

COMPANY NO. 4504443

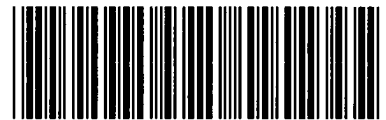


Registered Charity No.1093747

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2020

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**hafal.org**

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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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 supports people with mental health problems - with a special emphasis on those with a serious mental illness - and their carers and families; we also support others with a range of disabilities and their carers and families."*

**Registered Office and Head Office:** Unit B3, Lakeside Technology Park  
 Phoenix Way, Llansamlet, Swansea SA7 9FE

**The Trustees of the Charity in 2019/20 were:**

**Chair:** Elin Jones (retired 19 September 2019)  
 Mair Elliott (from 19 September 2019)

**Vice Chair:** Ceinwen Rowlands

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

**Other Trustees:** Pauline Bett (resigned 2 August 2019)  
 Gerald Cole  
 Suzanne Duval (co-opted Trustee)  
 Mair Elliott (to 19 September 2019)  
 Euan Hails  
 Stephen Lewis (resigned 20 December 2019)  
 Susan Northcott  
 Richard Owen  
 Clive Wolfendale

**Executive Officers in 2019/20 were:**

**Chief Executive:** Alun Thomas

**Deputy Chief Executive:** Sharon Jones

**Company Secretary / Chief Operating Officer:** Nicola Thomas

**Director of Operations:** Caroline Newman (to December 2019)

**Finance Director:** Lynn Bennoch

**Director of People, Planning & Performance:** Nia Murphy

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**REFERENCE AND ADMINISTRATIVE INFORMATION (CONTINUED)**

**Auditors:**

Harris Bassett Ltd.  
Chartered Accountants  
5 New Mill Court  
Phoenix Way  
Enterprise Park  
Swansea  
SA7 9FG

**Bankers:**

NatWest Bank  
Swansea City Centre Branch  
14/16a Oxford Street  
Swansea  
SA1 3AG

**Solicitors:**

Blake Morgan LLP  
One Central Square  
Cardiff  
CF10 1FS

**TRUSTEES' REPORT (CONTINUED)**  
***FOR THE YEAR ENDED 31 MARCH 2020***

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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 2020.

**OBJECTIVES AND ACTIVITIES**

The Charity's objectives ("the objects") as stated in the Articles of Association are to act as a non-sectarian- political charitable organisation based in Wales for the relief and support of people with serious mental illness, illness or disability of any age, and their families, relatives and carers; to relieve the stresses experienced by carers and beneficiaries; for research and education as to the causes, consequences and management of such illness or disability which might impact directly or incidentally; and for advice and assistance in the field of mental health, disability and welfare.

To further its objects, the Charity will:

- Provide information, advice, support and services of the highest standard to those experiencing serious mental illness, illness or disability, their families and carers.
- 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, supported by 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 operates as a single company with up to seventeen 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 has a formal arrangement with CAIS Ltd and the Welsh Centre for Action on Dependency and Addiction (WCADA) through Adferiad Recovery CIO to develop and deliver high quality services and support for individuals and their families, relatives and carers who are affected by issues relating to mental health and substance abuse. Hafal's Chief Executive and Deputy Chief Executive are members of the Board of Trustees of Adferiad Recovery.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

Hafal is managed by its Trustees who meet four times a year for that purpose. A Finance sub-committee with ratified terms of reference and delegated authorities meets quarterly. Trustees are collectively responsible for reviewing and agreeing senior staff benefits and achieve this by means of reference to 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 and externally through accessing information from Blake Morgan LLP, the Charity Commission, Companies House and other relevant organisations. Trustees receive an Induction Pack which includes Hafal's 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. A small team of senior managers leads the charity: during 2019/20 this team included a Chief Executive, a Deputy Chief Executive, a Chief Operating Officer, a Director of Operations, a Director of People, Planning and Performance and a Finance Director seconded from partner charity CAIS. Hafal and CAIS have further developed relationships from those at local project level through to senior management and to governance where the Chief Executive of each organisation sits on the other's Board of Trustees.

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, Mindwise (Northern Ireland) and Scotland in Mind as part of Mental Health UK (Hafal's Chief Executive is a Trustee of MHUK) and with other similar charities across the British Isles on both a bespoke basis and also as a member of the Mental Health Alliance.

Hafal is a member of Developing a Caring Wales (DACW), a Welsh Consortium providing a complete range of services for people affected by alcohol and drug misuse and mental health difficulties. DACW members deliver the Cyfle Cymru project, part of the Welsh Government's Out of Work Service supported by the European Social Fund. Hafal's Chief Executive is a Trustee of DACW.

**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 and updated in 2018/19 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 Corporate Risk Register was reviewed by Trustees on a quarterly basis.

Hafal's Health & Safety Committee convened as necessary during the year to monitor and review the safety of activities. Hafal continues to engage Health and Safety specialist 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".

**TRUSTEES' REPORT (CONTINUED)**  
***FOR THE YEAR ENDED 31 MARCH 2020***

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

During 2019/20 Amanda Trimble delivered updated Health and Safety training, Managing Safely training sessions and 'Investigating Health and Safety incidents' training to members of staff, volunteers and Trustees.

**FINANCIAL REVIEW**

The Charity performed well on the whole 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.

2019/20 saw the third full year of operation for Gellinudd Recovery Centre. The Centre was the realisation of a long-held ambition for the Charity to provide a different approach to in-patient care with guests at the heart of the service. Challenges with how Gellinudd as a unique, patient-led model fits within the NHS Wales Framework have meant that referrals have been slow and occupancy rates have been low, although relationships have been further developed and strengthened during the year and referrals have steadily increased.

Trustees expected that Gellinudd would take some time to reach break-even point and the need to provide a safe staffed environment means that Gellinudd made a significant, although somewhat expected, loss last year. We continue to engage with the Welsh Government and the NHS Wales Framework team to ensure the uniqueness of Gellinudd is reflected in commissioning arrangements and to work with local Health Boards' commissioning teams and others to promote the Centre in order to address this.

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 and its Head of Opportunity Management is leading the development team to apply for new funding and encourage fundraising and donations to the organisation.

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 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.

The impact of the Covid-19 pandemic led to significant expenditure on Personal Protective Equipment (PPE) and support systems and staff in the final quarter of the financial year. Hafal's Trustees were clear that their responsibilities to the staff team included ensuring a secure supply chain for PPE and investing in training, support, and communication during unprecedented times. The appointment of a specialist communications role along with a reduction in the availability of unrestricted charitable funds (noted across the Third Sector) meant that Hafal has declared a small operating loss for the financial year. This is well within manageable limits as the prudence of Trustees in setting aside reserves for unexpected events has stood Hafal well in ensuring services continued, and indeed increased, during the pandemic.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**FINANCIAL REVIEW (Continued)**

Trustees continued to safeguard the financial security of the Charity; during the year Trustees secured a mortgage facility against four properties in order to strengthen and protect the cash position of the Charity, and reviewed investment options in order to maximise investment income for the Charity.

In the reporting period the Charity secured a total income of £8,430,122 with a reported loss of £(39,905) at the end of the year. The net worth of the Charity as at 31 March 2020 was £4,896,872.

**Reserves policy**

Hafal's 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 £4,896,872; this includes restricted funds of £1,081,454, designated funds of £2,985,114 and freely available reserves of £830,304. 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.

**Investment Policy**

Hafal's Trustees have an agreed low risk Investment Policy which was revised in June 2013 and reviewed annually each March from 2016 to 2020. As was anticipated, the Charity needed to access much of its cash funds for the development and establishment of the Gellinudd Recovery Centre in 2017; 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 £848 for 2019/20 compared with £1,075 for 2018/19.

**ACHIEVEMENTS AND PERFORMANCE**

Hafal has spent its first 17 years of operation consolidating its independent position 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 9001:2015 accreditation, Investors in People (IIP) Silver accreditation and Agored Cymru Centre recognition. In November 2019 Hafal won an IIP Employer of the Year Award in the Silver (over 250 employees) category. Hafal is also subject to inspection by the Care Inspectorate for Wales for registered services and inspection reports are available on their website. As part of the development of Gellinudd Recovery Centre, Hafal is registered as an independent hospital provider under Healthcare Inspectorate Wales which routinely audits and inspects the service in Pontardawe.



**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

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 60 are registered formally as volunteers.

Hafal operates over 80 local services, including supported housing, domiciliary respite and home care services, family and carers support services, employment training and resources centres. The development of local services continued in 2019/20 with Hafal attracting funding for new services and achieving expansion in others.

Among these developments were:

- Hafal became a main provider for Powys County Council delivering Domiciliary Home Care services in the Ystradgynlais and Rhayder/Llandridnod Wells areas. In April and May 2019 the staff teams from previous providers transferred to Hafal and service delivery has progressed well throughout the year.
- At the start of the year Clwyd Alyn and Wrexham County Council Supporting People Team approached Hafal to pilot a move on/low level support service as a bolt onto the Wrexham Housing project. Hafal was officially handed the property on in September 2019 and has operated successfully throughout the year.
- In May 2019, Hafal was confirmed as a Strategic Partner in the Armed Forces Covenant Fund Trust's 'Positive Pathways Programme'. Part of the Veterans' Mental Health and Wellbeing Fund, the Positive Pathways programme funds projects that develop and run activities supporting the mental health and wellbeing of ex-Forces, encouraging veterans to get out and active. As part of this programme, Hafal will support smaller organisations to apply for project funding and support successful applicants to deliver on their objectives.
- During the year Hafal were successful in the tendering process to be the single provider for Swansea City Council's Registered Domiciliary and Respite at Home Service for Older People and Younger Adults with a physical disability and / or sensory impairment. Hafal transferred staff from two other organisations and the service commenced delivery in October 2019.
- In 2019/20 Denbighshire County Council undertook a contract review and audit of ACTS and 4 Walls services and following positive feedback, Commissioners extended both contracts for a further two years.
- Hywel Dda Health Board commissioned Hafal to deliver a pilot Carers Awareness Support Service. The project provides carers with information and support, and delivers training to staff in Wylabach Hospital in order to promote a positive and inclusive perspective of the role of carers. The ambition is for the service to develop and to support Community Hospitals in Pembrokeshire in the future.

Hafal's Criminal Justice Services continue to develop and maintain strategic relationships with National Offender Management Service (NOMS) Cymru, National Probations Service (NPS), Community Rehabilitation Companies (CRC) and the four police forces across Wales, as well as key professionals in health and social care and the Welsh Government.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

Hafal's Appropriate Adult Service has continued delivery to South Wales, Dyfed Powys, Gwent and North Wales Police Force areas. During 2019/20, Hafal was awarded the Appropriate Adult Tender for Dyfed Powys, Gwent and South Wales Police, extending the duration of the service by 3 years with an option to add a fourth. During the year we have delivered a service to a total of 3,403 vulnerable adults during police detention and questioning, hosted 9 AA training sessions across Wales, and delivered talks and attended events to assist Police training and University students.

2019/20 saw the seventh full year of operation of "Time to Change Wales", an initiative aimed at reducing stigma and discrimination delivered in partnership with Mind Cymru. The project has exceeded all targets for the year: 35 organisations have signed the Employer Pledge representing 43,305 employees, and 252 Employee Champions have been trained. In addition, we have trained a further 48 new Champions during this period who have helped us engage with 6,602 formal and informal contacts.

The Mental Health and Money Advice Service, delivered as part of Mental Health UK had another successful year with gains for clients reaching over £1million. The average gain per client averaged £6,500 during the year. The service assisted 290 clients by way of 152 cases, 159 welfare benefit cases and 23 mental health cases. The service is set to expand over the next 12 months as additional funding is being provided by Lloyds Banking Group.

The Cyfle Cymru Peer Mentoring service continued for a fourth successful year across Wales, supporting individuals to provide peer mentoring, training and confidence building skills to help them take steps to get back into work. Hafal staff registered 703 new participants during the period; 89% of those participants completed a training course within 10 days of registering. 311 people gained qualifications and 164 people undertook work experience placements and volunteering placements. In total, Hafal staff supported 1,605 people through Cyfle Cymru during the year.

Hafal staff have received both Safeguarding training and Domestic Violence and Abuse training during the year and are supported by the Head of Safeguarding to identify and manage safeguarding concerns appropriately and effectively. During 2019/20 a total of 313 reports were made to the Head of Safeguarding; this was not unexpected given that Hafal's operations focus on the delivery of services to a large proportion of vulnerable people across Wales.

In June 2019, Care Inspectorate Wales (CIW) confirmed that Hafal had achieved registration under the new Regulation and Inspection of Social Care (Wales) Act (RISCA). As part of meeting legal requirements, all Hafal domiciliary care and support workers are being supported to become registered workers with Social Care Wales (SCW).

During the year Hafal's staff team across Wales continued to facilitate a range of training outcomes for staff, service users and carers. Training was delivered in line with Hafal's Agored Cymru accredited centre status and included non-accredited courses such as Confidentiality and General Data Protection Regulations (GDPR) training and Managing Violence and Aggression training together with a range of Agored Cymru aligned training in Kitchen and Food Hygiene, Music and a range of IT training courses in addition to NAAN accredited Appropriate Adult training.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

A range of high quality publications and information leaflets were produced during 2019/20. Local leaflets were updated to reflect service developments across Wales, and new publications included a Hafal's Promise campaign report; a 'Young People and Mental Health' publication, Mair's Manifesto and an annual review incorporating a 2020 calendar.

Hafal's website continued to be regularly updated with news and information; in 2019/20 new and updated sections were added for national services, Hafal's Promise and podcasts, and a wealth of resources and information on maintaining wellbeing during the Covid-19 crisis were added. Hafal's on-line service, Clic also received funding to become Clic UK – a revised and expanded online community serving the entire UK population.

Hafal 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 physical health, loneliness and isolation, carers, and the Mental Health Act. Hafal's social media sites continued to develop and increase in popularity in 2019/20, highlighting the latest news and events, and now have over 22,000 followers.

Hafal's Public Affairs work during 2019/20 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, Mental Health Today and a regular column in the Western Mail.

Hafal's Promise campaign in 2019/20 reached out to service users, carers, their families and the general public in all 22 counties of Wales to combat the loneliness and isolation faced by many of our client group especially those who are most vulnerable and at risk. The campaign surveyed people across Wales on their experiences of loneliness and isolation, what support had been received and was required, and the key messages they wished to convey to Welsh Government, policy and decision makers in health and social services. Hafal is committed to supporting the key actions identified by the campaign, including that the overwhelming priority of mental health services in Wales in relation to loneliness and social isolation must be to complete and then implement the specified section on social life within all Care and Treatment Plans.

**Hafal Members**

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 1,571 (including staff who are Associate Members). Client involvement at Hafal projects continued to develop as clients worked with staff to manage services and plan future developments.

Members Days were held in Denbighshire and Neath Port Talbot in October and November 2019 where Members had the opportunity to network with Trustees, staff and other Members to share experiences, attend training sessions delivered by Hafal's Mental Health and Money Advice Service team and take part in art therapy sessions. Over 230 Members who attended the events participated in a Members Survey to provide feedback on the benefits of membership and the future direction and priorities for the organisation.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**Employees**

During 2019/20 Hafal employed approximately 390 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.

Hafal is committed to promoting equality of opportunity for all staff and job applicants, and has been registered with the Disability Confident Scheme for over 16 years. Hafal is committed to ensuring that the recruitment, training, career development and promotion opportunities for disabled people is, as far as possible and practicable, identical to that of other employees.

Through organisational policies, including our Equal Opportunities Policy and Dignity at Work Policy, the organisation seeks to ensure that employees are treated equally and fairly and that all employees are aware of their responsibilities.

**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.

Hafal has worked hard to ensure that all employees are paid the Living Wage Foundation pay rate and will continue to work with funders to ensure that contract arrangements reflect the value of Hafal staff. Austerity and inflationary pressures combined with minimal or zero uplifts on contract values makes it increasingly difficult to maintain this position, but Hafal continues to work with UNISON, and to lobby Welsh Government to ensure that no public services contracts are issued at less than Living Wage Foundation rates.

Following the merger with Crossroads Mid and West Wales (CMWW), Hafal has increased the pay rate of all CMWW staff who were paid the minimum wage to the National Living Wage rates.

**PLANS FOR FUTURE PERIODS**

Hafal's future strategic plans are guided by our vision statement "Hafal Ymlaen – Strategic Vision and Plan (2012-2022)". Hafal Ymlaen sets out the organisation's 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 2019, Hafal's Trustees approved Hafal's Strategic Plan designed to achieve the aim that 'No one in Wales need be alone' (Hafal's Promise). Hafal remains strongly focussed on the vision set out in Hafal Ymlaen and the key objectives have been updated to reflect the expansion in the range and reach of Hafal's services.

In December 2019, Trustees approved the following departmental strategies to ensure that there is focus, direction and accountability for each of the identified areas:-

External Communications and Marketing; Finance; Fundraising and Development; IT and Data; Operations; People, and Public Affairs.

**TRUSTEES' REPORT (CONTINUED)**  
***FOR THE YEAR ENDED 31 MARCH 2020***

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**PLANS FOR FUTURE PERIODS (Continued)**

The Strategies reflect and reinforce Hafal's agreed Values, and Trustees will monitor further development and implementation in 2020-2023.

In March 2020 Hafal was awarded a service contract to deliver the Mental Health Sanctuary in the Swansea Bay UHB area. This is a new service that will provide practical and therapeutic, person- centered support to people at risk of mental health crisis through the provision of a range of interventions in a welcoming and homely environment.

The Sanctuary will operate from Hafal's Head Office in Swansea between 6pm and 3am, 7 days a week, 365 days a year. The service commenced delivery in May 2020, modified in response to the coronavirus outbreak, and will continue to develop its delivery during the year.

In April 2020 Hafal was notified by Cardiff City Council that we had been successful with the tender for a Pilot Supported Living Service, the first of this model that Cardiff City Council have commissioned and the first housing support service for Hafal in the capital. The contract will run for two years with the option to extend for a further two years and will be delivered in partnership with Cardiff City Council and Cadwyn Housing Association. Initially, the service will support five occupants to settle, maintain and become independent in their new homes, with the idea that these will remain their flats for life. Due to coronavirus restrictions, the completion of refurbishment of the building was delayed, however the service commenced delivery in July 2020.

Hafal will continue to work as part of Mental Health UK, a network of four charities – Hafal (Wales), Rethink Mental Illness (England), Support in Mind Scotland, and MindWise (Northern Ireland) – to develop initiatives and services to benefit clients and carers across the UK.

The Mental Health UK supported Mental Health and Money Advice Service will further develop in 2020/21 with additional funding from Lloyds Banking Group, and a new service – 'Your Resilience' – will build on the established work of the Bloom project, working with young people across Wales.

During the year Hafal's Trustees gave due consideration to succession planning and options for strengthening the Board. At the AGM in September 2019, Elin Jones stepped down as Chair and retired from her position as a Trustee. Hafal's Trustees acknowledged Elin Jones' extensive contributions to the organisation over the years, having been a member of the NSF Wales Committee prior to independence in 2003, and in September 2019 were delighted to confirm that Elin Jones would continue to support the organisation as its Life President.

A new organisational structure agreed with Trustees in 2018/19 and which included positions for a Deputy Chief Executive and a Chief Operating Officer was fully operational during the year and post-holders became embedded into their roles. The restructured Operations Team which included three Heads of Service roles focussing on three key areas; Commercial and National Contracts, Children and Young People's Services and Criminal Justice and Training, and the team will continue to support the growth and development of the organisation across Wales.

Further development will continue in 2020/21 to ensure that the Charity remains robust and well-positioned to continue to deliver high quality services and to further grow and develop.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**PLANS FOR FUTURE PERIODS (Continued)**

Hafal is committed to working in partnership to maximise the opportunities for people who need our help. We will continue to seek out new partners and also to build on existing relationships where we may make more of shared resources and back-office functions to maximise the funds available to provide direct support.

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.

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 tendering exercise will be undertaken at the beginning of September 2020 and the appointment of auditors of the company will be discussed at the Annual General Meeting, in accordance with S485 of the Companies Act.

  
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MAIER ELLIOTT – CHAIR

17.09.....2020

## **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



MAIER ELLIOTT – CHAIR

.....17.09.....2020

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAFAL**

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### **Opinion**

We have audited the Financial Statements of Hafal (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities incorporating an Income and Expenditure Account, the Balance Sheet, the Cash flow statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2020 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other Information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees report has been prepared in accordance with applicable legal requirements.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAFAL (CONTINUED)

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate and proper 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.

### Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.



**Mrs Susan Phillips (Senior Statutory Auditor)  
for and on behalf of Harris Bassett Limited**

**Chartered Accountants  
Statutory Auditor**

17-9-2020

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 2020**

	Note	General & Designated Funds £	Restricted Funds £	Total 2020 £	General & Designated Funds £	Restricted Funds £	Total 2019 £
<b>Income from:</b>							
Donations and legacies	2	72,193	10,288	82,481	81,234	8,124	89,358
Charitable activities	3	5,770,174	2,560,110	8,330,284	5,215,081	2,523,644	7,738,725
Investments		848	-	848	1,075	-	1,075
Other		<u>16,509</u>	<u>-</u>	<u>16,509</u>	<u>15,453</u>	<u>-</u>	<u>15,453</u>
<b>Total income</b>	<b>4</b>	<b><u>5,859,724</u></b>	<b><u>2,570,398</u></b>	<b><u>8,430,122</u></b>	<b><u>5,312,843</u></b>	<b><u>2,531,768</u></b>	<b><u>7,844,611</u></b>
<b>Expenditure on:</b>							
Raising funds	5	53,110	-	53,110	69,891	-	69,891
Charitable activities		<u>6,250,848</u>	<u>2,166,069</u>	<u>8,416,917</u>	<u>5,439,165</u>	<u>2,466,617</u>	<u>7,905,782</u>
<b>Total expenditure</b>	<b>6</b>	<b><u>6,303,958</u></b>	<b><u>2,166,069</u></b>	<b><u>8,470,027</u></b>	<b><u>5,509,056</u></b>	<b><u>2,466,617</u></b>	<b><u>7,975,673</u></b>
<b>Net income/(expenditure)</b>		<b>(444,234)</b>	<b>404,329</b>	<b>(39,905)</b>	<b>(196,213)</b>	<b>65,151</b>	<b>(131,062)</b>
<b>Transfers between funds for:</b>							
Elimination of project deficits	1b	-	-	-	-	-	-
Management and internal fees	7	<u>260,505</u>	<u>(260,505)</u>	<u>-</u>	<u>292,991</u>	<u>(292,991)</u>	<u>-</u>
<b>Total transfers</b>		<b><u>260,505</u></b>	<b><u>(260,505)</u></b>	<b><u>-</u></b>	<b><u>292,991</u></b>	<b><u>(292,991)</u></b>	<b><u>-</u></b>
<b>Net (expenditure)/income before other recognised gains and losses</b>		<b><u>(183,729)</u></b>	<b><u>143,824</u></b>	<b><u>(39,905)</u></b>	<b><u>96,778</u></b>	<b><u>(227,840)</u></b>	<b><u>(131,062)</u></b>
<b>OTHER RECOGNISED GAINS/LOSSES</b>							
Gains on revaluation of fixed assets for charity's own use		-	-	-	253,375	160,701	414,076
Losses on revaluation of fixed assets for charity's own use		-	-	-	<u>(9,200)</u>	<u>-</u>	<u>(9,200)</u>
<b>Net movement in funds</b>		<b>(183,729)</b>	<b>143,824</b>	<b>(39,905)</b>	<b>340,953</b>	<b>(67,139)</b>	<b>273,814</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		<u>4,259,652</u>	<u>677,125</u>	<u>4,936,777</u>	<u>3,918,699</u>	<u>744,264</u>	<u>4,662,963</u>
<b>Total funds carried forward</b>	<b>14</b>	<b><u>4,075,923</u></b>	<b><u>820,949</u></b>	<b><u>4,896,872</u></b>	<b><u>4,259,652</u></b>	<b><u>677,125</u></b>	<b><u>4,936,777</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 2020 (continued)**

	2020 £	2019 £
<b>Statement of Total Recognised Gains and Losses Year to 31 March 2020</b>		
(Decrease)/increase in funds	(39,905)	(131,062)
Unrealised surplus on revaluation of properties		414,076
Unrealised loss on revaluation of properties	<u>-</u>	<u>(9,200)</u>
Total recognised gains and losses relating to the year	<u><b>(39,905)</b></u>	<u><b>(273,814)</b></u>
<b>Note of historical cost surpluses and deficits</b>		
(Decrease)/Increase in funds	(39,905)	(131,062)
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>10,411</u>	<u>(12,555)</u>
Historical cost (decrease)/increase in funds from activities	<u><b>(29,494)</b></u>	<u><b>(143,617)</b></u>

**BALANCE SHEET**  
**AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
<b>Fixed assets:</b>			
Tangible fixed assets	11	<u>4,529,455</u>	<u>4,511,868</u>
<b>Total fixed assets</b>		<u><b>4,529,455</b></u>	<u><b>4,511,868</b></u>
<b>Current assets:</b>			
Debtors	12	1,517,667	1,095,521
Cash at bank		<u>579,456</u>	<u>573,109</u>
<b>Total current assets</b>		<b>2,097,123</b>	<b>1,668,630</b>
<b>Liabilities:</b>			
Creditors: falling due within one year	13	<u>(1,229,706)</u>	<u>(743,721)</u>
<b>Net current assets</b>		<u><b>867,417</b></u>	<u><b>924,909</b></u>
<b>Total assets less current liabilities</b>		<b>5,396,872</b>	<b>5,436,777</b>
Creditors: falling due after more than one year	13	<u>(500,000)</u>	<u>(500,000)</u>
<b>Total net assets</b>		<u><b>4,896,872</b></u>	<u><b>4,936,777</b></u>
<b>The funds of the charity:</b>			
<b>General funds:</b>			
Fund balance	14	748,287	1,034,736
Revaluation reserve		82,017	84,075
<b>Designated funds:</b>			
Fund balance		2,592,538	2,700,631
Revaluation reserve		392,576	440,210
<b>Restricted funds:</b>			
Fund balance		621,640	46,950
Revaluation reserve		<u>459,814</u>	<u>630,175</u>
<b>Total charity funds</b>		<u><b>4,896,872</b></u>	<u><b>4,936,777</b></u>

The financial statements on pages 17 – 35 were approved by the Board of Trustees on  
 ..... 17.09 2020 and signed on their behalf by:

  
 .....  
 MAIER ELLIOTT – CHAIR

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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	2020 £	2019 £
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by operating activities</b>	<b><u>210,429</u></b>	<b><u>2,852</u></b>
<b>Cash flows from investing activities:</b>		
Interest received	848	1,075
Proceeds from the sale of vehicles	18,960	17,037
Purchase of property, plant and equipment	<u>(223,890)</u>	<u>(89,410)</u>
<b>Net cash (used in) investing activities</b>	<b><u>(204,082)</u></b>	<b><u>(71,298)</u></b>
<b>Cash flows from financing activities:</b>		
Cash inflows from new borrowing	<u>-</u>	<u>-</u>
<b>Net cash provided by financing activities</b>	<b><u>-</u></b>	<b><u>-</u></b>
(Decrease) in cash and cash equivalents in the year	<b><u>6,347</u></b>	<b><u>(68,446)</u></b>
Cash and cash equivalents at the beginning of the year	<u>573,109</u>	<u>641,555</u>
<b>Total cash and cash equivalents at the end of the year</b>	<b><u>579,456</u></b>	<b><u>573,109</u></b>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2020**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>1</b>		
<b>Net (expenditure)/income for the year, before other recognised gains and losses (as per the statement of financial activities)</b>	(39,905)	(131,062)
Increase in debtors	(422,146)	(87,295)
Increase in creditors	485,985	43,259
Depreciation of tangible assets	203,852	194,478
Profit from sale of fixed assets	(16,509)	(15,453)
Transfer in of CMWW fixed assets	-	-
Investment income	<u>(848)</u>	<u>(1,075)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b><u>210,429</u></b>	<b><u>2,852</u></b>

**2 Analysis of cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash in hand	578,830	572,483
Notice deposits (less than 3 months)	<u>626</u>	<u>626</u>
<b>Total cash and cash equivalents</b>	<b><u>579,456</u></b>	<b><u>573,109</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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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) 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 14 to the financial statements.

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

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

**c) Incoming resources**

All incoming sources are included in the 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. ACCOUNTING POLICIES (Continued)**

**d) 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.

**e) Taxation**

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

**f) Local groups**

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

**g) Pensions**

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

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



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**1. ACCOUNTING POLICIES (Continued)**

**h) Tangible fixed assets**

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

Freehold land and buildings are included at valuation.

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

Land and buildings	2%
Furniture and equipment	33⅓%
Motor vehicles	33⅓%
Plant and 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.

**i) Leasing commitments**

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

**j) Financial instruments**

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

**k) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

**2. DONATIONS AND LEGACIES**

	2020	2019
Donations and legacies include:	£	£
-		
Donations	<u>82,481</u>	<u>89,358</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**


**3. CHARITABLE ACTIVITIES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Income stated in this category is after crediting:		
Sales	-	18,943
Grant received from Big Lottery Fund:-		
People and Places - Out of the Blue	-	57,849
Connect 4 Recovery	-	54,933
Psychological Therapies	-	84,111
Bright New Futures - Up 4 It	81,637	126,978
Project UNO	<u>-</u>	<u>27,860</u>

**4. ANALYSIS OF TOTAL INCOMING RESOURCES**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Sales	4,631	18,943
Family and carers support	3,533,091	3,030,789
Clubs and centres	145,227	149,167
Supported housing	1,869,903	1,903,071
Befriending/advocacy	119,586	122,919
Employment	814,244	706,631
Domiciliary care	13,986	20,976
General charitable activities	<u>1,929,454</u>	<u>1,892,115</u>
	<b><u>8,430,122</u></b>	<b><u>7,844,611</u></b>

**Sources of income included in the above:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Local Health Board/Social Services Joint Funding	459,123	514,589
Social Services	1,572,968	1,163,071
Local Mental Health Grant Scheme/SPD	247,834	238,821
Housing Benefit	467,280	483,309
Supporting People Grant	577,534	544,694
Supporting People Revenue Grant	382,597	433,744
Local Health Boards	2,525,957	2,252,809
Comic Relief	32,277	48,665
 ESF Funding for: Cyfle Cymru project	<u>560,305</u>	<u>452,990</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**5. RAISING FUNDS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Purchase of goods for sale	4,698	1,747
Staff time dedicated to fundraising	<u>48,412</u>	<u>69,891</u>
	<b><u>53,110</u></b>	<b><u>71,638</u></b>

**6. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	<b>Staff costs</b>	<b>Other costs</b>	<b>Total costs 2020</b>	<b>Total costs 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Purchase of goods for sale	-	4,698	4,698	1,747
Family and carers support	2,231,036	1,084,499	3,315,535	2,476,345
Clubs and centres	99,034	46,465	145,499	128,790
Supported housing	1,047,041	793,354	1,840,395	1,654,817
Befriending/advocacy	95,208	29,474	124,682	122,187
Employment	373,709	282,326	656,035	525,898
Domestic Care	18,236	18,084	36,320	34,037
General charitable activities	1,248,197	65,082	1,313,279	2,364,466
Management and Administration	<u>978,758</u>	<u>54,826</u>	<u>1,033,584</u>	<u>667,386</u>
	<b><u>6,091,219</u></b>	<b><u>2,378,808</u></b>	<b><u>8,470,027</u></b>	<b><u>7,975,673</u></b>

**Included in the above costs:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Management and administration		
- audit	16,200	14,410
- accountancy	16,392	10,000
Motor expenses	62,100	61,779
Depreciation	203,852	194,478
Rents paid on leasehold premises	<u>299,605</u>	<u>264,328</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

	2020	2019
	£	£
Family and carers support	144,219	153,658
Clubs and centres	17,276	20,095
Supported housing	13,671	14,808
Befriending/advocacy	12,385	15,912
Employment	35,438	29,483
General charitable activities	<u>37,516</u>	<u>59,035</u>
	<b><u>260,505</u></b>	<b><u>292,991</u></b>

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

Trustees are not remunerated. Expenses for travelling and subsistence on Charity business in the amount of £464.88 (2019 - £1,056) were reimbursed to five Trustees.

During the year, the company incurred the following transactions with companies/ persons connected by virtue of family relationship to:

Nicola Thomas (Chief Operating Officer):- Ward Electrical Services Limited (husband is a director) an approved contractor: electrical repairs of £16,470 (2019: £681) which were conducted on an arm's length basis.

During the year, following an open recruitment procedure, the wife of the Chief Executive was employed as a registered nurse with the organisation at a salary of £33,587. This appointment was made by an independent panel which included Trustee representation and the Chief Executive was not included in the process. Line management of the role includes external support and supervision from a nurse consultant.

**9. EMPLOYEE INFORMATION**

	2020	2019
	£	£
<b>Staff Costs</b>		
Wages and salaries	5,605,531	5,278,166
Social security cost	338,598	353,823
Pension cost	133,911	95,854
Apprenticeship Levy	<u>7,491</u>	<u>4,725</u>
	6,085,531	5,732,568
Less: Salaries reallocated to service charge internally	-	-
Movement in holiday pay provision	(5,267)	2,926
Add: Recruitment costs	966	24,216
Life assurance	<u>9,989</u>	<u>8,482</u>
Total Staff Cost per Statement of Financial Activities (Note 6)	<b><u>6,091,219</u></b>	<b><u>5,768,192</u></b>
Total value of staff benefits in kind: £41,005 (2019: £27,045).		

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**9. EMPLOYEE INFORMATION (continued)**

**Staff Numbers**

The average monthly head count was 400 staff (2019: 358 staff) and the average number of employees calculated on a full-time equivalent basis, analysed by function, was:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Charitable activities	170	150
Management and administration	<u>25</u>	<u>15</u>

**Employee Benefits**

The key management personnel comprise the Trustees, the Chief Executive, Deputy Chief Executive, Chief Operating Officer, Finance Director and Director of People, Planning & Performance whose employee benefits total £282,910 (2019: £320,926).

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	<u>2</u>	<u>2</u>
£80,001 - £90,000 <sup>1</sup>	<u>1</u>	<u>1</u>

<sup>1</sup>Salary: £79,888, benefits in kind (vehicle): £5,479

**10. PENSION OBLIGATIONS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Defined contribution		
Contributions payable by the Charity for the year	<u>133,911</u>	<u>95,854</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 2019, the estimated debt on withdrawal from the Plan for Hafal was £55,035 (2019: £65,499). It is unlikely that the Charity would withdraw from the scheme when it was not fully funded.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**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 2019	3,846,651	610,000	371,777	434,605	5,263,033
Additions	-	148,658	27,953	47,279	223,890
Disposals	-	-	-	(131,129)	(131,129)
<b>At 31 March 2020</b>	<b><u>3,846,651</u></b>	<b><u>758,658</u></b>	<b><u>399,730</u></b>	<b><u>350,755</u></b>	<b><u>5,355,794</u></b>
<b>Depreciation</b>					
At 1 April 2019	111,651	6,877	274,978	357,659	751,165
Charge for year	76,933	13,273	58,547	55,099	203,852
Eliminated on disposals	-	-	-	(128,678)	(128,678)
<b>At 31 March 2020</b>	<b><u>188,584</u></b>	<b><u>20,150</u></b>	<b><u>333,525</u></b>	<b><u>284,080</u></b>	<b><u>826,339</u></b>
<b>NET BOOK VALUE</b>					
At 31 March 2020	<b><u>3,658,067</u></b>	<b><u>738,508</u></b>	<b><u>66,205</u></b>	<b><u>66,675</u></b>	<b><u>4,529,455</u></b>
At 31 March 2019	<b><u>3,735,000</u></b>	<b><u>603,123</u></b>	<b><u>96,799</u></b>	<b><u>76,946</u></b>	<b><u>4,511,868</u></b>

All fixed assets held are used for direct charitable purposes.

Freehold and leasehold land and buildings includes properties which were valued independently as at 1 September 2018 at open market value by CLC Chartered Surveyors as follows:

Freehold properties - £2,345,000

Leasehold properties - £610,000

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

**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 2019	3,841,083
Additions	<u>148,658</u>
At 31 March 2020	<u><b>3,989,741</b></u>
<b>Depreciation based on original transferred value/cost</b>	
At 1 April 2019	481,016
Charge for year	<u>79,795</u>
At 31 March 2020	<u><b>560,811</b></u>
<b>Net book value</b>	
At 31 March 2020	<u><b>3,428,930</b></u>
At 31 March 2019	<u><b>3,360,067</b></u>

**12. DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Trade debtors – contract income receivable	1,276,746	897,545
Other debtors	145,134	86,056
Loan to related company (charity)	50,000	50,000
Prepayments	<u>45,787</u>	<u>61,920</u>
	<u><b>1,517,667</b></u>	<u><b>1,095,521</b></u>

The loan is to Adferiad Recovery Limited which is repayable on demand and is interest free.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Creditors	444,101	139,034
Tax and Social Security	190,001	106,254
Wages	116,777	82,630
Accruals	51,004	75,666
Deferred income	<u>427,823</u>	<u>340,137</u>
	<b><u>1,229,706</u></b>	<b><u>743,721</u></b>

The deferred income as at 31 March 2020 relates to income received specified for future periods.

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Welsh Government Invest to Save Funding	<u>500,000</u>	<u>500,000</u>

This funding is interest free and is unsecured.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**14. STATEMENT OF FUNDS**

	Restated balance at 1/04/19 £	Incoming resources £	Expenditure £	Transfer £	Balance at 31/3/20 £
<b>General funds:</b>					
General fund	<u>1,118,811</u>	<u>5,814,896</u>	<u>(6,103,403)</u>	<u>-</u>	<u>830,304</u>
<b>Designated funds:</b>					
Gwyn Jones fund	69,183	-	(1,400)	-	67,783
Housing Projects fund	247,083	-	(5,000)	-	242,083
Day Service Facilities fund	1,082,808	-	(21,900)	-	1,060,908
Recovery Centre fund	1,577,698	-	(30,033)	-	1,547,665
IT Infrastructure Vehicles fund	68,291	-	(68,291)	-	-
	76,946	44,828	(55,099)	-	66,675
Repairing Properties fund	<u>18,832</u>	<u>-</u>	<u>(18,832)</u>	<u>-</u>	<u>-</u>
<b>Total designated funds</b>	<u><b>3,140,841</b></u>	<u><b>44,828</b></u>	<u><b>(200,555)</b></u>	<u><b>-</b></u>	<u><b>2,985,114</b></u>
<b>Restricted funds:</b>					
Other restricted fund balances (projects)	46,950	2,559,925	(2,155,596)	170,361	621,640
Capital property fund	<u>630,175</u>	<u>10,473</u>	<u>(10,473)</u>	<u>(170,361)</u>	<u>459,814</u>
<b>Total restricted funds</b>	<u><b>677,125</b></u>	<u><b>2,570,398</b></u>	<u><b>(2,166,069)</b></u>	<u><b>-</b></u>	<u><b>1,081,454</b></u>
<b>Total funds</b>	<u><b>4,936,777</b></u>	<u><b>8,430,122</b></u>	<u><b>(8,470,027)</b></u>	<u><b>-</b></u>	<u><b>4,896,872</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

Fund balances at 31 March 2020 are represented by:

<b>Analysis of net assets between funds</b>	<b>General</b>	<b>Designated</b>	<b>Restricted</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>Funds</b>
				<b>£</b>
Tangible fixed assets	865,275	2,879,830	784,350	4,529,455
Current assets	766,912	605,284	724,927	2,097,123
Current liabilities	(801,883)	-	(427,823)	(1,229,706)
Liabilities>1year	-	(500,000)	-	(500,000)
Total net assets	<u>830,304</u>	<u>2,985,114</u>	<u>1,081,454</u>	<u>4,896,872</u>

**GENERAL FUNDS**

**General fund**

This represents funds not designated for specific purposes, this also includes the net book value of Hafal's head office.

**DESIGNATED FUNDS**

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

**Gwyn Jones fund**

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

**Housing Projects fund**

This fund 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

**Recovery Centre Fund**

This fund was intended 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 was also intended to give Hafal a secure base in place of current uncertainty in leasing arrangements. The head office property was subsequently purchased out of general funds and provides Hafal with a low-cost base conveniently located in Swansea. In May 2014 part of this fund was used to purchase the former Gellinudd Hospital in Pontardawe: further substantial expenditure took place in 2016-17 from this designated fund and the fund currently represents the net book value of the Recovery Centre. 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.

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**15. FINANCIAL COMMITMENTS**

At 31 March 2020, the Charity had annual commitments under non-cancellable leases as follows:

	<b>Land &amp; Buildings</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Less than 1 year	62,588	67,477
1 to 5 years	38,400	19,400
More than 5 years	<u>59,323</u>	<u>41,527</u>
	<b><u>160,311</u></b>	<b><u>128,404</u></b>

**16. LEGAL STATUS OF THE CHARITY**

Hafal is a charitable company limited by guarantee, incorporated in England and Wales and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.