

# hafal

Registered Charity No.1093747

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2018

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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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 2017/18 were:**

**Chair:** Elin Jones

**Vice Chair:** Ceinwen Rowlands

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

**Other Trustees:** John Barnes  
 Pauline Bett (from 1<sup>st</sup> April 2017)  
 Gerald Cole  
 Shanaz Dorkenoo-Steventon (1<sup>st</sup> April 2017 to 21<sup>st</sup> August 2017)  
 Suzanne Duval (Co-opted Trustee)  
 Mair Elliott  
 Michael Miles (from 1<sup>st</sup> April 2017)  
 Jennifer Phillips (to 21<sup>st</sup> September 2017)  
 Helen Philpin (from 1<sup>st</sup> April 2017)  
 Philip Thomas (Co-opted Trustee) (to 2<sup>nd</sup> October 2017)

**Executive Officers in 2017/18 were:**

**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 2018**

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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 2018**

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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 2018.

**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 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.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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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 bi-annually. Trustees are collectively responsible for reviewing and agreeing senior staff benefits and achieve this by means of reference to 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 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 2017/18 this team included a Chief Executive, 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, Mindwise (Northern Ireland) and Scotland in Mind as part of Mental Health UK and with 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 and updated in 2017/18 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 expert 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".

During 2017/18 Amanda Trimble delivered updated Health and Safety training, Managing Safely training sessions and Managing Challenging Behaviour training to all members of staff, volunteers and Trustees.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**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. This year was the first year of the merged Hafal and Crossroads Mid and West Wales operations and while the service integration went well with clients and carers not seeing any changes in the day-to-day care they received, the Charity commenced significant structural changes which impacted on the financial position. During the early part of the year it was determined that the Fronheulog Care Home (formerly owned by Crossroads Mid and West Wales) would not be fit for purpose unless significant funds were expended to provide a safe, comfortable and appropriate setting for the residents. Despite detailed discussions with Powys County Council we were unable to find a way to fund this refurbishment and took the very difficult decision to close the Home, resettle residents and (as far as practicable) find alternative work for staff. The closure did result in a number of redundancies and the Home made a significant loss during the year.

The opening of Gellinudd Recovery 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. The first guests moved in last year through placements made by the NHS Wales Framework. Challenges with this Framework has meant that referrals have been slow and many of the beds remain empty. 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 too made a significant, although somewhat expected, loss last year. We have been lobbying the Welsh Government to address the issues with the Framework and we are advised that this Framework will be refreshed towards the end of 2018 which we anticipate will address a number of our concerns.

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 by dividing money held on deposit between two financial institutions. 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 £8,607,179 with a reported surplus of £300,654 at the end of the year. The net worth of the Charity as at 31 March 2018 was £4,702,963.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**FINANCIAL REVIEW (Continued)**

**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 £4,702,963; this includes restricted funds of £880,563, designated funds of £3,078,136 and freely available reserves of £744,264. 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 in March 2016, March 2017 and March 2018. As was anticipated, the Charity needed to access much of its cash funds for the development and establishment of the Gellinudd Recovery Centre; 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 £393 for 2017/18 compared with £15,847 for 2016/17.

**ACHIEVEMENTS AND PERFORMANCE**

Hafal has spent its first 15 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 9001:2008 accreditation, Investors in People accreditation and Agored Cymru Centre recognition. 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.

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 57 are registered formally as volunteers.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

Hafal's Expert Patient Leadership Panel (HELP Panel) continued to develop during 2017/18, reviewing their Terms of Reference and evaluating nominations received for the Am y Gorau staff and volunteer recognition scheme, as well as contributing to a number of public events, consultations and publications.

Hafal operates over 80 local services, including supported housing, family and carers support services, employment training and resources centres. The development of local services continued in 2017/18 with Hafal attracting funding for new services and achieving expansion in others.

Among these developments were:

- Gellinudd Recovery Centre opened and the first guests were offered and accepted places in 2017/18. The Recovery Centre continues to deliver a high standard of service and marketing of the Centre extends to commissioners both across Wales and in England. In September 2017 the Centre was awarded the internationally renowned Pedro Montellano Good Practice Award – this prestigious award recognises the outstanding initiatives and innovative efforts of mental health organisations in Europe and is awarded to just one project each year. In October 2017 Gellinudd hosted visitors from Norway and Sweden who were keen to learn about the Centre and its award-winning practices.
- The Lloyds Banking Group funded Money and Mental Health Advice Service was launched in October 2017 and to date the service has supported over 250 individuals with a range of complex financial and mental health issues.
- Hafal was successfully awarded an ICF 'Changing for the Better' grant to deliver an Early Intervention Service in Neath Port Talbot to support individuals at risk of developing psychosis.
- Comic Relief awarded Hafal funding for a 'Thriving Not Just Surviving' young men's mental health service which will commence delivery in 2018.

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 Assembly Government.

During 2017/18 Hafal's 'Out of the Blue' Big Lottery funded service delivered interventions to 198 individuals. Hafal's Appropriate Adult service continued to develop, delivering to South Wales Police, Dyfed Powys Police and Gwent Police. During 2017/18, Hafal delivered a service to a total of 2,359 vulnerable adults during police detention and questioning.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

2017/18 saw the sixth full year of operation of "Time to Change Wales", an initiative aimed at reducing stigma and discrimination. The project achieved its targets for the year: 202 anti-stigma and discrimination lived-experience presentations were delivered to over 3,450 people, over 3,060 informal contacts were made and 28 new Champions were trained during this period.

The Cyfle Cymru Peer Mentoring service continued for a second 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. Cyfle Cymru is part of the Out of Work Service funded by the European Social Fund and Welsh Government and delivered by Hafal as part of the DACW (Developing a Caring Wales) partnership.

During the year Hafal's staff team across Wales continued to facilitate a range of training outcomes to staff, service users and external agencies. Over 400 learners across Wales were registered for accredited Agored Cymru units including Using Woodwork Handtools; Painting with Acrylics; Guitar: Basic Chords and Strumming; Kitchen Hygiene and Managing your Finances. In addition to the Agored Cymru training, a range of non-accredited courses including Substance Misuse training, Assertiveness training and IT training were delivered across Wales.

A range of high quality publications and information leaflets were produced during 2017/18. Local leaflets were updated to reflect service developments across Wales, and new publications included a Forces for Change campaign report; Jo's Action Plan – Reducing Risk: Achieving Recovery; a Guide for Aged Veterans in collaboration with Change Step and the Royal British Legion, and a 2017/8 calendar incorporating our annual review.

Hafal's website continued to be regularly updated with news and information; in 2017/18 new sections were added for older people's mental health, talking therapies and care and treatment planning. Resources and support available for carers was further strengthened during the year with the publication of an updated '10 Point Plan for Carers', delivery of Carers Rights training in collaboration with Carers Wales and the publication of an on-line Carers Hub.

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 young people, criminal justice services, money and mental health and psychological therapies available in Wales. Hafal's social media sites continued to develop and increase in popularity in 2017/18, highlighting the latest news and events and has over 18,000 followers on Facebook and Twitter.

Hafal's Public Affairs work during 2017/18 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.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**ACHIEVEMENTS AND PERFORMANCE (Continued)**

Hafal's "Forces for Change" campaign in 2017/18, was delivered by armed and blue light veterans with support from partners Bipolar UK, Diverse Cymru, CAIS, Care after Combat, Veterans NHS Wales, Carers Wales, Change Step, The Royal British Legion, the National Centre for Mental Health and Hafal Crossroads. The campaign reached out to veterans, their families, and the general public in all 22 counties of Wales to discuss issues, learn about the support services available and to offer recommendations for improvements to service delivery and access. The campaign forged new and enduring links between veteran and non-veteran organisations and raised veterans' awareness about support and information available.

**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 1,688 (including staff who are Associate Members) – an increase of 152 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.

Members Days were held in Llandudno and Swansea in October and November 2017 where Members had the opportunity to network with Trustees, staff and other Members to share experiences, attend training sessions delivered by Hafal's Money and Mental Health Advice Service team and Hafal's Carers Leads and take part in art therapy sessions. Over 150 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.

**Employees**

During 2017/18 Hafal employed approximately 350 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.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**PLANS FOR FUTURE PERIODS**

Hafal's future strategic plans are guided by our vision statement "Hafal Ymlaen – Strategic Vision and Plan (2012-2022)". Hafal Ymlaen sets 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. Following consultation with Members across Wales a revised and updated Hafal Ymlaen strategy was published in 2016/17.

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.

Following the merger of carers' charity Crossroads Care Mid & West Wales with Hafal on 1<sup>st</sup> April 2017 operations have continued and developed in line with the vision for a larger organisation working to fulfil a wider mission across Wales. Building on this area of specialist service delivery knowledge, future service development will encompass supporting carers and young children across Wales.

Hafal committed to "business as usual" as far as reasonably possible for the Crossroads Mid and West Wales services for the first year of the merger and we have spent that time working with our new colleagues to determine the longer-term relationship between the two types of services we are now able to offer. With the ability to offer services on a pan-disability basis the organisation is now seeking opportunities utilising both Hafal's and the Crossroads Mid and West Wales staff team and we expect to develop this further as we go forward.

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.

Hafal plans to continue to further develop its work undertaken in 2017/18 with carers, young people and those in contact with the criminal justice system.

During the year Hafal's Trustees gave due consideration to succession planning and options for strengthening the Board. Alongside this, Hafal's Executive Team reviewed and considered options for further strengthening the staff team to enable the Charity to continue to grow and develop.

Bruck Payne Associates were commissioned to deliver a management training programme and eleven members of staff were successful in the selection process to undertake this training. The candidates formed Arwain – Hafal's Leadership Group – and together with undertaking the formal Institute of Leadership and Management Level 5 qualification are leading on special projects and strategy work for the organisation.

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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**PLANS FOR FUTURE PERIODS (Continued)**

Arwain have commenced work on identifying Hafal's Rights and Values and have consulted with the whole staff team to identify the Charity's core values and the core competencies and behaviours required to deliver these values. This work has been supported by the Observatory on Human Rights of Children at the Hillary Rodham Clinton School of Law in Swansea University which is a collaborative project with local, national and international partners working for realisation of human rights through policy, practice, advocacy and law reform.

The Executive Team have also reviewed the organisational structure during the year and a new organisational structure has been agreed with Trustees. This new structure will enable the Charity to move forward and to continue to grow and develop and includes a Deputy Chief Executive post to oversee the organisation's service delivery and to deputise for the Chief Executive and a Chief Operating Officer to manage the governance and non-operational work of the Charity. Internal departments have also been strengthened as part of this restructure through the appointment of a HR Manager, a Management Accountant and a Strategic Manager for North Wales. Further development will continue in 2018/19 to ensure that the Charity remains robust and well-positioned to continue to deliver high quality services and to further grow and develop.

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

..... 20<sup>th</sup> Sep 2018

## 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.

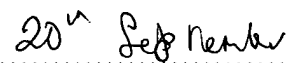
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding 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

  
 .....2018

## INDEPENDENT AUDITORS' 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 2018 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 2018 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 AUDITORS' 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.



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

**Chartered Accountants  
Statutory Auditor**

*20 September 2018*

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 2018**

	Note	General & Designated Funds £	Restricted Funds £	Total 2018 £	General & Designated Funds £	Restricted Funds £	Total 2017 £
<b>Income from:</b>							
Donations and legacies	2	806,315	121,065	927,380	291,589	7,420	299,009
Charitable activities	3	5,020,812	2,655,344	7,676,156	2,681,864	2,458,486	5,140,350
Investments		393	-	393	15,847	-	15,847
Other		<u>3,250</u>	<u>-</u>	<u>3,250</u>	<u>4,100</u>	<u>-</u>	<u>4,100</u>
<b>Total income</b>	<b>4</b>	<b><u>5,830,770</u></b>	<b><u>2,776,409</u></b>	<b><u>8,607,179</u></b>	<b><u>2,993,400</u></b>	<b><u>2,465,906</u></b>	<b><u>5,459,306</u></b>
<b>Expenditure on:</b>							
Raising funds	5	56,831	-	56,831	41,947	-	41,947
Charitable activities		<u>5,866,385</u>	<u>2,383,309</u>	<u>8,249,694</u>	<u>3,020,063</u>	<u>2,366,276</u>	<u>5,386,339</u>
<b>Total expenditure</b>	<b>6</b>	<b><u>5,923,216</u></b>	<b><u>2,383,309</u></b>	<b><u>8,306,525</u></b>	<b><u>3,062,010</u></b>	<b><u>2,366,276</u></b>	<b><u>5,428,286</u></b>
<b>Net income/(expenditure)</b>		<b>(92,446)</b>	<b>393,100</b>	<b>300,654</b>	<b>(68,610)</b>	<b>99,630</b>	<b>31,020</b>
<b>Transfers between funds for:</b>							
Elimination of project deficits	1b	(85,208)	85,208	-	(231,440)	231,440	-
Management and internal fees	7	<u>299,860</u>	<u>(299,860)</u>	<u>-</u>	<u>301,472</u>	<u>(301,472)</u>	<u>-</u>
<b>Total transfers</b>		<b>214,652</b>	<b>(214,652)</b>	<b>-</b>	<b>70,032</b>	<b>(70,032)</b>	<b>-</b>
<b>Net movement in funds</b>		<b>122,206</b>	<b>178,448</b>	<b>300,654</b>	<b>1,422</b>	<b>29,598</b>	<b>31,020</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		<u>3,836,493</u>	<u>565,816</u>	<u>4,402,309</u>	<u>3,835,071</u>	<u>536,218</u>	<u>4,371,289</u>
<b>Total funds carried forward</b>	<b>14</b>	<b><u>3,958,699</u></b>	<b><u>744,264</u></b>	<b><u>4,702,963</u></b>	<b><u>3,836,493</u></b>	<b><u>565,816</u></b>	<b><u>4,402,309</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 2018 (continued)**

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	31/3/18 £	31/3/17 £
<b>Statement of Total Recognised Gains and Losses Year to 31 March 2018</b>		
Increase in funds	<u>300,654</u>	<u>31,020</u>
Total recognised gains and losses relating to the year	<u>300,654</u>	<u>31,020</u>
<b>Note of historical cost surpluses and deficits</b>		
Increase in funds	300,654	31,020
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>3,043</u>	<u>10,893</u>
Historical cost increase in funds from activities	<u>303,697</u>	<u>41,913</u>

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets:</b>			
Tangible fixed assets	11	4,213,644	3,585,706
<b>Total fixed assets</b>		<b>4,213,644</b>	<b>3,585,706</b>
<b>Current assets:</b>			
Debtors	12	1,008,226	604,447
Cash at bank		641,555	1,205,403
<b>Total current assets</b>		<b>1,649,781</b>	<b>1,809,850</b>
<b>Liabilities:</b>			
Creditors: falling due within one year	13	(660,462)	(493,247)
<b>Net current assets</b>		<b>989,319</b>	<b>1,316,603</b>
<b>Total assets less current liabilities</b>		<b>5,202,963</b>	<b>4,902,309</b>
Creditors: falling due after more than one year	13	(500,000)	(500,000)
<b>Total net assets</b>		<b>4,702,963</b>	<b>4,402,309</b>
<b>The funds of the charity:</b>			
<b>General funds:</b>			
Fund balance	14	880,563	661,641
Revaluation reserve			-
<b>Designated funds:</b>			
Fund balance		2,798,026	2,894,742
Revaluation reserve		280,110	280,110
<b>Restricted funds:</b>			
Fund balance		274,790	96,307
Revaluation reserve		469,474	469,509
<b>Total charity funds</b>		<b>4,702,963</b>	<b>4,402,309</b>

The financial statements on pages 16 – 34 were approved by the Board of Trustees on

20<sup>th</sup> September 2018 and signed on their behalf by:

  
 ELIN JONES – CHAIR

Company Number 4504443

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by operating activities</b>	<b><u>(332,648)</u></b>	<b><u>239,746</u></b>
<b>Cash flows from investing activities:</b>		
Interest received	393	15,847
Proceeds from the sale of vehicles	3,250	4,100
Purchase of property, plant and equipment	<u>(234,843)</u>	<u>(1,495,609)</u>
<b>Net cash (used in) investing activities</b>	<b><u>(231,200)</u></b>	<b><u>(1,475,662)</u></b>
<b>Cash flows from financing activities:</b>		
Cash inflows from new borrowing	<u>-</u>	<u>250,000</u>
<b>Net cash provided by financing activities</b>	<b><u>-</u></b>	<b><u>250,000</u></b>
(Decrease) in cash and cash equivalents in the year	<b><u>(563,848)</u></b>	<b><u>(985,916)</u></b>
Cash and cash equivalents at the beginning of the year	<u>1,205,403</u>	<u>2,191,319</u>
<b>Total cash and cash equivalents at the end of the year</b>	<b><u>641,555</u></b>	<b><u>1,205,403</u></b>

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2018**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>1</b>		
<b>Net income for the year (as per the statement of financial activities)</b>	300,654	31,020
(Increase)/decrease in debtors	(403,779)	78,358
Increase in creditors	167,215	54,501
Depreciation of tangible assets	188,179	95,814
Profit from sale of fixed assets	(3,250)	(4,100)
Transfer in of CMWW fixed assets	(581,274)	-
Investment income	<u>(393)</u>	<u>(15,847)</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<b><u>(332,648)</u></b>	<b><u>239,746</u></b>

**2 Analysis of cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash in hand	598,956	566,954
Notice deposits (less than 3 months)	<u>42,599</u>	<u>638,449</u>
<b>Total cash and cash equivalents</b>	<b><u>641,555</u></b>	<b><u>1,205,403</u></b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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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 2018**

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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 2018**

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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	33 $\frac{1}{3}$ %
Motor vehicles	33 $\frac{1}{3}$ %
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.


**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

<b>2. DONATIONS AND LEGACIES</b>	<b>2018</b>	<b>2017</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	202,333
Transfer of assets from Crossroads Mid & West Wales	592,350	-
Donations	<u>129,261</u>	<u>93,383</u>

On 1<sup>st</sup> April 2017 Hafal merged with Crossroads Mid & West Wales (CMWW); the assets and liabilities of the organisation have been transferred to Hafal as at that date. All charitable activities are continuing as previously undertaken and employees have been transferred to Hafal in accordance with the Transfer of Undertakings (Protection of Employment) Regulations.

<b>3. CHARITABLE ACTIVITIES</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Income stated in this category is after crediting:		
Sales	3,976	40,234
Grant received from Big Lottery Fund:-		
People and Places - Out of the Blue	163,350	159,202
Connect 4 Recovery	71,947	74,296
Let's Get Serious about Psychological Therapies	66,117	69,289
Innovation - Hafal's Recovery Centre	18,263	84,756
Bright New Futures - Up 4 It	164,957	133,855
Community Voices (via GAVO) - Carer Participation Officer	-	18,975
(via GAVO) - Carer Participation Officer	-	12,613
(via C3SC) - Carer Participation Officer	17,076	26,120
Pembrokeshire and Powys Carers	23,702	-
Project UNO	28,710	-
Celebrate Big Tea Party Break	<u>-</u>	<u>1,788</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

<b>4.</b>	<b>ANALYSIS OF TOTAL INCOMING RESOURCES</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Sales	7,226	44,334
	Family and carers support	3,362,482	1,592,370
	Clubs and centres	141,931	181,693
	Supported housing	1,941,747	1,866,922
	Befriending/advocacy	146,894	159,396
	Employment	839,743	481,187
	General charitable activities	<u>2,167,156</u>	<u>1,133,404</u>
		<b><u>8,607,179</u></b>	<b><u>5,459,306</u></b>
	<b>Sources of income included in the above:</b>		
	Local Health Board/Social Services Joint Funding	507,872	508,218
	Social Services	1,921,226	686,551
	Local Mental Health Grant Scheme/SPD	235,467	366,905
	Housing Benefit	465,752	403,728
	Supporting People Grant	572,977	543,352
	Supporting People Revenue Grant	450,326	472,628
	Local Health Boards	1,904,233	810,773
	Comic Relief	26,171	51,417
	 ESF Funding for: Cyfle Cymru project	<u>586,482</u>	<u>181,262</u>
<b>5.</b>	<b>RAISING FUNDS</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Purchase of goods for sale	1,490	21,161
	Staff time dedicated to fundraising	<u>56,831</u>	<u>41,947</u>
		<b><u>58,321</u></b>	<b><u>63,108</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**6. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	<b>Staff costs £</b>	<b>Other costs £</b>	<b>Total costs 2018 £</b>	<b>Total costs 2017 £</b>
Purchase of goods for sale	-	1,490	1,490	21,161
Family and carers support	2,377,515	646,191	3,023,706	1,373,278
Clubs and centres	83,695	44,024	127,719	173,599
Supported housing	1,036,147	500,696	1,536,843	1,524,572
Befriending/advocacy	93,067	27,446	120,513	129,334
Employment	392,622	182,816	575,438	426,963
General charitable activities	1,618,349	715,826	2,334,175	1,449,409
Management and Administration	<u>420,841</u>	<u>165,800</u>	<u>586,641</u>	<u>329,970</u>
	<b><u>6,022,236</u></b>	<b><u>2,284,289</u></b>	<b><u>8,306,525</u></b>	<b><u>5,428,286</u></b>
<b>Included in the above costs:</b>			<b>2018 £</b>	<b>2017 £</b>
Management and administration			11,400	8,100
Audit and Accountancy			8,180	7,080
Motor expenses			68,832	66,896
Depreciation			188,179	95,814
Rents paid on leasehold premises			<u>267,047</u>	<u>288,090</u>

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

	<b>2018 £</b>	<b>2017 £</b>
Family and carers support	140,460	153,685
Clubs and centres	19,886	27,309
Supported housing	12,082	15,163
Befriending/advocacy	14,119	15,330
Employment	32,174	39,379
General charitable activities	<u>81,139</u>	<u>50,606</u>
	<b><u>299,860</u></b>	<b><u>301,472</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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

Trustees are not remunerated. Expenses for travelling and subsistence on Charity business in the amount of £1,224 (2017 - £1,455) were reimbursed to five Trustees.

The Charity has paid premiums in respect of Trustees' liability indemnity insurance of £720.

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 £4,184 which were conducted on an arm's length basis; salary paid to A. Thomas (daughter) £1,933.

**9. EMPLOYEE INFORMATION**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Staff Costs</b>		
Wages and salaries	5,726,595	3,244,331
Social security cost	336,787	236,893
Pension cost	89,571	86,360
Apprenticeship Levy	<u>10,457</u>	<u>-</u>
	6,163,410	3,567,584
Less: Salaries reallocated to service charge internally	(126,136)	(131,815)
Movement in holiday pay provision	(32,868)	27,225
Add: Recruitment costs	11,385	31,866
Life assurance	<u>6,625</u>	<u>5,293</u>
Total Staff Cost per Statement of Financial Activities (Note 6)	<b><u>6,022,236</u></b>	<b><u>3,500,153</u></b>
Total value of staff benefits in kind: £44,202 (2017:£29,439).		

**Staff Numbers**

The average monthly head count was 368 staff (2017: 215 staff) and the average number of employees calculated on a full-time equivalent basis, analysed by function, was:

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Charitable activities	180	128
Management and administration	<u>14</u>	<u>9</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 £296,501 (2017: £281,530).

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	<u>2</u>	<u>0</u>
£80,001 - £90,000 <sup>1</sup>	<u>1</u>	<u>1</u>

<sup>1</sup>Salary: £79,888, benefits in kind (vehicle): £3,951.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**10. PENSION OBLIGATIONS**

	2018	2017
	£	£
Defined contribution		
Contributions payable by the Charity for the year	<u>89,571</u>	<u>86,360</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 2017, the estimated debt on withdrawal from the Plan for Hafal was £84,962. It is unlikely that the Charity would withdraw from the scheme when it was not fully funded.

**11. TANGIBLE FIXED ASSETS**

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment £	Motor Vehicles £	Total £
<b>Cost/valuation</b>					
At 1 April 2017	3,040,934	422,389	244,683	353,009	4,061,015
CMWW assets brought in	565,000	-	79,274	-	644,274
Additions	44,307	99,682	9,760	81,094	234,843
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,999)</u>	<u>(4,999)</u>
<b>At 31 March 2018</b>	<b><u>3,650,241</u></b>	<b><u>522,071</u></b>	<b><u>333,717</u></b>	<b><u>429,104</u></b>	<b><u>4,935,133</u></b>
<b>Depreciation</b>					
At 1 April 2017	83,643	13,683	96,538	281,445	475,309
CMWW assets brought in	18,622	-	44,378	-	63,000
Charge for year	71,005	8,448	62,114	46,612	188,179
Eliminated on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,999)</u>	<u>(4,999)</u>
<b>At 31 March 2018</b>	<b><u>173,270</u></b>	<b><u>22,131</u></b>	<b><u>203,030</u></b>	<b><u>323,058</u></b>	<b><u>721,489</u></b>
<b>NET BOOK VALUE</b>					
At 31 March 2018	<b><u>3,476,971</u></b>	<b><u>499,940</u></b>	<b><u>130,687</u></b>	<b><u>106,046</u></b>	<b><u>4,213,644</u></b>
At 31 March 2017	<u>2,957,291</u>	<u>408,706</u>	<u>148,145</u>	<u>71,564</u>	<u>3,585,706</u>

All fixed assets held are used for direct charitable purposes.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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

Freehold and leasehold land and buildings includes properties which 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 2017	3,111,490
Additions	<u>708,989</u>
At 31 March 2018	<u><b>3,820,479</b></u>
<b>Depreciation based on original transferred value/cost</b>	
At 1 April 2017	327,784
Charge for year	<u>76,410</u>
At 31 March 2018	<u><b>404,194</b></u>
<b>Net book value</b>	
At 31 March 2018	<u><b>3,416,285</b></u>
At 31 March 2017	<u><b>2,783,706</b></u>

<b>12. DEBTORS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors – contract income receivable	895,651	494,629
Other debtors	35,705	33,075
Loan to related company (charity)	50,000	50,000
Prepayments	<u>26,870</u>	<u>26,743</u>
	<u><b>1,008,226</b></u>	<u><b>604,447</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 2018**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Creditors	192,897	187,318
Tax and Social Security	89,368	69,758
Wages	88,677	-
Accruals	95,128	92,785
Deferred income	<u>194,392</u>	<u>143,386</u>
	<b><u>660,462</u></b>	<b><u>493,247</u></b>

All deferred income as at 31 March 2017 was released in the current year. The deferred income as at 31 March 2018 relates to income received specified for future periods.

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

	<b>2018</b>	<b>2017</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 2018**

**14. STATEMENT OF FUNDS**

	Balance at 1/04/17 £	Incoming resources £	Expenditure £	Transfer £	Balance at 31/3/18 £
<b>General funds:</b>					
General fund	<u>661,641</u>	<u>5,825,771</u>	<u>(5,736,538)</u>	<u>129,689</u>	<u>880,563</u>
<b>Designated funds:</b>					
Gwyn Jones fund	57,600	-	(1,200)	-	56,400
Housing Projects fund	240,000	-	(5,000)	-	235,000
Day Service Facilities fund	984,000	-	(20,500)	-	963,500
Recovery Centre fund	1,681,576		(77,113)		1,604,463
IT Infrastructure	75,400	-	(7,109)	-	68,291
Vehicles fund	61,066	4,999	(39,982)	84,963	111,046
Repairing Properties fund	<u>75,210</u>	<u>-</u>	<u>(35,774)</u>	<u>-</u>	<u>39,436</u>
<b>Total designated funds</b>	<u>3,174,852</u>	<u>4,999</u>	<u>(186,678)</u>	<u>84,963</u>	<u>3,078,136</u>
<b>Restricted funds:</b>					
Donations & Trusts	-	302,990	(313,760)	10,770	-
Big Lottery fund	-	649,231	(710,417)	61,186	-
Other restricted fund balances (projects)	96,307	1,793,289	(1,326,688)	(288,118)	274,790
Capital property fund	<u>469,509</u>	<u>30,899</u>	<u>(32,444)</u>	<u>1,510</u>	<u>469,474</u>
<b>Total restricted funds</b>	<u>565,816</u>	<u>2,776,409</u>	<u>(2,383,309)</u>	<u>(214,652)</u>	<u>744,264</u>
<b>Total funds</b>	<u>4,402,309</u>	<u>8,607,179</u>	<u>(8,306,525)</u>	<u>-</u>	<u>4,702,963</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

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

Fund balances at 31 March 2018 are represented by:

Analysis of net assets between funds	General	Designated	Restricted	Total Funds
	£	£	£	£
Tangible fixed assets	638,478	2,925,211	649,954	4,213,643
Current assets	691,666	652,925	305,191	1,649,782
Current liabilities	(449,581)	-	(210,881)	(660,462)
Liabilities > 1 year	-	(500,000)	-	(500,000)
Total net assets	<u>880,563</u>	<u>3,078,136</u>	<u>744,264</u>	<u>4,702,963</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 2018**

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**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. Timetable for expenditure: 2014 – 2019.

**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 2018**

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**15. FINANCIAL COMMITMENTS**

At 31 March 2018 the Charity had annual commitments under non-cancellable leases as follows:

	<b>Land &amp; Buildings</b>	
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Expiry date:		
Less than 1 year	77,062	92,541
1 to 5 years	22,202	19,902
More than 5 years	<u>41,527</u>	<u>41,527</u>
	<b><u>140,791</u></b>	<b><u>153,970</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.