2,215,958</u>
<b>Total fixed assets</b>		<b><u>2,185,911</u></b>	<b><u>2,215,958</u></b>
<b>Current assets:</b>			
Debtors	12	682,805	528,738
Cash at bank		<u>2,191,319</u>	<u>1,830,166</u>
<b>Total current assets</b>		<b><u>2,874,124</u></b>	<b><u>2,358,904</u></b>
<b>Liabilities:</b>			
Creditors: falling due within one year	13	<u>(414,456)</u>	<u>(338,028)</u>
<b>Net current assets</b>		<b><u>2,459,668</u></b>	<b><u>2,020,876</u></b>
<b>Total assets less current liabilities</b>		<b><u>4,645,579</u></b>	<b><u>4,236,834</u></b>
Creditors: falling due after more than one year	13	(250,000)	-
Provisions for liabilities	14	<u>(24,290)</u>	<u>(29,820)</u>
<b>Total net assets</b>		<b><u>4,371,289</u></b>	<b><u>4,207,014</u></b>
<b>The funds of the charity:</b>			
<b>General funds:</b>			
Fund balance	15	542,313	561,157
Revaluation reserve		-	-
<b>Designated funds:</b>			
Fund balance		3,012,648	2,813,671
Revaluation reserve		280,110	280,110
<b>Restricted funds:</b>			
Fund balance		66,744	82,602
Revaluation reserve		<u>469,474</u>	<u>469,474</u>
<b>Total charity funds</b>		<b><u>4,371,289</u></b>	<b><u>4,207,014</u></b>

The financial statements on pages 14 – 30 were approved by the Board of Trustees on

  
 ..... 2016 and signed on their behalf by:

  
 .....  
 ELIN JONES – CHAIR

Company Number 4504443

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	2016 £	2015 £
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	<b><u>146,502</u></b>	<b><u>(185,671)</u></b>
<b>Cash flows from investing activities:</b>		
Interest received	22,297	17,783
Proceeds from the sale of vehicles	6,000	3,000
Purchase of property, plant and equipment	<u>(63,646)</u>	<u>(447,372)</u>
<b>Net cash (used in) investing activities</b>	<b><u>(35,349)</u></b>	<b><u>(426,589)</u></b>
<b>Cash flows from financing activities:</b>		
Cash inflows from new borrowing	<u>250,000</u>	-
<b>Net cash provided by financing activities</b>	<b><u>250,000</u></b>	-
Increase/(decrease) in cash and cash equivalents in the year	<b><u>361,153</u></b>	<b><u>(612,260)</u></b>
Cash and cash equivalents at the beginning of the year	<u>1,830,166</u>	<u>2,442,426</u>
<b>Total cash and cash equivalents at the end of the year</b>	<b><u>2,191,319</u></b>	<b><u>1,830,166</u></b>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

**Reconciliation of net income to net cash flow from operating activities**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>1</b>		
<b>Net income for the year (as per the statement of financial activities)</b>	164,275	8,944
(Increase)/decrease in debtors	(154,067)	(140,872)
Increase/(decrease) in creditors	70,898	(120,548)
Depreciation of tangible assets	93,693	83,730
(Profit)/loss from sale of fixed assets	(6,000)	858
Investment income	<u>(22,297)</u>	<u>(17,783)</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<b><u>146,502</u></b>	<b><u>(185,671)</u></b>

**2**      **Analysis of cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Cash in hand	868,097	428,617
Notice deposits (less than 3 months)	<u>1,323,222</u>	<u>1,401,549</u>
<b>Total cash and cash equivalents</b>	<b><u>2,191,319</u></b>	<b><u>1,830,166</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Hafal meets the definition of a public benefit entity under FRS 102.

The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

**a) Accounting convention**

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

**b) Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for accrued holiday entitlement. The initial liability recognised at the date of transition was for the holiday entitlement arising in the year which was due but not taken. The initial liability was for £15,010. No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

<b>Reconciliation of total charity funds</b>	<b>1 April 2014</b>	<b>31 March 2015</b>
	<b>£</b>	<b>£</b>
Total funds under previous GAAP	3,928,127	4,236,834
Adjustments: Accrued holiday pay	(15,010)	(29,820)
Total funds under FRS 102 (as adjusted)	<u>3,913,117</u>	<u>4,207,014</u>

**Reconciliation of net income:**

Net income for year under previous GAAP	23,754
Holiday pay accrual	(14,810)
Net income for year under FRS 102 (as adjusted)	<u>8,944</u>

**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 15 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES (Continued)**

**c) Fund accounting (Continued)**

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 Statement of Financial Activities (SOFA) when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No amounts are included in the financial statements for services donated by volunteers.

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

**e) Resources expended**

All expenditure is accounted for on an accruals basis and includes VAT which is irrecoverable. Expenditure is 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. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resources. Apportionment is made on an appropriate basis e.g. per capita or usage.

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.

Governance costs include trustees expenses, staff time and direct costs for meetings and mailings.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES (Continued)**

**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.

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	2%
Furniture and equipment	33⅓%
Motor vehicles	33⅓%
Plant & Machinery	10%

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 FRS102.

**j) Leasing commitments**

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

**k) Financial instruments**

Financial instruments comprise cash held at bank in current and deposit accounts and are stated at their carrying value.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

<b>2. DONATIONS AND LEGACIES</b>	<b>2016</b>	<b>2015</b>
Donations and legacies include:	<b>£</b>	<b>£</b>
Welsh Government Grants:		
Grant scheme for all Wales voluntary organisations in the social and health care sector (mental health)	202,333	232,546
ReAct Employment Assistance	-	1,500
Donations	<u>75,179</u>	<u>125,871</u>
<b>3. ACTIVITIES FOR GENERATING FUNDS</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Income stated in this category is after crediting:		
Sales	45,126	36,892
Grant received from Big Lottery Fund:-		
People and Places - Ty Adferiad	-	55,407
Out of the Blue	125,994	-
Connect 4 Recovery	41,064	-
Innovation - Hafal's Recovery Centre	117,521	48,277
Bright New Futures - Up 4 It	145,924	141,587
Community Voices (via GAVO) - Carer Participation Officer	47,533	18,343
(via GAVO) - Carer Participation Officer	46,238	17,704
(via C3SC) - Carer Participation Officer	29,966	27,919
Heritage lottery fund Reflections on mental health	<u>-</u>	<u>3,000</u>
<b>4. ANALYSIS OF TOTAL INCOMING RESOURCES</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Sales	45,126	36,892
Family and carers support	1,320,975	1,347,520
Clubs and centres	278,646	301,284
Supported housing	1,975,933	2,029,706
Befriending/advocacy	195,273	195,208
Employment	321,094	378,428
General charitable activities	<u>893,114</u>	<u>725,008</u>
	<u>5,030,161</u>	<u>5,014,046</u>
<b>Included in the above are the following sources of income:</b>		
Local Health Board/Social Services Joint Funding	634,609	695,137
Social Services	862,936	966,217
Local Mental Health Grant Scheme/SPD	353,934	327,582
Housing Benefit	380,998	337,582
Supporting People Grant	580,687	563,723
Supporting People Revenue Grant	430,709	451,657
Local Health Boards	485,177	554,183
Comic Relief	45,960 <sup>1</sup>	11,490 <sup>1</sup>
ESF Funding for: COAST project Pembrokeshire	<u>-</u>	<u>16,103</u>

<sup>1</sup> A further £25,246 was received for the next financial year.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

<b>5. FUNDRAISING TRADING</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Purchase of goods for sale	14,463	11,215
Staff time dedicated to fundraising	<u>37,074</u>	<u>35,124</u>
	<u>51,537</u>	<u>46,339</u>

**6. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	<b>Staff costs</b>	<b>Other costs</b>	<b>Total costs 2016</b>	<b>Total costs 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Purchase of goods for sale	-	14,463	14,463	11,215
Family and carers support	805,283	401,156	1,206,439	1,223,233
Clubs and centres	152,867	85,677	238,544	276,776
Supported housing	1,087,886	491,348	1,579,234	1,600,528
Befriending/advocacy	123,139	50,621	173,760	178,078
Employment	171,357	116,456	287,813	335,066
General charitable activities	643,235	430,373	1,073,608	1,089,308
Management and Administration	<u>232,031</u>	<u>59,994</u>	<u>292,025</u>	<u>276,088</u>
	<u>3,215,798</u>	<u>1,650,088</u>	<u>4,865,886</u>	<u>4,990,292</u>

<b>Included in the above costs:</b>		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Management and administration	Audit	6,760	6,760
	Accountancy	5,174	7,284
Motor expenses		50,127	59,950
Depreciation		93,693	83,730
Rents paid on leasehold premises		<u>250,105</u>	<u>233,375</u>

**7. TRANSFER OF MANAGEMENT AND INTERNAL FEES**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Family and carers support	164,388	183,590
Clubs and centres	50,857	54,622
Supported housing	12,040	16,404
Befriending/advocacy	19,659	15,260
Employment	41,890	43,417
General charitable activities	<u>42,180</u>	<u>80,535</u>
	<u>331,014</u>	<u>393,828</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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

Trustees are not remunerated. Expenses for travelling and subsistence on Charity business in the amount of £976 (2015 - £1,066) were reimbursed to six Trustees, of which £109 has been donated by a Trustee back to the Charity.

The Charity has paid premiums in respect of Trustees' liability indemnity insurance of £1750.

During the year the company incurred the following transactions with companies/ persons connected by virtue of family relationship to Nicola Thomas (Director of Corporate and Public Affairs):- Ward Electrical Services Limited (husband is a director) an approved contractor: electrical repairs of £981 which were conducted on an arm's length basis.

**9. EMPLOYEE INFORMATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>As restated £</b>
<b>Staff Costs</b>		
Wages and salaries	3,029,022	3,207,481
Social security cost	226,093	246,170
Pension cost	<u>83,829</u>	<u>123,137</u>
	3,338,944	3,576,788
Less: Salaries reallocated to service charge internally	(145,567)	(131,955)
Movement in holiday pay provision	(5,530)	14,810
Add: Recruitment costs	23,665	16,071
Life assurance	<u>4,286</u>	<u>5,115</u>
Total Staff Cost per Statement of Financial Activities (Note 6)	<u>3,215,798</u>	<u>3,480,829</u>
Total value of staff benefits in kind: £17,984 (2015:£15,376)		

**Staff Numbers**

The average monthly head count was 187 staff (2015:194 staff) and the average number of employees calculated on a full-time equivalent basis, analysed by function, was:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Charitable activities	120	119
Management and administration	<u>8</u>	<u>8</u>

**Employee Benefits**

The key management personnel comprise the Trustees, the Chief Executive Officer, Director of Operations, Director of Corporate and Public Affairs, Finance Director and Recovery Centre Director whose employee benefits total £ 265,687 (2015: £244,707).

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
£70,001 - £80,000	=	<u>2</u>
£80,001 - £90,000 <sup>1</sup>	<u>1</u>	=

<sup>1</sup>Salary: £79,888, benefits in kind (vehicle): £3,653, employer contributions to defined contribution pension scheme: £6,591.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**10. PENSION OBLIGATIONS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Defined contribution		
Contributions payable by the Charity for the year	<u>83,828</u>	<u>123,187</u>

Contributions are charged to the relevant fund that the employee costs are allocated to.

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

The Pensions Trust has indicated that as of 30 September 2015, the estimated debt on withdrawal from the Plan for Hafal was £81,649. It is unlikely that the Charity would withdraw from the scheme when it was not fully funded.

**11. TANGIBLE FIXED ASSETS**

	<b>Freehold Land and Buildings £</b>	<b>Leasehold Land and Buildings £</b>	<b>Equipment £</b>	<b>Motor Vehicles £</b>	<b>Total £</b>
<b>Cost/valuation</b>					
At 1 April 2015	1,860,213	280,000	107,582	292,045	2,539,840
Additions	-	-	8,901	54,745	63,646
Disposals	-	-	-	(27,585)	(27,585)
Revaluation	-	-	-	-	-
<b>At 31 March 2016</b>	<u>1,860,213</u>	<u>280,000</u>	<u>116,483</u>	<u>319,205</u>	<u>2,575,901</u>
<b>Depreciation</b>					
At 1 April 2015	7,618	-	73,055	243,209	323,882
Charge for year	37,204	5,600	10,905	39,984	93,693
Eliminated on disposals	-	-	-	(27,585)	(27,585)
Revaluation	-	-	-	-	-
<b>At 31 March 2016</b>	<u>44,822</u>	<u>5,600</u>	<u>83,960</u>	<u>255,608</u>	<u>389,990</u>
<b>NET BOOK VALUE</b>					
At 31 March 2016	<u>1,815,391</u>	<u>274,400</u>	<u>32,523</u>	<u>63,597</u>	<u>2,185,911</u>
At 31 March 2015	<u>1,852,595</u>	<u>280,000</u>	<u>34,527</u>	<u>48,836</u>	<u>2,215,958</u>

All fixed assets held are used for direct charitable purposes.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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

The freehold and leasehold land and buildings were valued independently as at 31 March 2015 at open market value by CLC Chartered Surveyors as follows:

Freehold properties - £1,445,000

Leasehold properties - £280,000

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

<b>Original transferred value/cost</b>	<b>£</b>
At 1 April 2015	1,788,380
Additions	-
At 31 March 2016	<u>1,788,380</u>

**Depreciation based on original transferred value/cost**

At 1 April 2015	200,424
Charge for year	<u>31,911</u>
At 31 March 2016	<u>232,335</u>

**Net book value**

At 31 March 2016	<u>1,556,045</u>
At 31 March 2015	<u>1,587,956</u>

<b>12. DEBTORS</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors – contract income receivable	539,023	469,050
Other debtors	109,829	27,028
Prepayments	<u>33,953</u>	<u>32,660</u>
	<u>682,805</u>	<u>528,738</u>

**13. CREDITORS: FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Creditors	171,305	145,677
Tax and Social Security	57,137	62,286
Accruals	57,825	56,300
Deferred income	126,162	68,223
Payments received in advance	<u>2,027</u>	<u>5,542</u>
	<u>414,456</u>	<u>338,028</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**13. CREDITORS: FALLING DUE WITHIN ONE YEAR (continued)**

All deferred income as at 31 March 2015 was released in the current year. The deferred income as at 31 March 2016 relates to income received specified for future periods.

**CREDITORS: FALLING DUE AFTER MORE THAN ONE YEAR**

	2016	2015
	£	£
Welsh Government Invest to Save Funding	<u>250,000</u>	=

Repayable £200,000 by 31/03/18 and £50,000 by 31/03/19. This funding is interest free.

**14. PROVISIONS FOR LIABILITIES**

	2016	2015
	£	£
Holiday pay provision	<u>24,290</u>	<u>29,820</u>

Entitlement to holiday pay must be taken within 3 months of the accounting period.

**15. STATEMENT OF FUNDS**

	Balance at 1/04/15 As restated £	Incoming resources £	Expendi- ture £	Transfer £	Other Gains/ Losses £	Balance at 31/3/16 £
<b>General funds:</b>						
General fund	561,157	2,451,973	(2,316,715)	(154,102)	-	542,313
<b>Designated funds:</b>						
Gwyn Jones fund	60,000	-	(1,200)	-	-	58,800
Housing Projects fund	253,427	-	(7,428)	-	-	245,999
Day Service Facilities fund	1,025,000	-	(20,500)	-	-	1,004,500
Recovery Centre fund	1,600,419	40,179	(25,545)	138,890	-	1,753,943
IT Infrastructure	-	-	-	80,000	-	80,000
Vehicles fund	48,838	6,000	(100,916)	109,677	-	63,599
Repairing Properties fund	<u>106,097</u>	-	<u>(20,180)</u>	-	-	<u>85,917</u>
<b>Total general funds and designated funds</b>	<u>3,654,938</u>	<u>2,498,152</u>	<u>(2,492,484)</u>	<u>174,465</u>	-	<u>3,835,071</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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

	Balance at 1/04/15 £	Incoming resources £	Expendi- ture £	Transfer £	Other Gains/ Losses £	Balance at 31/3/16 £
<b>Restricted funds:</b>						
Donations & Trusts	-	182,497	(185,721)	8,524	-	5,300
Big Lottery fund	60	499,764	(545,086)	45,262	-	-
Other restricted fund balances (projects)	82,542	1,820,246	(1,612,836)	(228,508)	-	61,444
Capital property fund	<u>469,474</u>	<u>29,502</u>	<u>(29,759)</u>	<u>257</u>	<u>-</u>	<u>469,474</u>
<b>Total restricted funds</b>	<u>552,076</u>	<u>2,532,009</u>	<u>(2,373,402)</u>	<u>(174,465)</u>	<u>-</u>	<u>536,218</u>
<b>Total funds</b>	<u>4,236,834</u>	<u>5,030,161</u>	<u>(4,865,886)</u>	<u>-</u>	<u>-</u>	<u>4,371,289</u>

The total of the Revaluation Reserve at 31 March 2016 is £749,584. This comprises revaluation of properties held within the following funds: Gwyn Jones fund - £29,915, Day Service Facilities fund - £241,603, Housing Projects fund - £8,592 and Capital Property fund - £469,474.

**Analysis of net assets between funds**

	General £	Designated £	Restricted £	Total Funds £
Fund balances at 31 March 2016 are represented by:				
Tangible fixed assets	3,784	1,799,927	382,200	2,185,911
Current assets	849,087	1,742,831	282,206	2,874,124
Current liabilities	(286,268)	-	(128,188)	(414,456)
Liabilities > 1 year	-	(250,000)	-	(250,000)
Provisions for liabilities	<u>(24,290)</u>	<u>-</u>	<u>-</u>	<u>(24,290)</u>
Total net assets	<u>542,313</u>	<u>3,292,758</u>	<u>536,218</u>	<u>4,371,289</u>

**GENERAL FUNDS**

**General fund**

This represents funds not designated for specific purposes.

**DESIGNATED FUNDS**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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

**DESIGNATED FUNDS (continued)**

**Gwyn Jones fund**

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

**Housing Projects fund**

This fund represents the net book value of 14 Gloucester Terrace, a property in Haverfordwest used by Hafal for a housing project.

**Day Service Facilities fund**

This fund represents the net book value of 7 properties used by Hafal to provide day services.

**Recovery Centre Fund**

This fund is for: - the purchase and development of a National Recovery Centre for Hafal providing a 16 bed residential service along with Hafal’s head office. The development is also intended to give Hafal a secure base in place of current uncertainty in leasing arrangements. Note that in May 2014 part of this fund was used to purchase the former Gellinudd Hospital in Pontardawe: further substantial expenditure is planned from this designated fund, we plan to develop similar centres elsewhere in Wales. These centres will build on the exemplar of the National Recovery Centre and will ensure that Hafal’s specialist services are available to our client group in all parts of Wales. The fund may also be used for further expansion and development of our existing short term Recovery Centre in Porthmadog. Timetable for expenditure: 2014 – 2018.

**Vehicles fund**

This fund represents the net book value of Hafal’s current fleet of vehicles.

**Repairing Properties fund**

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

**RESTRICTED FUNDS**

**Big Lottery fund**

The Big Lottery fund has provided direct grant funding as follows: development of Hafal’s Recovery Centre; Up 4 It project; Out of the Blue project and Connect 4 Recovery project. Grant funding received for work in partnership with other agencies: Hafal’s Carer Participation projects.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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

**RESTRICTED FUNDS (continued)**

**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.

All funds have sufficient resources in an appropriate form (cash/property) to enable compliance with any restrictions placed on them.

**16. FINANCIAL COMMITMENTS**

At 31 March 2016 the Charity had annual commitments under non-cancellable leases as follows:

	<b>Land &amp; Buildings</b>	
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Less than 1 year	20,037	18,750
1 to 5 years	35,816	54,608
More than 5 years	<u>27,327</u>	<u>27,327</u>
	<u>83,180</u>	<u>100,685</u>

**17.** Hafal is a charitable company limited by guarantee incorporated in England and Wales.