

COMPANY NUMBER 4504443

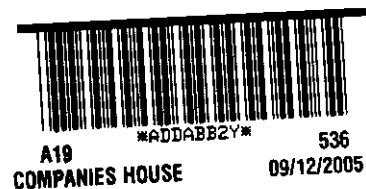
HAFAL

Registered Charity No. 1093747

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2005

**Harris Bassett & Co.
5 New Mill Court
Phoenix Way
Enterprise Park
Swansea
SA7 9FG**



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REFERENCE AND ADMINISTRATIVE INFORMATION

Hafal is a charitable company incorporated on 6 August 2002 and registered with the Charity Commissioners of England and Wales (number 1093747). It is also a company limited by guarantee (number 4504443) and is governed by its Memorandum and Articles of Association.

Hafal's Mission Statement is as follows:

"Hafal empowers people with severe mental illness and their families to achieve a better quality of life, to fulfil their ambitions for recovery, to fight discrimination, and to enjoy equal access to health and social care, housing, income, education, and employment."

Registered Office and Head Office: Suite C2 William Knox House
Britannic Way
Llandarcy, Neath
SA10 6EL

**The Trustees of the Charity
in 2004/05 were:**

Chair: Peter Davey

Vice Chair: Elin Jones

Honorary Treasurer:
Dilwyn Voyle (Co-opted Trustee)

Other Trustees:
Jazz Gerrard
Rosalie Murray
Christine Price
Ceinwen Rowlands
Darryl Stevens (retired 28 July 2004)
Brian Watkiss (Co-opted Trustee)
Peter Jones (retired 25 November 2004)
Matthew Butcher (from 25 November 2004)
Linda Biaggi (from 25 November 2004)
Suzanne Smith (Co-opted from 10 March 2005)

Executive Officers:

Chief Executive	Bill Walden-Jones
Deputy Chief Executive:	Alun Thomas
Company Secretary	Nicola Thomas

REFERENCE AND ADMINISTRATIVE INFORMATION (continued)

Auditors:

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

Bankers:

The Co-operative Bank PLC
34 The Kingsway
Swansea
SA1 5LG

Solicitors:

Hutchinson Thomas
19 London Road
Neath
SA11 1LF

**TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 MARCH 2005**

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

OBJECTIVES AND ACTIVITIES

The Charity's objectives ("the objects") as stated in the Memorandum of Association are to act as a non-sectarian non-party-political charitable organisation based in Wales for the relief and support of people with severe mental illness and their families and carers; for research and education as to the causes, consequences and management of such illness; and for advice and assistance in the field of mental health and welfare.

The principal activities and aims of the Charity are to:

- Provide information, advice, support and services of the highest standard to those experiencing severe mental illness, their families and carers, in areas such as housing, education and training, rehabilitation and employment and recreation.
- Spread understanding of the problems arising from severe mental illness.
- Campaign nationally and locally for high quality care, including both acute and long stay services.

The Charity provides this wide range of services through a number of local groups, members and volunteers together with staff employed in operational and functional departments at local and national level. During 2004/5 over 100 volunteers across Wales assisted Hafal to provide a service to over 600 individuals with severe mental illness every day.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Hafal has no subsidiary or associated companies and operates as a single company with up to twelve Trustees serving as Directors. The Trustees of Hafal constitute its Board of Directors, are the subscribers to the Memorandum, and serve for terms of up to three years following either election through a ballot of Members or co-option.

Hafal is managed by its Trustees who meet four times a year for that purpose; there are no sub-committees or similar. The majority of Trustees are nominated and elected by the Charity's Members. Training for Trustees is provided both internally and externally through accessing information from the Charities Commission, Companies House and other relevant organisations.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2005****STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

A formal system of delegation of authority is in place enabling the day-to-day running of the Charity by executive officers with reference as required to the Chair, Vice Chair and Honorary Treasurer. The Trustees employ a Chief Executive, Deputy Chief Executive, Company Secretary and other staff located in all parts of Wales. In addition to the Head Office in Neath, Hafal has a North Wales Office in Holywell and a National Resource Centre in Cardiff.

Hafal works closely with the Wales Alliance for Mental Health in Wales and the Mental Health Alliance in Wales and England.

Risk Assessment

Hafal's Trustees have agreed a Health & Safety Policy incorporating risk assessment. Hafal has also assessed risk in relation to business and financial management and incorporated safeguards in Financial Regulations and Delegated Authorities and Financial Standing Orders adopted in February 2003 by the Trustees.

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

Following the assessment of risk, Hafal purchased the following insurance cover for 2004/05: Employers' Liability £10,000,000; Public/Products Liability £5,000,000; Charity Indemnity £250,000, and Material Damage cover for buildings and contents of £795,000.

FINANCIAL REVIEW OF YEAR

The Charity performed well during the year further strengthening its position; this was mainly as a result of further development of strong partnerships with funders in the Welsh NHS and local authorities.

Consolidation and sound financial management in this year and the previous (03/04) financial year 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.

The business of the Charity substantially depends on commissioned work in local areas; fundraising on a larger scale will be considered in the future alongside an intention to develop legacy donations.

During 2004/5 Hafal received its first substantial private donation from Elin Jones in memory of her late husband Gwyn Jones. The funds (see Note 10) were used to purchase a property for use as a supported housing project.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2005****FINANCIAL REVIEW OF YEAR (continued)****Reserves policy**

Hafal's Trustees have agreed a Business Plan which targets steady growth in reserves. The Trustees aim to secure a safe level of uncommitted general reserves equivalent to not less than six months operating costs of the Charity in addition to reserves committed by Trustees to specific purposes. The designation of reserves is described in detail in Note 13 on Page 19 of this report and amounts designated to each fund are shown in Note 13 on Page 18.

Trustees plan to incorporate expenditure into the forthcoming financial year in line with new national developments described under 'Plans for Future Periods' on page 6.

Investment Policy

Hafal's Trustees have agreed an Investment Policy which depends mainly on placing funds in interest-bearing accounts with the Charity's bankers. Income from interest amounted to £37,470 for 2004/05.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Harris Bassett & Co. as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

ACHIEVEMENTS AND PERFORMANCE

Hafal has spent its first two years of operation consolidating its independent operation and managing rapid developments in services, policy and campaigns. The Charity continued to develop its services and began working towards registering as a Domiciliary Care Agency in order to develop a high-needs supported housing project in Ceredigion.

The Members of the Charity, largely comprising people with severe mental illness and their families (many of whom work actively for the Charity as volunteers) increased to over 600. Client involvement at the projects continued to develop with Partnerships working with staff to manage the operations and informing staff for future developments.

Hafal developed and published its practical Recovery Programme for clients during the year and this will be implemented for all clients during 2005/06.

Hafal continued to work towards influencing Parliament regarding the draft Mental Health Bill. In October Hafal gave evidence to its pre-legislative Scrutiny Committee and in November Hafal representatives delivered crucial evidence to Parliament. In March 2005 Hafal welcomed the publication of the Parliamentary Joint Committee's Report on the Draft Mental Health Bill which made many of the recommendations Hafal requested and extensively quoted Hafal's evidence.

**TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 MARCH 2005**

ACHIEVEMENT AND PERFORMANCE (Continued)

In September Hafal published a Report of a Survey of People with Severe Mental Illness, Carers and Staff. The Survey was carried out in July and August 2004 and highlighted priorities for people with severe mental illness.

Employees

During 2004/2005 Hafal employed just over 125 full and part-time staff across Wales and had staff located in all 22 local authority/Local Health Board areas. Consistent policies and procedures on pay and conditions apply to all staff.

Employee Involvement

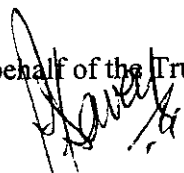
Hafal's Trustees see their employees as key stakeholders in the Charity and consult staff both formally and informally on the policies and direction of the Charity. The Charity has a recognised trade union (UNISON) to represent staff and staff have free, non-voting, associate membership of the Charity.

PLANS FOR FUTURE PERIODS

Hafal is committed to developing a range of new national projects which will help lead the organisation through the medium-to-long term. These national projects will help Hafal to fulfil its mission and realise its vision of maximum recovery being the rightful expectation of people who experience severe mental illness. The national projects will also be implemented to specifically assist and support Hafal's local service delivery and implementation of the Recovery Programme.

A number of ideas and proposals have been agreed by Trustees including a Centre of Excellence, development of an International Research Arm, and Hafal's Promise – a commitment to tackle the isolation of people with severe mental illness in Wales.

Signed on behalf of the Trustees



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PETER DAVEY - CHAIR

17 November

2005

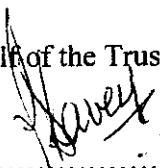
STATEMENT OF TRUSTEES' RESPONSIBILITIES

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year (unless the Charity is entitled to prepare accounts on the alternative receipts and payments basis). In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Charity and to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Trustees



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PETER DAVEY - CHAIR

17 November 2005

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HAFAL

We have audited the financial statements of Hafal on pages 9 to 20 for the year ended 31 March 2005. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

This report is made solely to the Charitable Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditors

As described in the Statement of Trustees' Responsibilities on page 7 the Charitable Company's Trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility, is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' report is not consistent with the financial statements, if the Charitable Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the Charitable Company is not disclosed.

We read the Trustees' Report and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of audit opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2005 and of the Charitable Company's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Harris Bassett and Co

Chartered Accountants
Registered Auditor

17 November 2005

**STATEMENT OF FINANCIAL ACTIVITIES (Incorporating an Income & Expenditure Account)
FOR THE YEAR ENDING 31 MARCH 2005**

	Note	General & Designated Funds £	Restricted Funds £	Total 2005 £	Total 2004 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	307,761	20,641	328,402	346,244
Activities for generating funds	3	53,968	65,662	119,630	95,694
Investment income		37,470	-	37,470	2,017
Incoming resources from charitable activities					
Service level agreements and project grants		484,621	1,845,816	2,330,437	2,494,861
Other incoming resources					
Management fees		<u>258,364</u>	<u>-</u>	<u>258,364</u>	<u>292,012</u>
Total incoming resources	4	<u>1,142,184</u>	<u>1,932,119</u>	<u>3,074,303</u>	<u>3,230,828</u>
RESOURCES EXPENDED					
Costs of generating funds					
Fund raising trading costs of goods sold and other costs	5	17,604	23,974	41,578	47,329
		497,572	1,970,630	2,468,202	2,425,040
Charitable activities					
		<u>21,379</u>	<u>-</u>	<u>21,379</u>	<u>24,110</u>
Governance costs					
		<u>536,555</u>	<u>1,994,604</u>	<u>2,531,159</u>	<u>2,457,244</u>
Total resources expended	6	<u>536,555</u>	<u>1,994,604</u>	<u>2,531,159</u>	<u>2,457,244</u>
Net incoming resources before transfers		605,629	(62,485)	543,144	773,584
TRANSFERS					
Gross transfers between funds		<u>(57,969)</u>	<u>57,969</u>	<u>-</u>	<u>-</u>
Net incoming resources before other recognised gains and losses		<u>547,660</u>	<u>(4,516)</u>	<u>543,144</u>	<u>773,584</u>
OTHER RECOGNISED GAINS/(LOSSES)					
Gains on revaluation of fixed assets for Charity's own use		<u>-</u>	<u>-</u>	<u>-</u>	<u>263,415</u>
Net movement in funds		<u>547,660</u>	<u>(4,516)</u>	<u>543,144</u>	<u>1,036,999</u>
RECONCILIATION OF FUNDS					
Fund balances brought forward at 1 April 2004		<u>1,019,377</u>	<u>370,813</u>	<u>1,390,190</u>	<u>353,191</u>
Fund balances carried forward at 31 March 2005	13	<u>1,567,037</u>	<u>366,297</u>	<u>1,933,334</u>	<u>1,390,190</u>

The statement of financial activities has been prepared on the basis that all operations are continuing operations and includes all gains and losses recognised in the year.

BALANCE SHEET AT 31 MARCH 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible fixed assets	10	<u>403,981</u>	<u>389,577</u>
CURRENT ASSETS			
Debtors	11	115,119	144,868
Cash at bank		<u>1,558,665</u>	<u>947,205</u>
		<u>1,673,784</u>	<u>1,092,073</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Creditors	12	<u>144,431</u>	<u>91,460</u>
NET CURRENT ASSETS		<u>1,529,353</u>	<u>1,000,613</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,933,334	1,390,190
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		<u>-</u>	<u>-</u>
NET ASSETS		<u>1,933,334</u>	<u>1,390,190</u>
FUNDS			
General funds	13	467,037	319,377
Designated funds	13	1,100,000	700,000
Restricted funds:			
Fund balance	13	102,882	107,398
Revaluation reserve		<u>263,415</u>	<u>263,415</u>
		<u>1,933,334</u>	<u>1,390,190</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small charitable companies.

Approved by the Trustees on

17 November

2005 and signed on behalf of Hafal.

.....
PETER DAVEY - CHAIR

The notes on pages 11 to 20 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (revised in 2005) and in accordance with applicable Accounting Standards. The particular accounting policies adopted are described below:

a) Accounting convention

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

b) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in note 13 to the financial statements.

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

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

c) Incoming resources

All incoming sources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. No amounts are included in the financial statements for services donated by volunteers.

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 ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

1. ACCOUNTING POLICIES (continued)

d) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been apportioned to activities on a basis of time spent.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the cost of disseminating information in support of the charitable activities.

Management and administration costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

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 operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The amount charged to the SOFA represents the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

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	5%
Furniture and equipment	33⅓%
Motor vehicles	33⅓%

Tangible fixed assets are carried at the valuation assigned to them when the assets were transferred to Hafal from Rethink on 31 March 2004. All additions to tangible fixed assets since that date are included at cost. The Charity has adopted the revaluation policy for its land and buildings in accordance with FRS15.

i) Leasing commitments

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

j) Cash Flow statement

No cash flow statement is included in accordance with FRS 1 as the Charity has taken advantage of the exemption granted to smaller charities.

2. VOLUNTARY INCOME

	2005	2004
	£	£
Voluntary income is stated after crediting:		
Government Grants - National Assembly for Wales	231,700	294,974
Donations	<u>88,101</u>	<u>42,435</u>

3. ACTIVITIES FOR GENERATING FUNDS

Income stated in this category is after crediting:

Sales	53,968	48,426
Grant received from community fund - Wales	<u>65,662</u>	<u>47,268</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

4. ANALYSIS OF TOTAL INCOMING RESOURCES

	Total 2005 £	Total 2004 £
Sales	53,968	48,426
Family and carers support	689,479	588,990
Clubs and centres	285,001	278,657
Supported housing	815,566	719,810
Befriending/advocacy	47,853	32,226
Employment	500,411	462,420
Management and administration	<u>682,025</u>	<u>1,100,299</u>
	<u>3,074,303</u>	<u>3,230,828</u>

5. FUNDRAISING TRADING

Cost of goods sold	23,974	32,204
Allocated support costs	<u>17,604</u>	<u>15,125</u>
	<u>41,578</u>	<u>47,329</u>

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other costs £	Total costs 2005 £	Total costs 2004 £
Costs of generating funds	-	23,974	23,974	32,204
Family and carers support	411,612	283,249	694,861	605,780
Clubs and centres	141,505	150,591	292,096	300,808
Supported housing	512,743	304,405	817,148	727,397
Befriending/advocacy	28,420	20,797	49,217	34,454
Employment	249,097	274,125	523,222	521,456
Management and administration	<u>58,454</u>	<u>72,187</u>	<u>130,641</u>	<u>235,145</u>
	<u>1,401,831</u>	<u>1,129,328</u>	<u>2,531,159</u>	<u>2,457,244</u>

Included in the above costs:

Management and administration – Audit	5,317	7,373
Accountancy	6,862	7,767
Operating lease rentals	1,349	9,257
Motor expenses	20,097	17,442
Depreciation	49,043	33,403
Rents paid on leasehold premises	<u>135,293</u>	<u>105,803</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

7. TRUSTEES ENDOWMENTS

Trustees are not remunerated.

Expenses for travelling and subsistence on Charity business in the amount of £957 (2004 - £940) were reimbursed to three Trustees.

The Charity has paid premiums in respect of Trustees' liability insurance. The amount paid cannot be segregated from the premiums paid for total Charity indemnity cover of £1,522 (2004 - £1,617).

8. STAFF COSTS	2005	2004
	£	£
Wages and salaries	1,349,425	1,254,441
Social Security Costs	117,876	108,202
Pension costs	<u>34,758</u>	<u>36,023</u>
	1,502,059	1,398,666
Less: Costs recharged as training expense	(124,916)	(98,676)
Add: Recruitment costs	22,221	-
Life Assurance	<u>2,467</u>	<u>1,557</u>
Total Staff Costs per Statement of Financial Activities (Note 6)	<u>1,401,831</u>	<u>1,301,547</u>

There were no employees whose emoluments amounted to over £60,000 in the year.

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

	2005	2004
	£	£
Charitable activities	86	73
Management and administration	<u>5</u>	<u>5</u>

9. PENSION COSTS

Defined contribution		
Contributions payable by the Charity for the year	<u>34,758</u>	<u>36,023</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

10. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment £	Motor Vehicles £	Total £
Cost/valuation					
At 1 April 2004	87,500	242,377	16,449	76,654	422,980
Additions (see note below)	-	50,640	1,518	11,289	63,447
Disposals	-	-	(8,150)	(784)	(8,934)
	<u>87,500</u>	<u>293,017</u>	<u>9,817</u>	<u>87,159</u>	<u>477,493</u>
Depreciation					
At 1 April 2004	-	2,377	11,452	19,574	33,403
Charge for year	4,375	13,786	2,419	28,463	49,043
Eliminated on disposals	-	-	(8,150)	(784)	(8,934)
	<u>4,375</u>	<u>16,163</u>	<u>5,721</u>	<u>47,253</u>	<u>73,512</u>
NET BOOK VALUE					
At 31 March 2005	<u>83,152</u>	<u>276,854</u>	<u>4,097</u>	<u>39,906</u>	<u>403,981</u>
At 31 March 2004	<u>87,500</u>	<u>240,000</u>	<u>4,977</u>	<u>57,080</u>	<u>389,577</u>

All fixed assets held are used for direct charitable purposes.

The freehold land and buildings at Porthmadog (valuation £87,500) were valued independently on 7 February 2004 at open market value on the basis of existing use by Messrs Robert Parry & Sons, Chartered Surveyors.

Leasehold land and buildings at Aberystwyth (valuation £240,000) were valued independently on 13 January 2004 at open market value on the basis of existing use by J.O. Peel & Associates, Chartered Building Surveyors.

Gwyn Jones Fund

During the year the Charity purchased a property in Cardigan, "Soar Glyd" to provide supported accommodation. This property has been purchased from donations received in memory of Gwyn Jones.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

11. DEBTORS	2005 £	2004 £
Amounts falling due within one year:		
Grants and other debtors	114,919	141,929
Sundry debtors	<u>200</u>	<u>2,939</u>
	<u>115,119</u>	<u>144,868</u>
 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Creditors	62,041	37,080
Tax and Social Security	32,503	32,073
Accruals	9,802	5,892
Grant creditors	40,083	12,000
Other creditors	<u>-</u>	<u>4,415</u>
	<u>144,431</u>	<u>91,460</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

13. STATEMENT OF FUNDS

	Balance at 1 April 2004 £	Incoming resources £	Expend- iture £	Transfers £	Balance at 31 March 2005 £
General funds	319,377	1,091,544	(534,888)	(457,969)	418,064
Gwyn Jones fund	-	50,640	(1,667)	-	48,973
Designated funds					
Capital equipment reserve fund	100,000	-	-	-	100,000
Centre of excellence fund	250,000	-	-	-	250,000
Property development and maintenance	150,000	-	-	-	150,000
Fund for housing support	200,000	-	-	-	200,000
All Wales capital project fund	-	-	-	400,000	400,000
Total general funds and designated funds	<u>1,019,377</u>	<u>1,142,184</u>	<u>(536,555)</u>	<u>(57,969)</u>	<u>1,567,037</u>
Restricted funds					
Donations & Trusts		11,926	(11,926)	-	-
Community fund	1,188	65,662	(65,667)	-	1,183
Capital property fund	100,590	191,936	(191,883)	-	100,643
Other restricted fund					
Balances (projects)	5,620	1,662,595	(1,725,128)	57,969	1,056
Revaluation reserve	<u>263,415</u>	-	-	-	<u>263,415</u>
Total restricted funds	<u>370,813</u>	<u>1,932,119</u>	<u>(1,994,604)</u>	<u>57,969</u>	<u>366,297</u>
Total funds	<u>1,390,190</u>	<u>3,074,303</u>	<u>(2,138,471)</u>	<u>-</u>	<u>1,933,334</u>

The transfer of general funds to restricted funds has been made in order to prevent deficits on individual charitable projects.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

13. STATEMENT OF FUNDS (continued)

Analysis of net assets between funds				Total
	General	Designated	Restricted	Funds
	£	£	£	£
Fund balances at 31 March 2005 are represented by:				
Tangible fixed assets	40,854	48,973	314,154	403,981
Current assets	796,675	700,000	177,109	1,673,784
Current liabilities	(116,098)	-	(28,333)	(144,431)
Total net assets	<u>721,431</u>	<u>748,973</u>	<u>462,930</u>	<u>1,933,334</u>

GENERAL FUNDS

Gwyn Jones Fund

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

DESIGNATED FUNDS

Capital equipment reserve fund

This fund represents income set aside to purchase capital items.

Centre of Excellence Fund

Hafal Trustees are committed to the development of a national Centre of Excellence which will furnish a new Headquarters and facilities for residential therapy, education, and health promotion. This fund has been established to provide revenue funding for the development and initial operation of the centre which Trustees aim to complement with capital funds from external sources.

Property repair, maintenance and development fund

This fund represents provision for long-term repair and maintenance of the Charity's properties and also for further necessary development of properties in order to meet new legislation or standards, the revaluation of properties removing any significant depreciation of the Charity's assets.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2005

13. STATEMENT OF FUNDS (continued)

DESIGNATED FUNDS (continued)

Fund for housing support

Hafal has, in the last two years, engaged in new large-scale housing support operations using short-term "spot purchase" funding sources which are unpredictable in the medium-to-long term. This fund will be available in the event that large-scale funding is withdrawn resulting in major liabilities for redundancy and other obligations. The fund would not be used to sustain services where external funding is withdrawn.

All Wales capital project fund

This fund provides for national and/or local projects which Trustees agree compliment organisational aims and objectives. The fund will enable Trustees to support national projects including the Centre of Excellence, a Recovery Learning Centre and a Holiday Respite Centre.

RESTRICTED FUNDS

Community fund

The Community Fund has provided three-year funding (October 2002 – September 2005) for the Hafal Empowerment Programme. The Project aims to empower adults with severe mental illness to manage their own development alongside the input from mental health professionals by assisting individuals to exercise choice, gain skills, confidence and experience in order to lead more productive lives.

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.

14. FINANCIAL COMMITMENTS

At 31 March 2005, the Charity has annual commitments under non-cancellable leases as follows:

	Other	Total
	£	2005 £
Expiry date:		
Less than one year	1,349	1,349
Two to five years	—	—
	<u>1,349</u>	<u>1,349</u>