

A thick, dark vertical bar runs down the left side of the page. At the bottom, there are several overlapping, wavy horizontal bands in shades of grey and black, creating a modern, abstract design.

hafal

Registered Charity No.1093747

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2017

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2017

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

Trustees of the Charity:

Chair: Elin Jones

Vice Chair: Ceinwen Rowlands

Honorary Treasurer: Dilwyn Voyle (Co-opted Trustee)

Other Trustees: John Barnes
 Gerald Cole
 Suzanne Duval (Co-opted Trustee)
 Mair Elliott
 Gareth Lewis (resigned 30 March 2017)
 Jennifer Phillips (resigned 21 September 2017)
 Philip Thomas (Co-opted Trustee)
 Pauline Bett (appointed 1 April 2017)
 Michael Miles (appointed 1 April 2017)
 Helen Philpin (appointed 1 April 2017)
 Shanaz Dorkenoo-Steventon (appointed 1 April 2017 and resigned 21 August 2017)

Executive Officers:

Chief Executive: Alun Thomas

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

Director of Operations: Sharon Jones

Finance Director: Sharon Warrington

Recovery Centre Director: Alison Guyatt

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

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:

Peter Lynn & Partners
2nd Floor, Langdon House
Langdon Road
SA1 Swansea Waterfront
Swansea
SA1 8QY

Blake Morgan LLP
One Central Square
Cardiff
CF10 1FS

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

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 2017.

OBJECTIVES AND ACTIVITIES

During 2016/17 Hafal's Members adopted a new and updated Memorandum of Association which reflected changes to Company legislation, expanded reach and ambition, and the planned merger of Crossroads Mid and West Wales with Hafal. The Charity's objectives ("the objects") as stated in the Memorandum 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.

The principal aims of the Charity are to:

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

These aims will be achieved through the following principal activities:

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

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Hafal has no subsidiary or associated companies and 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 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 the Charity Commission, Companies House and other relevant organisations. Trustees receive an Induction Pack which includes Hafal's Memorandum & Articles of Association, Hafal Ymlaen (future plans and objectives) and Charity Commission publications relating to Trustees' roles and responsibilities. Trustees meet with the senior management team when they commence their term of office, and during the year Trustees visit local services, shadow staff and attend local events to gain first-hand knowledge of service delivery. Information from training events is circulated and discussed by all Trustees.

A formal system of delegation of authority is in place enabling the day-to-day running of the Charity by executive officers with reference as required to the Chair, Vice Chair and Honorary Treasurer. A small team of senior managers leads the charity: this team includes 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 in 2016 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.

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Risk Assessment (continued)

During the year Hafal's Trustees agreed a Health and Safety Audit Report and Action Plan and Hafal's Health & Safety Committee convened as necessary to monitor and review the safety of activities. Hafal continues to engage 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 2016/17 Amanda Trimble delivered updated Health and Safety training and new Accident and Incident Investigation training to all members of staff, volunteers and Trustees.

FINANCIAL REVIEW

The Charity performed well during the year further strengthening its position; this was mainly as a result of continuing development of strong partnerships with funders in the Welsh NHS and local authorities which are its principal funding sources. The business of the Charity substantially depends on commissioned work in local areas and the Charity continues to seek funding from other sources so as to mitigate the effects of austerity and cuts to public sector funding. The Charity also continues to develop fund-raising from other sources. The Charity does not engage any professional fundraising agencies or employ any direct marketing campaigns; should this change in the future, Trustees will ensure that an ethical fundraising policy is adopted and adhered to.

Sound financial management in this year and the previous financial years has strengthened the reserves position enabling Trustees to work towards securing the Charity's future and to develop a number of national projects while continuing to provide a high standard of local services in line with 'Hafal Ymlaen' – the Charity's Strategic Vision and Plan for 2012 - 2022.

Trustees continued to safeguard the financial security of the Charity 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 £5,459,306 with a reported surplus of £31,020 at the end of the year. The net worth of the Charity as at 31 March 2017 was £4,402,309.

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 £4,402,309; this includes restricted funds of £565,816, designated funds of £3,174,852 and freely available reserves of £661,641. Although the strategy is to continue to build reserves, the Trustees are aware that a level equivalent to between three and six months operating costs of the Charity will not be achieved for some time. Trustees have also considered the extent to which existing activities and expenditure could be curtailed, should such circumstances arise. The designation of reserves and amounts designated to each fund are described in detail in the accounts section of this report. The following designated funds can only be realised by the release of fixed assets - the Gwyn Jones fund; the Housing Projects fund; the Day Service Facilities fund, the Vehicles Fund and an element of the Recovery Centre fund.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL REVIEW (continued)

Investment Policy

Hafal's Trustees have agreed a low risk Investment Policy which was revised in June 2013 and reviewed in March 2016 and March 2017. It was anticipated that the Charity would need to access much of its cash funds within the near future 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 £15,847 for 2016/17 compared with £22,297 for 2015/16.

ACHIEVEMENTS AND PERFORMANCE

Hafal has spent its first 14 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 and Social Services Inspectorate for Wales for registered services and inspection reports are available on their website. As part of the development of Gellinudd Recovery Centre, Hafal applied for and was awarded registration as an independent hospital under Healthcare Inspectorate Wales which will routinely audit and inspect our 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 38 are registered formally as volunteer staff or volunteer drivers.

Hafal's Expert Patient Leadership Panel (HELP Panel) continued to recruit new members and meet regularly during 2016/17, as well as contributing to a range of work including: research exploring service user and carer views about the difficulties in accessing talking therapies and contributing to a number of public events, consultations and publications. HELP members have also delivered training, conference presentations and poster abstracts both nationally (London, Brighton and Builth Wells) and internationally (Bulgaria and Canada).

Hafal operates over 70 local services, including supported housing, family and carers support services, employment training and resources centres. The development of local services continued in 2016/17 with Hafal attracting funding for new services and achieving expansion in others. Among these developments were:

- Gellinudd Recovery Centre - our pioneering new in-patient centre based in Pontardawe was officially launched by Health Minister Vaughan Gething in January 2017.
- "Let's Talk!" - a new Hafal initiative to promote access to psychological therapies for people in Wales with a serious mental illness, was launched at an event in the Senedd on World Mental Health Day in October 2016.
- Hafal's new "Clic" online community launched at an event in Swansea in September 2016. The new Big Lottery funded bilingual online community provides people in Wales with a mental illness and their carers with a safe and secure place online to support each other, share experiences and build new relationships.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

ACHIEVEMENTS AND PERFORMANCE (Continued)

- In January 2017 a new two-year charity partnership between Lloyds Banking Group and Mental Health UK (comprising Rethink Mental Illness, Support in Mind Scotland, Hafal and MindWise, Northern Ireland) was launched. The partnership aims to promote awareness of the link between mental health and money problems.

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 2016/17 Hafal's 'Out of the Blue' Big Lottery funded service continued to deliver mental health interventions to offenders in the South Wales Police Force area. To date this project has exceeded its targets and delivered interventions to 111 individuals. The team have also provided 96 training sessions to criminal justice professionals against a target of 25.

Hafal's Appropriate Adult service continued to develop: in addition to covering South Wales and Dyfed Powys Police, Gwent also contracted with Hafal for this service. Now covering 12 police stations across the 3 force areas, Hafal delivered a service to a total of 2,909 vulnerable adults, and successfully trained 36 Appropriate Adults to support vulnerable adults during police detention and questioning.

2016/17 saw the fifth full year of operation of "Time to Change Wales", an initiative aimed at reducing stigma and discrimination. The project was delivered in partnership with Gofal and Mind Cymru and funded by Comic Relief and the Welsh Government. The project achieved its targets both for the year and for the funded period: 196 anti-stigma and discrimination lived-experience presentations were delivered to over 2,512 people, and over 4,000 informal contacts were made. 100 new Champions were trained during this period.

During the year Hafal's Staff Development Team continued to facilitate a range of training outcomes to staff, service users and external agencies. Learners across Wales were registered for accredited Agored Cymru units including Using Woodwork Hand Tools, Music Appreciation, Know your Computer, Developing Effective Social Skills, Building Confidence and Self Esteem.

During 2016/2017 Hafal produced a number of publications and information leaflets which were distributed throughout Wales. Local leaflets were updated to reflect service developments across Wales, and new publications included a guide to the revised Mental Health Act 1983 Code of Practice for Wales; a guide to understanding and responding quickly to psychosis; a user guide to the National Collaborative Framework for Younger Adults (18 - 64 years) in Mental Health and Learning Disabilities Care Homes & Care Homes with Nursing for NHS and Local Authorities in Wales, and a 2016/7 calendar incorporating our annual review.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

ACHIEVEMENTS AND PERFORMANCE (Continued)

Hafal's website continues to be regularly updated with news and information; this year we have added new sections on older people's mental health, talking therapies and care and treatment planning.

We also continued to update and develop the Mental Health Wales website and produced a quarterly journal which was circulated widely throughout Wales and which included issues focusing on carers' issues, physical health, older people's mental health and veterans' mental health. Hafal's social media sites continued to develop and increase in popularity in 2016/17, highlighting the latest news and events. Hafal has over 18,000 followers on Facebook and Twitter.

Hafal's Public Affairs work during 2016/17 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); Heno (S4C); BBC Radio Wales; BBC Radio Cymru; the Western Mail and Mental Health Today.

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

During 2016/17 Hafal worked in partnership with Bipolar UK, Carers Wales, Diverse Cymru and Crossroads Care Mid & West Wales to deliver "The BIG Carers' Tea Break" campaign which was launched by the Minister for Health and Social Services Mark Drakeford AM in May 2016. The campaign launch was followed by 22 county 'tea breaks' across Wales where carers received tips and information on how to get the very best from the Social Services and Wellbeing Act.

Over six thousand people followed the campaign on Twitter, and we reached a total of over 20,000 people, including those engaged through email, Facebook and other social media, plus our local projects and county networks.

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 1,536 (including staff who are Associate Members) – an increase of 39 Members compared to the previous year. Client involvement at the projects continued to develop as clients worked with staff to manage services and plan future developments.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

ACHIEVEMENTS AND PERFORMANCE (Continued)

Employees

During 2016/17 Hafal employed approximately 250 full and part-time staff across Wales and had staff located in all 22 counties. Consistent policies and procedures on pay and conditions apply to all staff. During the year the Charity communicated and consulted regularly with its employees through bi-annual staff conferences; quarterly staff meetings; staff newsletters and mailings; local and national meetings and the online 'Staff Area' on its website.

Employee Involvement

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

PLANS FOR FUTURE PERIODS

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

One of Hafal's longer term objectives was the establishment of a new progressive in-patient unit offering support and treatment for people with a serious mental illness throughout Wales. Work was completed on transforming the former Gellinudd Hospital in 2016, resulting in a state-of-the-art, high-quality facility. In January 2017 Gellinudd Recovery Centre was officially launched by Health Minister Vaughan Gething. In the coming months and years we will work to promote Gellinudd as a pioneering in-patient facility within both the UK and global context, and to establish best practice at the Centre.

In 2016/17 we announced the formation of a new network of charities, Mental Health UK, which brings together the strength and expertise of Hafal (Wales), Rethink Mental Illness (England), Support in Mind Scotland, and MindWise (Northern Ireland). In January 2017 we announced a new two-year charity partnership between Lloyds Banking Group and Mental Health UK. The partnership will provide a national money advice service which promotes awareness of the link between mental health and money problems, and encourages discussion between customers and colleagues.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

PLANS FOR FUTURE PERIODS (Continued)

In 2016/17 Hafal announced that we were joining up with carers' charity Crossroads Care Mid & West Wales to form one organisation. During the year due diligence was carried out and the two charities merged formally on 1 April 2017. Following detailed discussion and analysis we concluded that by joining together both organisations can improve and expand their services to clients and secure our future in the coming years by creating a larger organisation fulfilling a wider mission across Wales.

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

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

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

Hafal plans to continue to further develop its work undertaken in 2016/17 with carers, young people and those in contact with the criminal justice system.

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

ELIN JONES – CHAIR

21 September 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

21 September 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAFAL

We have audited the financial statements of Hafal for the year ended 31 March 2017 which comprise the Statement of Financial Activities incorporating an Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

**Chartered Accountants
Statutory Auditor**

21 September 2017

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 2017

	Note	General & Designated Funds £	Restricted Funds £	Total 2017 £	General & Designated Funds £	Restricted Funds £	Total 2016 £
Income from:							
Donations and legacies	2	291,589	7,420	299,009	280,124	8,401	288,525
Charitable activities	3	2,681,864	2,458,486	5,140,350	2,189,731	2,523,608	4,713,339
Investments		15,847	-	15,847	22,297	-	22,297
Other		<u>4,100</u>	<u>-</u>	<u>4,100</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total income	4	<u>2,993,400</u>	<u>2,465,906</u>	<u>5,459,306</u>	<u>2,498,152</u>	<u>2,532,009</u>	<u>5,030,161</u>
Expenditure on:							
Raising funds	5	41,947	-	41,947	37,073	-	37,073
Charitable activities		<u>3,020,063</u>	<u>2,366,276</u>	<u>5,386,339</u>	<u>2,455,411</u>	<u>2,373,402</u>	<u>4,828,813</u>
Total expenditure	6	<u>3,062,010</u>	<u>2,366,276</u>	<u>5,428,286</u>	<u>2,492,484</u>	<u>2,373,402</u>	<u>4,865,886</u>
Net income/(expenditure)		(68,610)	99,630	31,020	5,668	158,607	164,275
Transfers between funds for:							
Elimination of project deficits	1b	(231,440)	231,440	-	(156,549)	156,549	-
Management and internal fees	7	<u>301,472</u>	<u>(301,472)</u>	<u>-</u>	<u>331,014</u>	<u>(331,014)</u>	<u>-</u>
Total transfers		70,032	(70,032)	-	174,465	(174,465)	-
Net movement in funds		1,422	29,598	31,020	180,133	(15,858)	164,275
Reconciliation of funds:							
Total funds brought forward		<u>3,835,071</u>	<u>536,218</u>	<u>4,371,289</u>	<u>3,654,938</u>	<u>552,076</u>	<u>4,207,014</u>
Total funds carried forward	15	<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>

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 2017 (continued)

	31/3/17 £	31/3/16 £
Statement of Total Recognised Gains and Losses Year to 31 March 2017		
Increase in funds	<u>31,020</u>	<u>164,275</u>
Total recognised gains and losses relating to the year	<u>31,020</u>	<u>164,275</u>
Note of historical cost surpluses and deficits		
Increase in funds	31,020	164,275
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>10,893</u>	<u>10,893</u>
Historical cost increase in funds from activities	<u>41,913</u>	<u>175,168</u>

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets:			
Tangible fixed assets	11	<u>3,585,706</u>	<u>2,185,911</u>
Total fixed assets		<u>3,585,706</u>	<u>2,185,911</u>
Current assets:			
Debtors	12	604,447	682,805
Cash at bank		<u>1,205,403</u>	<u>2,191,319</u>
Total current assets		<u>1,809,850</u>	<u>2,874,124</u>
Liabilities:			
Creditors: falling due within one year	13	<u>(441,732)</u>	<u>(414,456)</u>
Net current assets		<u>1,368,118</u>	<u>2,459,668</u>
Total assets less current liabilities		<u>4,953,824</u>	<u>4,645,579</u>
Creditors: falling due after more than one year	13	(500,000)	(250,000)
Provisions for liabilities	14	<u>(51,515)</u>	<u>(24,290)</u>
Total net assets		<u>4,402,309</u>	<u>4,371,289</u>
The funds of the charity:			
General funds:			
Fund balance	15	661,641	542,313
Revaluation reserve		-	-
Designated funds:			
Fund balance		2,894,742	3,012,648
Revaluation reserve		280,110	280,110
Restricted funds:			
Fund balance		96,342	66,744
Revaluation reserve		<u>469,474</u>	<u>469,474</u>
Total charity funds		<u>4,402,309</u>	<u>4,371,289</u>

The financial statements on pages 14 – 30 were approved by the Board of Trustees on 21 September 2017 and signed on their behalf by:

ELIN JONES – CHAIR

Company Number 4504443

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Cash flows from operating activities:		
Net cash provided by operating activities	<u>239,746</u>	<u>146,502</u>
Cash flows from investing activities:		
Interest received	15,847	22,297
Proceeds from the sale of vehicles	4,100	6,000
Purchase of property, plant and equipment	<u>(1,495,609)</u>	<u>(63,646)</u>
Net cash (used in) investing activities	<u>(1,475,662)</u>	<u>(35,349)</u>
Cash flows from financing activities:		
Cash inflows from new borrowing	<u>250,000</u>	<u>250,000</u>
Net cash provided by financing activities	<u>250,000</u>	<u>250,000</u>
(Decrease)/increase in cash and cash equivalents in the year	<u>(985,916)</u>	<u>361,153</u>
Cash and cash equivalents at the beginning of the year	<u>2,191,319</u>	<u>1,830,166</u>
Total cash and cash equivalents at the end of the year	<u>1,205,403</u>	<u>2,191,319</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

Reconciliation of net income to net cash flow from operating activities

	2017	2016
	£	£
1		
Net income for the year (as per the statement of financial activities)	31,020	164,275
Decrease/(increase) in debtors	78,358	(154,067)
Increase in creditors	54,501	70,898
Depreciation of tangible assets	95,814	93,693
(Profit) from sale of fixed assets	(4,100)	(6,000)
Investment income	<u>(15,847)</u>	<u>(22,297)</u>
Net cash inflow from operating activities	<u>239,746</u>	<u>146,502</u>

2 Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	566,954	868,097
Notice deposits (less than 3 months)	<u>638,449</u>	<u>1,323,222</u>
Total cash and cash equivalents	<u>1,205,403</u>	<u>2,191,319</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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 15 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 2017**

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 2017

1. ACCOUNTING POLICIES (Continued)

h) Tangible fixed assets

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

Freehold land and buildings are included at valuation.

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

Land and buildings	2%
Furniture and equipment	33⅓%
Motor vehicles	33⅓%
Plant & 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 2017

2. DONATIONS AND LEGACIES	2017	2016
Donations and legacies include:	£	£
Welsh Government Grants:		
Grant scheme for all Wales voluntary organisations in the social and health care sector (mental health)	202,333	202,333
Donations	<u>93,383</u>	<u>75,179</u>
3. CHARITABLE ACTIVITIES	2017	2016
	£	£
Income stated in this category is after crediting:		
Sales	40,234	45,126
Grant received from Big Lottery Fund:-		
People and Places - Out of the Blue	159,202	125,994
Connect 4 Recovery	74,296	41,064
Let's Get Serious about Psychological Therapies	69,289	-
Innovation - Hafal's Recovery Centre	84,756	117,521
Bright New Futures - Up 4 It	133,855	145,924
Community Voices (via GAVO) - Carer Participation Officer	18,975	47,533
(via GAVO) - Carer Participation Officer	12,613	46,238
(via C3SC) - Carer Participation Officer	26,120	29,966
Celebrate Big Tea Party Break	<u>1,788</u>	<u>-</u>
4. ANALYSIS OF TOTAL INCOMING RESOURCES	2017	2016
	£	£
Sales	44,334	45,126
Family and carers support	1,592,370	1,320,975
Clubs and centres	181,693	278,646
Supported housing	1,866,922	1,975,933
Befriending/advocacy	159,396	195,273
Employment	481,187	321,094
General charitable activities	<u>1,133,404</u>	<u>893,114</u>
	<u>5,459,306</u>	<u>5,030,161</u>
Included in the above are the following sources of income:		
Local Health Board/Social Services Joint Funding	508,218	634,609
Social Services	686,551	862,936
Local Mental Health Grant Scheme/SPD	366,905	353,934
Housing Benefit	403,728	380,998
Supporting People Grant	543,352	580,687
Supporting People Revenue Grant	472,628	430,709
Local Health Boards	810,773	485,177
Comic Relief	51,417	45,960
 ESF Funding for: Cyfle Cymru project	<u>181,262</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

5. RAISING FUNDS	2017	2016
	£	£
Purchase of goods for sale	21,161	14,463
Staff time dedicated to fundraising	<u>41,947</u>	<u>37,073</u>
	<u>63,108</u>	<u>51,536</u>

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs	Other costs	Total costs 2017	Total costs 2016
	£	£	£	£
Purchase of goods for sale	-	21,161	21,161	14,463
Family and carers support	885,421	487,857	1,373,278	1,206,439
Clubs and centres	108,888	64,711	173,599	238,544
Supported housing	1,024,268	500,304	1,524,572	1,579,234
Befriending/advocacy	91,660	37,674	129,334	173,760
Employment	281,186	145,777	426,963	287,813
General charitable activities	847,238	602,171	1,449,409	1,073,608
Management and Administration	<u>261,492</u>	<u>68,478</u>	<u>329,970</u>	<u>292,025</u>
	<u>3,500,153</u>	<u>1,928,133</u>	<u>5,428,286</u>	<u>4,865,886</u>

Included in the above costs:

	2017	2016
	£	£
Management and administration		
Audit	8,100	6,760
Accountancy	7,080	5,174
Motor expenses	66,896	50,127
Depreciation	95,814	93,693
Rents paid on leasehold premises	<u>288,090</u>	<u>250,105</u>

7. TRANSFER OF MANAGEMENT AND INTERNAL FEES

	2017	2016
	£	£
Family and carers support	153,685	164,388
Clubs and centres	27,309	50,857
Supported housing	15,163	12,040
Befriending/advocacy	15,330	19,659
Employment	39,379	41,890
General charitable activities	<u>50,606</u>	<u>42,180</u>
	<u>301,472</u>	<u>331,014</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

8. TRUSTEES REMUNERATION & RELATED PARTY TRANSACTIONS

Trustees are not remunerated. Expenses for travelling and subsistence on Charity business in the amount of £1,455 (2016 - £976) were reimbursed to three Trustees..

The Charity has paid premiums in respect of Trustees' liability indemnity insurance of £1,985.

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 £7,240 which were conducted on an arm's length basis; salary paid to A. Thomas (daughter) £1,072.

Sharon Warrington (Director of Finance):- Salary paid to A. Warrington (son) £585.

9. EMPLOYEE INFORMATION	2017	2016
	£	£
Staff Costs		
Wages and salaries	3,244,331	3,029,022
Social security cost	236,893	226,093
Pension cost	<u>86,360</u>	<u>83,829</u>
	3,567,584	3,338,944
Less: Salaries reallocated to service charge internally	(131,815)	(145,567)
Movement in holiday pay provision	27,225	(5,530)
Add: Recruitment costs	31,866	23,665
Life assurance	<u>5,293</u>	<u>4,286</u>
Total Staff Cost per Statement of Financial Activities (Note 6)	<u>3,500,153</u>	<u>3,215,798</u>
Total value of staff benefits in kind: £29,439 (2016:£17,984)		

Staff Numbers

The average monthly head count was 215 staff (2016:187 staff) and the average number of employees calculated on a full-time equivalent basis, analysed by function, was:

	2017	2016
	No.	No.
Charitable activities	128	120
Management and administration	<u>2</u>	<u>8</u>

Employee Benefits

The key management personnel comprise the Trustees, the Chief Executive Officer, Director of Operations, Director of Corporate and Public Affairs, Finance Director and Recovery Centre Director whose employee benefits total £ 281,530 (2016: £265,687).

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

	2017	2016
	No.	No.
£80,001 - £90,000 ¹	<u>1</u>	<u>1</u>

¹Salary: £79,888, benefits in kind (vehicle): £3,486, employer contributions to defined contribution pension scheme: £6,391.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

10. PENSION OBLIGATIONS

	2017	2016
	£	£
Defined contribution		
Contributions payable by the Charity for the year	<u>86,360</u>	<u>83,828</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 2016, the estimated debt on withdrawal from the Plan for Hafal was £90,744. 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 £
Cost/valuation					
At 1 April 2016	1,860,213	280,000	116,483	319,205	2,575,901
Additions	1,180,721	142,389	128,200	44,299	1,495,609
Disposals	-	-	-	(10,495)	(10,495)
Revaluation	-	-	-	-	-
At 31 March 2017	<u>3,040,934</u>	<u>422,389</u>	<u>244,683</u>	<u>353,009</u>	<u>4,061,015</u>
Depreciation					
At 1 April 2016	44,822	5,600	83,960	255,608	389,990
Charge for year	38,821	8,083	12,578	36,332	95,814
Eliminated on disposals	-	-	-	(10,495)	(10,495)
Revaluation	-	-	-	-	-
At 31 March 2017	<u>83,643</u>	<u>13,683</u>	<u>96,538</u>	<u>281,445</u>	<u>475,309</u>
NET BOOK VALUE					
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>
At 31 March 2016	<u>1,815,391</u>	<u>274,400</u>	<u>32,523</u>	<u>63,597</u>	<u>2,185,911</u>

All fixed assets held are used for direct charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

11. TANGIBLE FIXED ASSETS (continued)

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

Freehold properties - £1,445,000

Leasehold properties - £280,000

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

Original transferred value/cost	£
At 1 April 2016	1,788,380
Additions	-
At 31 March 2017	<u>1,788,380</u>
Depreciation based on original transferred value/cost	
At 1 April 2016	232,335
Charge for year	<u>31,911</u>
At 31 March 2017	<u>264,246</u>
Net book value	
At 31 March 2017	<u>1,524,134</u>
At 31 March 2016	<u>1,556,045</u>

12. DEBTORS	2017	2016
	£	£
Trade debtors – contract income receivable	494,629	539,023
Other debtors	33,075	109,829
Loan to related company (charity)	50,000	-
Prepayments	<u>26,743</u>	<u>33,953</u>
	<u>604,447</u>	<u>682,805</u>

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

13. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Creditors	187,318	171,305
Tax and Social Security	69,758	57,137
Accruals	41,270	57,825
Deferred income	143,386	126,162
Payments received in advance	<u>-</u>	<u>2,027</u>
	<u>441,732</u>	<u>414,456</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

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

All deferred income as at 31 March 2016 was released in the current year. The deferred income as at 31 March 2017 relates to income received specified for future periods.

CREDITORS: FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Welsh Government Invest to Save Funding	<u>500,000</u>	<u>250,000</u>

Repayable £200,000 by 31/03/18 and £300,000 by 31/03/19. This funding is interest free and is unsecured.

14. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Holiday pay provision	<u>51,515</u>	<u>24,290</u>

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

15. STATEMENT OF FUNDS

	Balance at 1/04/16 As restated £	Incoming resources £	Expendi- ture £	Transfer £	Other Gains/ Losses £	Balance at 31/3/17 £
General funds:						
General fund	542,313	2,979,480	(1,682,043)	(1,178,109)	-	661,641
Designated funds:						
Gwyn Jones fund	58,800	-	(1,200)	-	-	57,600
Housing Projects fund	245,999	-	(5,999)	-	-	240,000
Day Service Facilities fund	1,004,500	-	(20,500)	-	-	984,000
Recovery Centre fund	1,753,943	9,820	(1,248,923)	1,166,736	-	1,681,576
IT Infrastructure	80,000	-	(4,600)	-	-	75,400
Vehicles fund	63,599	4,100	(88,038)	81,405	-	61,066
Repairing Properties fund	<u>85,917</u>	<u>-</u>	<u>(10,707)</u>	<u>-</u>	<u>-</u>	<u>75,210</u>
Total general funds and designated funds	<u>3,835,071</u>	<u>2,993,400</u>	<u>(3,062,010)</u>	<u>70,032</u>	<u>-</u>	<u>3,836,493</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

15. STATEMENT OF FUNDS (continued)

	Balance at 1/04/16 £	Incoming resources £	Expendi- ture £	Transfer £	Other Gains/ Losses £	Balance at 31/3/17 £
Restricted funds:						
Donations & Trusts	5,300	155,379	(166,639)	5,960	-	-
Big Lottery fund	-	620,853	(765,710)	144,857	-	-
Other restricted fund balances (projects)	61,444	1,660,633	(1,404,921)	(220,849)	-	96,307
Capital property fund	469,474	29,041	(29,006)	-	-	469,509
Total restricted funds	<u>536,218</u>	<u>2,465,906</u>	<u>(2,366,276)</u>	<u>(70,032)</u>	<u>-</u>	<u>565,816</u>
Total funds	<u>4,371,289</u>	<u>5,459,306</u>	<u>(5,428,286)</u>	<u>-</u>	<u>-</u>	<u>4,402,309</u>

The total of the Revaluation Reserve at 31 March 2017 is £749,584. This comprises revaluation of properties held within the following funds: Gwyn Jones fund - £29,915, Day Service Facilities fund - £241,603, Housing Projects fund - £8,592 and Capital Property fund - £469,474.

Analysis of net assets between funds

	General £	Designated £	Restricted £	Total Funds £
Fund balances at 31 March 2017 are represented by:				
Tangible fixed assets	252,729	2,958,577	374,400	3,585,706
Current assets	758,773	716,275	334,802	1,809,850
Current liabilities	(298,346)	-	(143,386)	(441,732)
Liabilities > 1 year	-	(500,000)	-	(500,000)
Provisions for liabilities	<u>(51,515)</u>	<u>-</u>	<u>-</u>	<u>(51,515)</u>
Total net assets	<u>661,641</u>	<u>3,174,852</u>	<u>565,816</u>	<u>4,402,309</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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

15. STATEMENT OF FUNDS (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017

15. STATEMENT OF FUNDS (continued)

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.

16. FINANCIAL COMMITMENTS

At 31 March 2017 the Charity had annual commitments under non-cancellable leases as follows:

	Land & Buildings	
	2017	2016
	£	£
Expiry date:		
Less than 1 year	92,541	20,037
1 to 5 years	19,902	35,816
More than 5 years	<u>41,527</u>	<u>27,327</u>
	<u>153,970</u>	<u>83,180</u>

17. 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.

18. POST BALANCE SHEET EVENTS

On 1st April 2017 Hafal merged with Crossroads Mid & West Wales, 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.