



MENTAL HEALTH MATTERS
(A charitable company limited by guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Year ended
31 MARCH 2017

Registered company number 1786914
Registered charity number 514829

MENTAL HEALTH MATTERS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

Reference and Administrative Details of the Charity, its Trustees and Advisors

Registered company number 1786914
Registered charity number 514829

Directors and Trustees

The directors of the charitable company (the charity) are its trustees for the purposes of charity law. The trustees and officer serving during the year and since the year end were as follows:

Trustees:

Mr B Howorth (appointed Chair 19 April 2017)
Mr L Wilson (Chair, resigned 19 April 2017)
Mr A Hall (resigned 25 April 2016)
Mrs K Godfrey (resigned 9 February 2017)
Mrs L Eastman
Dr S Moorey
Mr D Corner
Mr A Britton
Ms N Hankinson
Mr D Brown

Key management personnel

H Mackay (Chief Executive)
G Dobson (Director of Finance & Deputy Chief Executive Officer)
S McGough (Director of Governance)
E Weighill Baskerville (Director of Talking Matters)
J Haley (Head of Social Care)

Registered Office

Avalon House
St Catherine's Court
Sunderland Enterprise Park
Sunderland
SR5 3XJ

Auditors

RSM UK Audit LLP
Chartered Accountants
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

Bankers

Barclays Bank plc
53 Fawcett Street
Sunderland
SR1 1SD

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Chair's Report

On behalf of the trustees of Mental Health Matters (mhm), I am pleased to present our annual report, together with the financial statements of the Charity and its subsidiary, for the year ended 31 March 2017.

The Board of Trustees and management team have, through the course of the year, focused on the successful positioning of mhm as a solution based market leader and market maker within the challenging environmental and financial constraints of the current health and social care system. We have in addition continued to implement and embed our governance system from front line to senior management, which is essential for the organisation to achieve the goals we outlined in the strategic plan and which we reflected in our business plan for 2016/17.

During the year to March 2017 mhm trustees and management have:

- Implemented the final business plan of our 3 year Strategic Plan supporting the achievement of our corporate objectives for the year to March 2017;
- Agreed our 3 year Strategic Plan and subsequent first year business plan commencing April 2017;
- Benefitted from the additional expertise and skills of the 4 additional Trustees appointed in late 2016;
- Strengthened our Management team by the introduction of a Director of Talking Matters;
- Secured both existing and new service contracts (in both Health & Social Care provision) expanding our impact across the UK;
- Raised the profile of mhm through social media;
- Further enhanced our comprehensive programme of e-learning modules to complement and strengthen our staff and trustee development offer;
- Continued to focus on measuring the impact of mhm, not only on individuals accessing our services but also in the wider communities with which they engage.

In the year to March 2017 the management team have been highly successful in attracting new partners and securing new services in both Talking Therapies and our Social Care services across the UK. In the latter part of 2016/2017 we were delighted to evidence that mhm have become a "go to" organisation for the delivery of effective and quality services, with many and varied organisations actively seeking mhm as their partner of choice. Also in the latter part of 2016 we have further strengthened our market making success providing tailored solutions to organisations requiring support.

Excerpt of a quote by a commissioner:

- "Mental Health Matters provide a fabulous employment support service within the IAPT team. They work very closely with clinicians offering therapy with our service to ensure that any service users who might be out of work or struggling to stay in employment are identified and offered the appropriate employment support alongside their therapy. They work with great enthusiasm and sensitivity to encourage and support those with employment needs. This also enables the clinical team to focus on offering a therapeutic intervention. We feel very fortunate to offer a clinical service with employment advisors embedded within the team and working as part of the team. This certainly helps our service deliver strong performance in both access and recovery."

Excerpts from our most recent client survey:

- "My worker always listens when I speak, she treats me with respect and values my opinions. If I have any issues she helps me resolve them straight away. This service is very valuable."
- "I am treated with dignity and respect and just because I have mental health problems I am not treated like a second class citizen. I am always listened to."

Excerpts from our most recent staff survey:

- Colleagues trust and respect each other
- The leadership team have the skills required to make MHM successful
- A high standard of performance is expected of all employees
- We are not afraid to openly express our ideas

"mhm support meets my needs and helps me access the community" (service user)

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In 2016/17 we saw 2 long serving trustees retire after giving many years of service to mhm. We are very grateful that they gave so freely of their experiences of mental health, finance, governance, strategic management and service provision, combined with their passion and commitment to the provision of quality services for the most vulnerable in our society.

In April 2017, we also said thank you and goodbye to our Chair Leonard (Len) Wilson who was a Trustee for 18 years and led mhm as Chair for 6. mhm has, through Len's leadership, experience, passion and commitment to mental health, matured into an open and strong organisation, confident in its continued ability as a market leader of much needed services.

In April 2017 I became Chair of mhm and I am both confident and excited over the future direction of the organisation. I believe that our collective vision and our ambitions as detailed in our new Strategic Plan, combined with the abilities and passion of our Trustees, management team and wider workforce provide mhm with a solid platform to continue to grow the organisation and most importantly expand the positive impact our services have on the most vulnerable people living in our communities.

As always, none of this could have been achieved without the continued dedication and hard work of mhm's Trustees and staff team, and I thank everyone in the organisation for their continued support and for maintaining the focus on the people who use our services.



Mr B Howorth
Chair

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Reference and Administrative Information

Reference and administrative information is set out on page 2 and forms part of this report. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the organisation's Memorandum and Articles of Association and 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 (FRS102) (effective 1 January 2015).

Objectives and Activities

Public Benefit

mhm exists for the benefit of the public through the provision of its services to any member of the public who has mental or physical health need that's impacts on their wellbeing. All of the services provided by mhm are within the aims and objectives as set out in the Memorandum and Articles of Association.

Throughout the Achievements and Performance section of this report (page 7), we have identified and evaluated the benefits that individuals gain from accessing our services and maximising independence through self-directed support. This is particularly reflected in our psychological therapy services and community based services focusing on positive outcomes for individuals.

In shaping our objectives for the year and planning our activities, the trustees have considered the charity commission's guidance on public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

As an organisation we also provide a range of accessible literature and online resources to educate, inform and guide people with mental and physical health needs, their carers and networks, and the wider community.

Objectives

The primary object of the charity is to act for the benefit of the public, to promote the wellbeing of persons who are experiencing mental or physical health problems or illnesses, however these problems or illnesses have arisen, and their families and carers, both in the UK and overseas.

The charity's objectives are:

Education

- to enhance public awareness of, and attitudes towards, mental health and wellbeing;
- to promote a more positive image and reduce the stigma of mental illness; and
- to provide information and education resources for a range of groups, including people with mental health needs, formal and informal carers, professionals and the public.

Support

- to promote self-directed support, safety planning and the achievement of personal outcomes; and
- to promote the development of effective groups and to foster the skills of members and their networks.

Innovation

- to demonstrate innovation by redesigning existing service provision, and modernising and making our services fit for the needs of the people who want to use them; and
- to grow through partnership work and innovation to create a niche in the market and also respond to future financial contracting arrangements and grow into new markets.

The vision of mhm is that everyone should receive the personalised services and support they need.

Our mission is to help people achieve good mental health and physical wellbeing and live life to the full.

mhm believes that individuals gain strength and influence by sharing experience and knowledge, and seeks to provide networks to promote this.

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Objectives and Activities (continued)

mhm achieves its objects by:

- empowering our service users to achieve their goals and aspirations through excellent services delivered in partnership with them;
- maintaining a financially healthy and high performing organisation;
- instilling pride and commitment whilst bringing out the best in our employees;
- growing mhm's impact through healthy and collaborative networks and partnerships; and
- maintaining strong leadership and effective governance.

Structure, Governance and Management

Governance and Trustees

mhm is:

- an independent, national, non-political, non-religious, non-governmental organisation registered as a charitable legal entity in England and Wales in 1984;
- constituted as a charity, registered with the Charity Commission under charity number 514829;
- registered as a company limited by guarantee under number 1786914, governed by its Memorandum and Articles of Association dated 7 November 2005.

Trustee Induction and Training

mhm's board of trustees is made up of individuals with the skills, competencies and experience required to govern the organisation. The trustees keep these requirements under review in order to ensure that the organisation is effectively governed. Recruitment to the charity's board of trustees complies with the process detailed in its Articles of Association. It is anticipated that within the next year mhm will continue to welcome new trustees bringing complementary skills and expertise to the board.

In January of each year the board of trustees, chief executive officer and senior management team meet with their charitable and company law legal advisor. The purpose of the meeting is to refresh their knowledge of the respective duties of trustees and employees, and also to update them on any key amendments in charity law and Charity Commission expectations with a view to potential impact on the charity's governing framework.

In the year to March 2017 and as part of the charity's commitment to and investment in technology, the charity established a trustee-only component of its intranet and also a range of mandatory e-learning modules for trustees covering a range of relevant content including mental health awareness, safeguarding, information governance, and health & safety.

The year to March 2017 saw 3 trustees retire from the board. As of April 2017, mhm had 7 serving trustees.

mhm has a board development committee which oversees the recruitment, induction and learning & development of trustees. Information, including a trustee handbook, is provided to support trustees in their roles. The trustees take time during the year to focus on particular areas of the business, outside of the duties of board meetings.

Organisation

The board of trustees meets quarterly during the year. At the January meeting the agenda is focused on preparing and planning for the forthcoming financial year; the business plan, budget, establishment plans, schedule of delegation and terms of reference for the board of trustees' one standing sub-committee (audit) are reviewed and agreed.

The audit committee also meets quarterly and seeks assurance over the organisation's financial and governance systems, including the annual financial auditing process. The findings from the organisation annual cycle of internal systems auditing are reported to this committee.

A chief executive is appointed by the trustees to manage the day-to-day operations of the charity. mhm board of trustees has systems in place for the delegation of authority to the chief executive officer and the management team. The schedule of delegation is reviewed annually.

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Related Parties and co-operation with other organisations

None of the trustees receives remuneration or other benefit from their work with the charity.

The charity works with Tees, Esk and Wear Valleys NHS Foundation Trust and NHS County Durham and Darlington Community Health Services in a joint arrangement to deliver mental health services in County Durham and Darlington in which any surpluses or losses are recognised equally between the parties.

The charity also works in a joint arrangement with Sunderland Counselling Service and Efficacy Limited to provide mental health services to Northumberland Clinical Commissioning Group. mhm is the principal contractor, with the other parties as subcontractors.

mhm also has a wholly owned trading company, Moorpark Limited. This subsidiary ceased its trading activities in June 2013, and is currently dormant.

Equality

mhm incorporates equal opportunities throughout its policies. These policies ensure that, in accordance with both current legislation and best practice, no service user, person employed or job applicant will be treated unfavourably by reason of their 'protected characteristic' as set out in the Equality Act 2010.

Strategic Report

2016/2017 was the final year of mhm's three year strategic plan, Our Future Matters.

In implementing the objectives of the strategic plan, mhm continued to deliver high quality services including: primary care psychological (talking) therapies; generic and mental-health-specific housing provision (from floating support through to registered care); day recovery and employment services (including for people with long term conditions, dual diagnoses and addictions); 365/24/7 telephone emotional support and tele-therapy services, and advocacy, user voice, advice and information services (including IMHA and IMCA).

mhm continued to invest time and resource to retain and acquire new services across England, building a strong brand, alongside strategic partners, for delivering high quality health and social care services. This has included responding to the changing needs of people in our communities by delivering evidence-based services, building trusted relationships with our commissioners, and learning from service users about how best to deliver personalised quality services.

Achievements and Performance

The year to March 2017 has seen continued challenges in health and social care as commissioners seek to maximise value for money from stretched budgets. Against this backdrop, mhm is proud of the new services won, and of the extension or renewal of existing services which enabled continued delivery of high quality services focused on service users' recovery.

There have been many successes during the year, with contracts won to deliver new services, some as sole provider and some in innovative arrangements with new partners, and with many existing contracts extended. Particular success has come from devising bespoke delivery models suited to individual commissioners' requirements, and from seeking funding to deliver services in new markets.

mhm's focus for 2016/17 was on:

- developing services which focus on whole person needs;
- continuing to seek solutions for commissioners utilising our health and social interventions and approaches;
- alongside partners, reviewing and strengthening delivery models to ensure performance is at a high level;
- growing organically and strategically, to strive for greater market share and positive support for service users;
- maximising the use of innovative 24/7 telephony and tele-therapy services; and
- raising the profile of mhm locally, regionally and nationally.

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During the year to March 2017:

- an average of 435 people accessed our employment services each month;
- we provided 91 units of accommodation inclusive of registered, floating and dispersed units;
- we delivered 12,500 hours of bespoke housing support to people accessing our housing services;
- over 27,000 people accessed our talking therapy services;
- our services met or exceeded all national IAPT targets in South East Staffordshire and North Staffordshire (Steps 2 & 3 provision) where we are in partnership with South Staffordshire and Shropshire Healthcare NHS Foundation Trust (SSSFT), in Northumberland (Steps 2 to 4 provision) where we lead a 3 party partnership, and in Warrington where we are a sole provider (Steps 2 to 4);
- our 365/24/7 helpline service received over 72,500 calls;
- we extended our reach into new geographical areas including a contract to deliver recovery services to a large housing association across the Midlands and South East and a new two-year partnership to deliver floating recovery support in Staffordshire; and
- we developed our helpline services to work with veterans.

Central Services

mhm central services provide a central infrastructure and governance framework for the organisation. These services have an extensive portfolio comprising of quality and compliance, finance, human resources, learning and development, policy and procedural review, health and safety, information technology, information governance and business development.

During the year to March 2017 our central team:

- MHM worked with an average of 15,500 clients each month;
- conducted a number of quality and assurance audits across the business including areas of service delivery and infrastructure to measure and improve performance (Risk Information Sharing, Recruitment and Selection, Client Notes, Incident Investigation and Learning, Bids and Tenders);
- developed, enhanced and relaunched mhm's intranet site, Horizon;
- enhanced the learning and development function with the addition of a learning and development apprentice, and with the recognition of mhm's learning and development officer as an ASIST (Applied Suicide Intervention Skills Training) Master Trainer (1 of only 40 in the country), having delivered the ASIST programme to over 100 delegates;
- enhanced the training opportunities available to employees via the eLearning platform, with new and contemporary modules developed and implemented across mhm, including SMART Recovery Action Planning, Performance Management, Working with people who Self Harm, Incident Management, Trans Awareness, Hoarding, Epilepsy, Dementia and Autism;
- extended the eLearning offer to the board of trustees and clients;
- delivered Mental Health Awareness in the Workplace training to a number of private and public sector organisations;
- developed and delivered an internal leadership programme;
- expanded the role of the quality and policy coordinator to include contract management and external policy influence/research;
- continued the refresh of all mhm policy and procedure, setting clear standards and ensuring clarity and consistency of key messages to all staff;
- designed and developed a revised employee performance management framework, including policy, procedure and training;
- improved health and safety across mhm by heightening awareness of incidents and reporting/recording requirements via a programme of incident reporting workshops and delivering a comprehensive suite of health and safety training;
- successfully retained Contractors Health and Safety Accreditation;
- successfully submitted mhm's annual NHS Information Governance Toolkit Assessment;
- conducted Social Care Client Satisfaction Survey and Exit Surveys to collate feedback from clients as they move on, both of which enable mhm to enhance service provision;
- conducted an annual employee satisfaction survey with a 52% response rate to enhance engagement with mhm employees;
- in consultation with clients, designed and developed a user friendly safeguarding leaflet to raise clients' awareness of how to recognise and report abuse; and
- enhanced the central business development function with the introduction of a Business Administrator role.

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Employment Services

Commissioners have demonstrated their continued confidence in mhm's employment services by awarding contract extensions. In addition new ESF funding has been awarded to deliver job clubs in Gateshead and to deliver Department of Work & Pensions Journey to Employment projects in Gateshead and Newcastle.

The services continue to be well used, delivering positive outcomes in working with service users. Outcomes include people moving from employment benefit, people maintaining current employment, or taking up new or alternative paid employment, and people undertaking training or voluntary work. In addition mhm has supported employers with retention and to have a greater understanding of mental health issues in the workplace.

Housing Services

The aim continues to be to ensure that wherever possible those accessing our housing services live as independently as they are able to, in the community local to them. During the year to March 2018, we will continue to work with service users to support their recovery, work actively to manage void units effectively so that new referrals are able to take advantage of the support available, and develop partnerships with the aim of improving the quality of properties available.

mhm's registered service was assessed as good provision by the Care Quality Commission during 2015/16 year, and mhm aspires to achieve an excellent rating at the next assessment.

Community Support and Personalised Services

The 24/7 emotional support and tele-therapy helpline was awarded a 3-year renewal of its accreditation from the Helpline Partnership, and has invested in the resilience and effectiveness of its ICT and telephony systems. This has supported renewal of existing contracts, and the successful award of contracts for veterans' services and to support the clients of the large housing association by providing a single point of access.

mhm also continued to offer activity based and peer support services, both during the day and in the evening. A key feature of these services continues to be peer support groups, which break off from the original service, whose members continue to benefit from shared experience and supportive relationships.

mhm's Pathways group of services continued to offer excellent provision in the areas of advice, advocacy and user voice.

For personalised services mhm has worked to successfully increase the funding rate in order to be able to sustain a high quality level of service provision.

Talking Therapies Services

As part of mhm's marketing strategy, psychological (talking) therapies services have been branded as Talking Matters. This brand will be used to actively promote mhm's quality offer, and will be led by the recently appointed director of Talking Matters.

Throughout 2016/17 mhm continued to be a large national provider of IAPT services, delivered both in partnership with NHS foundation trusts and on a sole basis:

- Talking Matters Northumberland: mhm is the prime contractor, working with sub-contractors Sunderland Counselling Service (providing step 2 therapy and counselling) and Efficacy (providing step 4 therapy and clinical leadership). The service is in its second year of delivery, is delivering innovation through its recovery arm, and is currently achieving both the national recovery target of 50% year to date and all national waiting time standards.
- Warrington Primary Care Psychological Service: During 2016/17 mhm has taken on responsibility as sole provider, delivering therapy at steps 2-4 and clinical governance. The service is working, with the CCG's support, to sub-contract additional provision from the wider IAPT pathway. The service was successful in being awarded funding in the first wave of IAPT expansion into long term conditions and medically unexplained symptoms, as well as funding from a Department of Work and Pensions employment initiative within IAPT. The service will undergo a brand change to Talking Matters Warrington in line with mhm brand strategy.

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- **Talk Together Bromley:** mhm has entered into a new partnership as sub-contractor to Bromley Healthcare CIC. mhm providers step 2 therapists and employment advisers. This service commenced in April 2017 on a five year contract. The mobilisation of the contract has been well managed by both partners, and to date the service is meeting the agreed key performance indicators.
- **South East Staffordshire Wellbeing Matters:** This service is in its third year of delivery. mhm is a sub-contractor to South Staffordshire and Shropshire Healthcare NHS Foundation Trust (SSSFT) and provides step 2 therapy. The service was successful in being awarded funding in the second wave of IAPT expansion into long term conditions and medically unexplained symptoms.
- **North Staffordshire Wellbeing Service:** This contract has been extended until March 2019. mhm is a sub-contractor to SSSFT and provides step 2 therapy.
- **Durham and Darlington, Talking Changes:** This contract has been extended until March 2019. mhm is a sub-contractor within a joint venture with Tees, Esk and Wear Valleys NHS Trust and County Durham & Darlington NHS Foundation Trust and provides step 2 therapy.
- **Market making:** During 2016/17 mhm refined its already successful waiting list market making initiative to provide step 2/3 telephone therapy. In the year 2017/18 mhm plans to market this successful initiative across the country.

Commissioners, funders and customers:

mhm gratefully acknowledges the funding provided for its 2016/17 services by the following commissioners, organisations and customers:

Alzheimer's & Dementia Support Services
Coventry & Warwickshire Partnership NHS Trust
Darlington Borough Council
Durham County Council
Gateshead Council
Health Education England
Kent County Council
Making Space
Mental Health Concern
Middlesbrough Borough Council
Newcastle City Council
NHS Coventry & Rugby CCG
NHS Durham Dales, Easington & Sedgefield CCG
NHS Hammersmith & Fulham CCG
NHS Newcastle Gateshead CCGG
NHS Northumberland CCG
NHS South Tees CCG
NHS South Tyneside CCG
NHS Sunderland CCG
NHS Warrington CCG
North Tyneside Metropolitan Borough Council
Orbit Group
Penderels Trust
People Potential Possibilities
Plymouth Community Healthcare CIC
Redcar & Cleveland Borough Council
Richmond Fellowship
South Essex Partnership University NHS Foundation Trust
South Staffordshire & Shropshire Healthcare NHS Foundation Trust
Sue Ryder
Tees, Esk & Wear Valleys NHS Foundation Trust
Voiceability Advocacy
Warwickshire County Council

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Financial Review

mhm principal funding sources are shown in note 2 to the financial statements. The increase in incoming resources for the year is primarily due to inclusion of a full year of Talking Matters Northumberland income, increased waiting list initiative income, and a higher tariff paid for Fairfield House.

As noted above, in the delivery of its primary care services mhm works in partnership with both voluntary and statutory sector agencies. In some services mhm acts as the prime contractor and in others it is a sub-contractor. Some of the sub-contract arrangements are delivered via a joint contractual arrangement as outlined in note 21.

Expenditure was in excess of incoming resources for the year because trustees made an informed decision to make use of reserves to fund central resources to achieve long term strategic goals, including expansion of contracts, supported by robust ICT infrastructure.

In addition, an additional charge of £138k in lease penalties was borne during the year to complete the termination of an onerous lease for a property used in a housing service for which funding was withdrawn in June 2015.

There were no fundraising activities or costs. Governance costs amount to 0.8% of expenditure.

All outstanding debts are considered recoverable with no potential bad debts being identified at 31 March 2017.

The cash position has remained healthy throughout the year. The decrease against the prior year is due to the investment of reserves described above. Cash balances will continue to be monitored to ensure that they are adequate to support the charity's aims and objectives.

The major factors likely to affect the financial position of the charity in 2017/18 and beyond are mhm's ability to:

- continue to design contemporary talking therapies and social care services that meet the requirements of commissioners and other customers; and
- develop a more diverse portfolio of funding in order to mitigate the impact of contracts at risk.

The trustees are confident of mhm's ability to achieve these goals, supported by the continued investment of reserves.

Investment Powers and Policy

The trustees, having regard to the liquidity requirements of delivering the current services, and to the reserves policy, have operated a policy of keeping available funds in interest bearing accounts, and seek to achieve a rate of interest which matches or exceeds inflation as measured by the consumer price index.

The invested funds held on deposit achieved an average rate of 0.38% against the consumer price measure of inflation for the year to March 2017 of 2.3%.

Reserves Policy and Going Concern

mhm needs free reserves for:

- working capital - in order to meet liabilities as they fall due, it is necessary to hold free reserves so that payments can be made in advance of the receipt of income.
- development activity - ongoing investment in facilities, services and business processes is necessary to ensure that mhm is compliant with regulatory requirements, aspires to develop and embed best practice in its ways of working, and is able to respond to such new business opportunities as are identified.

The trustees believe that the desirable level of free reserves required is two months of projected expenditure for the forthcoming year in order to accommodate prevailing working capital requirements, plus an additional allowance agreed annually in order to be in a position to fund development activity as the need arises, including investment in facilities, and adoption of best practice systems and procedures within the fields of health and social care.

Compliance with this reserves policy will be monitored on an ongoing basis by the audit committee, which will report any non-compliance to the board of trustees in order that any corrective action required can be agreed. The reserves policy will be reviewed annually by trustees, and adapted if necessary to ensure that it remains appropriate for the economic environment, the health and social care sectors, and other relevant factors affecting mhm's activities.

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Total funds held in reserve at 31 March 2017 amounted to £1,934,064. This included unrestricted funds of £1,743,802 (see note 17). This designated fund will not be spent until such time as the trustees decide that mhm should leave the relevant pension scheme, which the trustees do not currently intend to do. In addition total funds included a restricted amount of £190,262 (see note 17).

The working capital requirement based on the budgeted expenditure to 31 March 2018 is £1,708,259. The level of unrestricted reserves at 31 March 2017 after deducting the net investment in fixed assets is £1,157,421.

Having utilised reserves in the last three financial years, the trustees aim to increase reserves in accordance with this policy over the period of the new three-year strategic plan, which is in place for the period commencing 1 April 2017.

The trustees believe that the level of reserves available for 2017/18 and 2018/19 is sufficient, and the net current assets and cash flow of the charity are at such a level, that the charity is able to operate for the foreseeable future, and that the going concern basis is appropriate for these financial statements.

Principal Risks and Uncertainties

The principal risk and uncertainties facing the charity remain:

- The current commissioning environment – the commissioning environment for health services is increasingly competitive, and there continue to be huge financial pressures and de-commissions of social care;
- Damage to mhm's reputation – a serious incident in one of our services could have a damaging impact on our reputation and profile;
- Inability to recruit and retain trained and skilled staff – matching qualified and competent workforce to service demand has historically led to intense competition for scarce professional staff. This has an impact on primary care psychological therapy services across the country. Within social care, demand by commissioners for different products and services means that the skills of our workforce must be kept under review and re-aligned where necessary;
- Inability to maintain existing partnerships and failure to develop new partnerships – mhm has a number of valued partnerships, and a range of different partnership agreements which must be flexible to deal with changing circumstances in the health and social care sectors;
- Significant loss or failure to gain business – mhm continually evaluates its success rate in retaining existing services and winning new services, and seeks to improve its service models and offers;
- Financial pressures and impact of cuts in statutory sectors – mhm continues to experience the impact of spending cuts and efficiency targets. Services must be delivered with increasing efficiency in order to meet commissioners' expectations.

Risk Management

The organisation has a risk management strategy which consists of continuous review of the risks the charity may face and the systems and procedures to minimise any potential impact on the charity should those risks materialise.

mhm has reviewed the risks to achievement of its strategic objectives during the year to ensure they are fully integrated into the risk assessment, management and mitigation procedures.

An audit committee comprising of trustees meets four times per year, and receives reports from senior management. The committee's remit is to provide assurance to the board that there are effective systems in place for governance, risk management, performance and compliance.

In addition, each board of trustees meeting focuses on a specific area of risk to the charity, and considers the issues related to identification, mitigation and elimination of that risk.

Plans for future periods

During 2016/2017 mhm developed its new three year strategic plan in consultation with staff, whose involvement strengthened further the link between organisational goals and the contributions made by individuals.

The trustees intend to capitalise on mhm's proven models of successful delivery of talking therapies and social care services, replicating them where possible, and to diversify sources of funding to limit reliance on funding of particular contracts.

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In the three years from 2017/18 mhm's objectives to widen its impact are:

- to retain and secure block talking therapies services;
- to deliver private talking therapies initiatives;
- to expand the multi-channel helpline and creating flexible models;
- to expand and diversify community services; and
- to deliver learning disability services.

To underpin these objectives mhm has developed comprehensive marketing and customer service strategies, and will continue to apply its robust governance framework, which encompasses quality & compliance, workforce, finance, and risk.

Pay policy for key management personnel

The trustees consider that key management is comprised of the charity's trustees and the management board who are in charge of directing and controlling, running and operating the charity on a day to day basis. All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 6 to the accounts.

The pay of the management board is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the trustees benchmark against pay levels in other organisations of a similar size run on a voluntary basis.

Trustees' Responsibilities

The trustees (who are also the directors of mhm for the purposes of charity law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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 charity will continue business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence 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 charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

"mhm support meets my needs and helps me access the community" (service user)


MENTAL HEALTH MATTERS
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2017

Auditors

So far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware. Additionally the directors have taken all the necessary steps that they ought to have taken as trustees in order to make themselves aware of all relevant audit information and to establish that the charity's auditors are aware of that information.

RSM UK Audit LLP has indicated its willingness to continue in office.

By order of the board of trustees



Mr B Howorth
Chair

19 July
..... 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MENTAL HEALTH MATTERS
FOR YEAR ENDED 31 MARCH 2017**

Opinion on financial statements

We have audited the financial statements of Mental Health Matters (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2017 and of the group's 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Trustees' Report and the incorporated Strategic Report.

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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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

"mhm support meets my needs and helps me access the community" (service user)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MENTAL HEALTH MATTERS
FOR YEAR ENDED 31 MARCH 2017**

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 13 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.

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.



CLAIRE LEECE (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

21 July 2017

MENTAL HEALTH MATTERS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Unrestricted funds £	Restricted funds £	Total funds 2017 £	Total funds 2016 £
Income from:					
Donations and legacies		4,044	-	4,044	1,901
Charitable activities	2				
<i>Employment services</i>		450,376	60,212	510,588	504,613
<i>Community support and personalised services</i>		1,228,574	-	1,228,574	727,592
<i>Housing services</i>		1,280,716	-	1,280,716	1,348,676
<i>Talking therapies services</i>		7,347,474	-	7,347,474	6,006,062
		10,307,140	60,212	10,367,352	8,586,943
Other		4,662	-	4,662	9,347
Investments	3	4,885	-	4,885	6,211
Total income		10,320,731	60,212	10,380,943	8,604,402
Expenditure on:					
Charitable activities	4				
<i>Employment services</i>		479,810	59,311	539,121	515,360
<i>Community support and personalised services</i>		1,360,713	-	1,360,713	1,020,030
<i>Housing Services</i>		1,524,465	-	1,524,465	1,809,071
<i>Talking therapies services</i>		7,429,284	-	7,429,284	6,534,721
		10,794,272	59,311	10,853,583	9,879,182
Total expenditure		10,794,272	59,311	10,853,583	9,879,182
Net expenditure	5	(473,541)	901	(472,640)	(1,274,780)
Gross transfers between funds	17	-	-	-	-
Net movement in funds		(473,541)	901	(472,640)	(1,274,780)
Reconciliation of funds					
Total funds brought forward		2,217,343	189,361	2,406,704	3,681,484
Total funds carried forward	17	1,743,802	190,262	1,934,064	2,406,704

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

“mhm support meets my needs and helps me access the community” (service user)

MENTAL HEALTH MATTERS

CONSOLIDATED AND CHARITY BALANCE SHEET

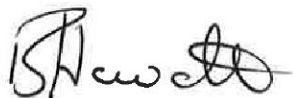
AS AT 31 MARCH 2017

	Note	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
Fixed assets					
Intangible assets	8	303,014	392,654	303,014	392,654
Tangible assets	9	283,367	381,044	283,367	381,044
Investments	10	-	-	1	1
		<u>586,381</u>	<u>773,698</u>	<u>586,382</u>	<u>773,699</u>
Current assets					
Assets held for sale		88,221	88,220	88,221	88,220
Debtors	11	1,535,095	1,277,818	1,537,822	1,280,546
Cash at bank and in hand		1,604,005	2,489,748	1,598,658	2,484,400
		<u>3,227,321</u>	<u>3,855,786</u>	<u>3,224,701</u>	<u>3,853,166</u>
Current liabilities					
Liabilities: amounts falling due within one year	12	(1,555,847)	(1,877,989)	(1,553,228)	(1,875,370)
Net current assets		<u>1,671,474</u>	<u>1,977,797</u>	<u>1,671,473</u>	<u>1,977,796</u>
Total assets less current liabilities		2,257,855	2,751,495	2,257,855	2,751,495
Creditors: Amounts falling due after more than one year	14	(323,791)	(344,791)	(323,791)	(344,791)
Net assets		<u>1,934,064</u>	<u>2,406,704</u>	<u>1,934,064</u>	<u>2,406,704</u>
The funds of the charity					
Unrestricted funds					
- General Funds	16,17	1,250,802	1,840,572	1,250,802	1,840,572
- Designated Funds	16,17	493,000	376,771	493,000	376,771
Restricted funds	17	190,262	189,361	190,262	189,361
Total charity funds	17	<u>1,934,064</u>	<u>2,406,704</u>	<u>1,934,064</u>	<u>2,406,704</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the charity.

The notes on pages 19 to 36 form part of these financial statements.

Approved by the trustees and authorised for issue on 19 July 2017



Mr B Howorth
Chair

"mhm support meets my needs and helps me access the community" (service user)

MENTAL HEALTH MATTERS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Cash flows from operating activities	22	(836,272)	527,174
Cash flows from investing activities			
Interest received		4,855	6,211
Purchase of property, plant and equipment		(24,538)	(287,044)
Purchase of intangible fixed assets		(29,788)	(352,960)
Net cash used in investing activities		<u>(49,471)</u>	<u>(633,793)</u>
Decrease in cash and cash equivalents in the year		(885,743)	(106,619)
Cash and cash equivalents at the beginning of the year		2,489,748	2,596,367
Total cash and cash equivalents at the end of the year		<u>1,604,005</u>	<u>2,489,748</u>
Relating to:			
Cash at bank and in hand		1,604,005	2,489,748
Total cash and cash equivalents		<u>1,604,005</u>	<u>2,489,748</u>

“mhm support meets my needs and helps me access the community” (service user)

MENTAL HEALTH MATTERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies

(a) Basis of preparation

mhm is a charitable company, limited by guarantee, registered in England. The address of the charity's registered office and principal place of business is Avalon House, St. Catherine's Court, Sunderland Enterprise Park, Sunderland, SR5 3XJ. mhm meets the definition of a public benefit entity under FRS102. The charity exists for the benefit of the public through the provision of its services to any member of the public who has mental or physical health need.

These 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 (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK (FRS102) and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

(b) Going concern

FRS102 requires that, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the organisation is able to operate for the foreseeable future on the basis of known and reasonable projected resources. There are no material uncertainties in respect of the charity's ability to continue as a going concern. The group derives its income from a range of sources which are secured to the coming period. Adequate reserves are maintained with no borrowings required. As a consequence, the trustees believe that the charity is well placed to manage its risks successfully and thus have adopted the going concern basis.

(c) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary Moorpark Limited on a line by line basis. All financial statements are made up to 31 March 2017, and consistent accounting policies are used.

A separate Statement of Financial Activities and Income and Expenditure Account for the charity have not been presented because the charity has taken advantage of the exemption afforded by Section 408 of the Companies Act 2006.

(d) Fund accounting

Unrestricted funds

Incoming resources receivable or generated for the objects of the charity without further specified purpose are accounted for as unrestricted funds. Unrestricted funds are available to spend on activities that further any of the general objectives of the charity.

Restricted Funds

Incoming resources subject to specific restrictions imposed by funders or generated by the charity for a particular purpose are accounted for as restricted funds. Restricted funds are funds which are to be used in accordance with the Donors Instructions. The aim and use of each restricted fund is set out in the notes to the financial statements.

Designated funds

These are funds allocated by the trustees for specific future purposes. These funds are created by transfer from unrestricted funds. The aim and use of each designated fund is set out in the notes to the financial statements.

“mhm support meets my needs and helps me access the community” (service user)

MENTAL HEALTH MATTERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(e) Income

Incoming resources are recognised in the Statement of Financial Activities when the charity has entitlement to the funds; any conditions attached to the item(s) of income have been met; it is probable that the income will be received and the amount can be measured reliably.

Grants and contracted funding

Grants and contracted funding, including capital grants for the purchase of tangible fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they become receivable. Where the conditions of receipt have not yet been met, the income is transferred to deferred income in the balance sheet and recognised in the statement of financial activities in a future accounting period.

Rental and support income

Rental and support income is recognised in full in the Statement of Financial Activities in the year in which it is receivable, net of any provision for arrears. Where rent and support income is received in advance for a future accounting period, the income is deferred and included in rents in advance and recognised in the Statement of Financial Activities in a future accounting period.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

(f) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party; it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is all considered as expenditure on charitable activities, and is subdivided into the four main activities of the charity being employment services, community support and personalised services, housing services and talking therapies services. Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs include both the direct costs of providing services to the charity's beneficiaries and an apportionment of support and governance costs.

Support costs comprise the central management and support services. They have been apportioned between charitable activities as shown in note 4. The trustees consider that the costs in support of charitable activities are apportioned to services on the basis of staff time allocated to those services, considering such areas as staff time, size and complexity of contract etc.

Governance costs comprise all costs in connection with the strategic management of the charity and compliance with constitutional and statutory requirements. They have been apportioned between charitable activities as shown in note 4. The costs are apportioned in line with the level of support costs allocated.

All costs are inclusive of irrecoverable VAT.

(g) Leases

An asset and corresponding liability are recognised for leasing agreements that transfer to the charity substantially all of the risks and rewards incidental to ownership ('Finance Leases'). All other leases are operating leases.

Operating leases – the group as a lessee

The charity classifies the lease of properties and equipment as operating leases. Rental charges are charged to the statement of financial activities on a straight line basis over the period of the lease. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised on a straight line basis over the lease term.

Operating leases – the group as a lessor

Rental income from assets leased under operating leases is recognised on a straight line basis over the term of the lease.

"mhm support meets my needs and helps me access the community" (service user)

MENTAL HEALTH MATTERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(h) Intangible assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised at their expected useful economic lives on a straight line basis as follows:

Software	25% straight line
----------	-------------------

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised as income and expenditure.

(i) Tangible fixed assets

Individual tangible fixed assets costing £1,000 or more are capitalised. Tangible fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on tangible fixed assets other than freehold land, at rates calculated to write off their cost less estimated residual value over their expected useful lives as follows:

Freehold land and buildings	5% straight line
Leasehold property improvements	20 to 33% straight line
Office furniture and equipment	15% to 20% straight line
Project furniture and equipment	20% to 50% straight line
Computer equipment and development	25% straight line

Subsequent costs, including replacement parts, are capitalised only when it is probable that such costs will generate future economic benefits. Any replaced parts or remaining carrying amounts of previous inspections are then derecognised. All other costs of repairs and maintenance are charged to profit or loss as incurred.

(j) Fixed Asset Investments

In the separate accounts of the charity, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in income or expenditure.

(k) Financial Instruments

The charity has elected to apply the provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments Issues" of FRS102 in full to all of its financial instruments.

All of the charities financial assets and financial liabilities qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(l) Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

(m) Cash at bank and in hand

Cash and bank and in hand includes cash held at the bank.

(n) 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 all 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.

(o) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless these costs are required to be capitalised as an intangible or tangible fixed asset.

Certain employees are entitled to carry forward unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are required.

"mhm support meets my needs and helps me access the community" (service user)

MENTAL HEALTH MATTERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(p) Retirement benefits

Multi-Employer plans

The charity participates in two multi-employer pension schemes for its employees. For both schemes, contributions are recognised as income and expenditure in the period to which they relate as there is insufficient information available to use defined benefit accounting.

Where applicable, a liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the charity will fund a deficit. Contributions are discounted, at a rate according to FRS102, when they are not expected to be settled wholly within 12 months of the period end. The unwinding of the discount rate is recognised as a finance cost.

(q) Joint Arrangements

The group has entered into certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The group has included its share of assets, liabilities and cash flows in this joint arrangement, measured in accordance with the terms of the arrangement.

(r) Reduced disclosures

In accordance with FRS 102, the Charity has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

(s) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

In providing for pension scheme liabilities under the Pension Trust's Growth Plan, the Plan's Actuary and Trustees make estimates about the future.

Critical areas of judgement

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the charity as lessee, or the lessee, where the Charity is a lessor.

"mhm support meets my needs and helps me access the community" (service user)

MENTAL HEALTH MATTERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Income from charitable activities

	Employment services £	Community support and personalised services £	Housing services £	Talking therapies services £	2017 Total £	2016 Total £
Grants and contracted funding	510,588	1,188,462	70,540	7,352,303	9,121,893	7,302,172
Rent charges	-	-	824,206	-	824,206	799,767
Support	-	-	383,931	-	383,931	478,002
Payment for meals	-	2,898	-	-	2,898	3,030
Other income	-	37,214	2,039	(4,829)	34,424	3,972
	<u>510,588</u>	<u>1,228,574</u>	<u>1,280,716</u>	<u>7,347,474</u>	<u>10,367,352</u>	<u>8,586,943</u>

The income from charitable activities was £10,367,352 (2016: £8,586,943) of which £10,307,140 was unrestricted (2016: £8,521,577) and £60,212 (2016: £65,366) was restricted.

Grants and contracted funding

Grants and contracted funding comprises the following sources of income:

	2017 £	2016 £
Local authority funding	797,694	754,924
Health authority and NHS trust funding	7,909,978	6,261,262
Other charities and trusts	345,981	263,514
Client direct payments	51,848	19,526
Housing associations	15,392	-
University funding	-	2,946
European Social Fund	1,000	-
	<u>9,121,893</u>	<u>7,302,172</u>

3. Investment income

	2017 £	2016 £
Bank interest	<u>4,885</u>	<u>6,211</u>

The income from investments was £4,885 (2016: £6,211) of which £4,885 was unrestricted (2016: £6,211).

“mhm support meets my needs and helps me access the community” (service user)

MENTAL HEALTH MATTERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. Expenditure on charitable activities

Charitable activities	Employment services £	Community support and personalised services £	Housing services £	Talking therapies services £	2017 Total £	2016 Total £
Wages and Salaries	348,917	857,198	533,434	3,648,551	5,388,100	4,912,735
Other staff costs	13,318	54,353	27,307	706,410	801,388	691,047
Rent Payable	6,615	27,304	374,404	205,062	613,385	812,078
Other property costs	247	4,960	82,046	87,308	174,561	133,903
Direct client costs	517	4,031	19,868	2,641	27,057	24,987
Telephone	9,041	55,214	17,516	76,552	158,323	122,751
Printing and stationery	4,142	9,106	5,063	121,488	139,799	121,198
Insurance	5,538	4,864	12,926	10,683	34,011	50,777
Housing agency costs	-	-	36,485	-	36,485	35,274
Payments to Sub Contractors	-	-	-	1,373,278	1,373,278	885,318
Depreciation	368	730	4,317	55,058	60,473	38,634
Finance costs	396	313	1,041	1,100	2,850	3,323
Other operating costs	3,378	28,777	48,683	213,525	294,363	301,025
IT costs	42	-	3,384	183,391	186,817	222,647
Support costs (see below)	138,795	297,148	338,925	704,601	1,479,469	1,437,450
Governance costs (see below)	7,807	16,715	19,066	39,636	83,224	86,035
	<u>539,121</u>	<u>1,360,713</u>	<u>1,524,465</u>	<u>7,429,284</u>	<u>10,853,583</u>	<u>9,879,182</u>

Expenditure on charitable activities was £10,853,583 (2016: £9,879,182) of which £10,794,272 (2016: £9,790,634) was unrestricted and £59,311 (2016: £88,548) was restricted.

Support costs

	2017 £	2016 £
Wages and Salaries	641,116	669,080
Other staff costs	88,444	173,555
Rent payable	51,862	55,223
Other property costs	30,910	29,980
Direct client costs	9	263
Telephone	19,063	14,629
Postage and stationery	19,005	30,276
Insurance	37,903	31,446
Advertising and publicity	13,516	573
Depreciation	18,613	57,804
Amortisation	168,078	71,644
Legal fees	7,619	6,564
Other operating costs	240,739	221,125
IT costs	140,943	70,304
Finance costs	1,649	4,984
	<u>1,479,469</u>	<u>1,437,450</u>

“mhm support meets my needs and helps me access the community” (service user)

MENTAL HEALTH MATTERS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. Expenditure on charitable activities (continued)

Governance costs

	2017	2016
	£	£
Salaries and costs	37,228	36,297
Office costs	3,335	3,456
Legal fees	15,992	17,565
Trustee meetings	6,919	6,277
Auditors' remuneration and accounting services	19,750	22,440
	<u>83,224</u>	<u>86,035</u>

5. Net expenditure for the year

Net expenditure for the year is stated after charging/(crediting):

	2017	2016
	£	£
RSM UK Audit LLP – Auditors' remuneration	15,500	18,400
RSM UK Tax and Accounting Limited – other services	8,200	4,040
Amortisation of intangible fixed assets	119,428	71,644
Depreciation of owned fixed assets	122,216	96,438
Operating lease rentals – equipment	10,678	10,251
Operating lease rentals – land and buildings	231,743	394,678
Operating lease receipts	<u>(824,529)</u>	<u>(799,767)</u>

6. Staff costs, trustee remuneration and expenses, and the cost of key management personnel

	2017	2016
	£	£
Wages and salaries	5,343,192	4,933,317
Social security costs	469,048	406,349
Other pension costs	253,273	278,446
	<u>6,065,513</u>	<u>5,618,112</u>

The average number of employees (including casual and part-time staff) during the year was as follows:

	2017	2016	2017	2016
	No	No	FTE	FTE
Employment services	18	13	16	11
Community support and personalised services	62	41	62	29
Housing services	40	36	41	27
Talking therapies services	131	123	124	112
Administration and support	20	20	19	19
	<u>271</u>	<u>233</u>	<u>262</u>	<u>198</u>

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6. Staff costs, trustee remuneration and expenses, and the cost of key management personnel

Employees' emoluments

The number of employees who received emoluments in the following ranges was:

	2017	2016
£60,000 - £70,000	-	1
£80,000 - £90,000	1	1

Pension contributions paid in the year in respect of the above staff were £6,877 (2016: £11,530).

Key management personnel

The key management personnel of the charity comprise the trustees, the Chief Executive officer and the management board.

Total employee benefits of the key management personnel of the charity were £367,677 (2016: £417,504).

Trustees' remuneration

The trustees received no remuneration during the year (2016: £nil) and no trustee received payment for professional or other services supplied to the charity (2016: £nil).

The aggregate amount of travelling and subsistence expenses reimbursed to the trustees during the year was £6,919 (2016: £6,277). The number of persons reimbursed was 8 (2016: 9). Insurance is provided to protect the charity from loss arising from the neglect or defaults of its trustees, employees or agents. Premiums paid during the year amounted to £7,061 (2016: £3,245).

7. Financial Performance of the Charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary Moorpark Limited. The summary financial performance of the charity alone is:

	2017 £	2016 £
Income	10,380,943	8,604,402
Expenditure	(10,853,583)	(9,879,182)
Net expenditure	(472,640)	(1,274,780)
Total funds brought forward	2,406,704	3,681,484
	<u>1,934,064</u>	<u>2,406,704</u>
Total funds carried forward		
Represented by:		
Restricted Income funds	190,262	189,361
Unrestricted Income funds	1,743,802	2,217,343
	<u>1,934,064</u>	<u>2,406,704</u>

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8. Intangible fixed assets

Group and charity	Software £	Total £
Cost		
At 1 April 2016	470,359	470,359
Additions	29,788	29,788
At 31 March 2017	500,147	500,147
Amortisation		
At 1 April 2016	77,705	77,705
Charge for the year	119,428	119,428
At 31 March 2017	197,133	197,133
Carrying value		
At 31 March 2017	303,014	303,014
At 1 April 2016	392,654	392,654

The amortisation charge for the year is recognised within expenditure on charitable activities.

There are no contractual commitments to acquire intangible assets at 31 March 2017 (2016: £nil).

9. Tangible fixed assets

Group and charity	Leasehold property improvements £	Fixtures, furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 April 2016	56,707	357,858	757,558	1,172,123
Additions	3,531	21,007	-	24,538
Disposals	(29,847)	(58,337)	(18,819)	(107,003)
At 31 March 2017	30,391	320,528	738,739	1,089,658
Depreciation				
At 1 April 2016	51,305	155,008	584,766	791,079
Charge for the year	3,164	53,914	65,138	122,216
On disposals	(29,847)	(58,337)	(18,820)	(107,004)
At 31 March 2017	24,622	150,585	631,084	806,291
Carrying value				
At 31 March 2017	5,769	169,943	107,655	283,367
At 1 April 2016	5,402	202,850	172,792	381,044

All tangible fixed assets are held for charitable purposes.

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10. Investments

The charity owns 100% of the issued ordinary share capital of Moorpark Limited, a dormant company registered in England and Wales (company number 2908244). The company pays all of its profits to the charity under the gift aid scheme. Moorpark Limited previously operated trading activities arising out of the charity's employment services but has been dormant throughout the last 2 financial years. The cost of this investment is £1 (2016: £1). A summary of the charity's net assets for the year ended 31 March 2017 is provided below:

The aggregate of the assets, liabilities and funds was:

	2017 £	2016 £
Current assets	5,349	5,349
Current liabilities	(5,348)	(5,348)
Total net assets	<u>1</u>	<u>1</u>

11. Debtors

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	903,598	624,709	903,598	624,709
Amounts due from subsidiary undertakings	-	-	2,727	2,728
Rent arrears	63,328	100,413	63,328	100,413
Other debtors	9,370	1,184	9,370	1,184
Prepayments and accrued income	558,799	551,512	558,799	551,512
	<u>1,535,095</u>	<u>1,277,818</u>	<u>1,537,822</u>	<u>1,280,546</u>

12. Creditors: amounts falling due within one year

	Group		Charity	
	2017 £	2016 £	2017 £	2016 £
Provision for pension contributions (note 15)	39,209	39,209	39,209	39,209
Taxation and social security	122,096	125,242	122,096	125,242
Trade creditors	145,747	254,010	145,747	254,010
Rents in advance	14,664	16,491	14,664	16,491
Other creditors and accruals	552,002	888,528	549,383	885,909
Deferred income (note 13)	682,129	554,509	682,129	554,509
	<u>1,555,847</u>	<u>1,877,989</u>	<u>1,553,228</u>	<u>1,875,370</u>

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13. Deferred income

	Group and Charity £
Balance at 1 April 2016	554,509
Amounts released to incoming resources	(554,509)
Amounts deferred in the year	682,129
Balance at 31 March 2017	<u>682,129</u>

Deferred income comprises grants and contracted funding where the conditions of receipt have not been met.

14. Creditors: amounts falling due after more than one year

	Group and Charity 2017 £	2016 £
Provision for pension contributions (note 15)	323,791	344,791
	<u>323,791</u>	<u>344,791</u>

15. Provision for pension contributions

	Group and Charity 2017 £	2016 £
Amounts payable:		
Within one year	39,209	39,209
Within two to five years	168,343	160,477
After 5 years	155,448	184,314
	<u>363,000</u>	<u>384,000</u>
Included in:		
Creditors: amounts falling due within one year	39,209	39,209
Creditors: amounts falling due after more than one year	323,791	344,791
	<u>363,000</u>	<u>384,000</u>

Amounts are repayable by instalments, via additional pension contributions (see note 19).

Schedule of movement in the financial year is as follows:

	Group and Charity £
Balance as at 1 April 2016	384,000
Unwinding of discount factor	7,000
Deficit contribution paid	(39,000)
Remeasurements – impact of change of assumptions and amendments to the contribution schedule	11,000
Balance as at 31 March 2017	<u>363,000</u>

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16. Analysis of group net assets between funds

	Fixed assets £	Net current assets £	Long term liabilities £	2016 Total £	2015 Total £
Unrestricted funds	773,698	1,788,436	(344,791)	2,217,343	3,483,585
Restricted funds (note 17)	-	189,361	-	189,361	197,899
	<u>773,698</u>	<u>1,977,797</u>	<u>(344,791)</u>	<u>2,406,704</u>	<u>3,681,484</u>
	Fixed assets £	Net current assets £	Long term liabilities £	2017 Total £	2016 Total £
Unrestricted funds (note 17)	586,381	1,481,212	(323,791)	1,743,802	2,217,343
Restricted funds (note 17)	-	190,262	-	190,262	189,361
	<u>586,381</u>	<u>1,671,474</u>	<u>(323,791)</u>	<u>1,934,064</u>	<u>2,406,704</u>

**17. Analysis of charitable funds
Group and Charity**

	Balance 1 April 2015 £	Income £	Expenditure £	Transfer £	Balance 31 March 2016 £
UNRESTRICTED FUNDS					
General funds	2,917,867	8,539,036	(9,790,634)	174,303	1,840,572
Designated funds	565,718	-	-	(188,947)	376,771
	<u>3,483,585</u>	<u>8,539,036</u>	<u>(9,790,634)</u>	<u>(14,644)</u>	<u>2,217,343</u>
RESTRICTED FUNDS					
Support	137,773	-	-	-	137,773
Employment services	50,814	60,212	(59,364)	(116)	51,546
Community support and personalised services	9,312	5,154	(29,184)	14,760	42
	<u>197,899</u>	<u>65,366</u>	<u>(88,548)</u>	<u>14,644</u>	<u>189,361</u>
TOTAL FUNDS	<u>3,681,484</u>	<u>8,604,402</u>	<u>(9,879,182)</u>	<u>-</u>	<u>2,406,704</u>

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17. Analysis of charitable funds (continued)
Group and Charity

	Notes	Balance 1 April 2016 £	Income £	Expenditure £	Transfer £	Balance 31 March 2017 £
UNRESTRICTED FUNDS						
General funds	(a)	1,840,572	10,320,731	(10,794,272)	(116,229)	1,250,802
Designated funds	(b)	376,771	-	-	116,229	493,000
		<u>2,217,343</u>	<u>10,320,731</u>	<u>(10,794,272)</u>	<u>-</u>	<u>1,743,802</u>
RESTRICTED FUNDS						
Support	(c)	137,773	-	-	-	137,773
Employment services		51,546	60,212	(59,311)	-	52,447
Community support and personalised services		42	-	-	-	42
		<u>189,361</u>	<u>60,212</u>	<u>(59,311)</u>	<u>-</u>	<u>190,262</u>
TOTAL FUNDS		<u>2,406,704</u>	<u>10,380,943</u>	<u>(10,853,583)</u>	<u>-</u>	<u>1,934,064</u>

(a) General funds – ‘Free reserves’ after allowing for designated funds.

(b) Designated funds – Relates to estimated employer debt should the charity withdraw from the pension plan (note 19). The amount is calculated as a contingent liability on withdrawal (£856,000) less provision for contributions (£363,000).

(c) Restricted funds – The balance carried forward represents restricted income on projects to be expended in future periods. The funds are summarised on the basis of the charitable activity into which each project falls.

The restricted funds categorised as Support represent a legacy received in 2007. The restriction is that the funds must be used to support people with schizophrenia. The funds are held in cash at bank and will only be applied when relevant projects have been identified.

Other restricted funds result from income on funded projects exceeding expenditure. These funds are held as restricted because there is an expectation that the excess will be recouped by the funders. These funds are also held in cash at bank.

Fund transfers

The transfer to designated funds reflects the movement in the contingent liability relating to the pension plan. A transfer of £nil (2016: £14,644) to restricted funds has also been included to offset completed restricted projects in deficit.

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18. Commitments under operating leases

Group and Charity

The charity as a lessee:

The total future minimum lease payments under non-cancellable operating leases is set out below:

	Land and buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Amounts due:				
Within one year	382,533	224,068	7,989	10,232
Between two to five years	316,090	517,329	17,430	10,906
	<u>698,623</u>	<u>741,397</u>	<u>25,419</u>	<u>21,138</u>

The operating leases represent leases of premises and equipment. The leases are of varying term. There are some leases in place whereby the lease terms can be extended.

The charity as a lessor:

The charity has a large number of tenancy agreements contracts with tenants utilising the services of the charity. The lease agreements have varying terms, however all leases are cancellable as the intention of the charity is that tenants vacate premises once they are recovered.

At the year end, the charity had no contracts with tenants under non-cancellable operating leases.

19. Retirement benefits

The charity participates in two multi-employer pension plans, being TPT Retirement Solutions' Growth Plan (formerly the Pensions Trust's Growth Plan) and the NHS Pension Scheme. The assets of the schemes are held separately from those of the charity in independently administered funds.

The contributions payable by the charity charged to income and expenditure amounted to:

	2017	2016
	£	£
The Growth Plan	106,316	186,010
NHS Pension Scheme	146,957	92,436
	<u>253,273</u>	<u>278,446</u>

Expenditure on pensions is allocated to service line according to staff time. Costs are split between restricted and unrestricted based upon project specific cost accounting. Contributions totalling £35,167 (2016: £23,991) were payable to the fund at the year end and are included in creditors.

NHS Pension Scheme

The NHS Pension Scheme ('the scheme') is an unfunded, multi-employer defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable participating bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the charity of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

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19. Retirements benefits (continued)

At the balance sheet date there were 26 active members of the Scheme employed by the charity. The Scheme is not open to new employees unless they are transferred under TUPE agreements from an NHS Foundation Trust.

The Scheme has a number of different benefit structures. For the 1995 section annual pensions are normally based on 1/80th of the best of the last 3 years' pensionable pay for each year of service; for the 2008 section annual pensions are normally based on 1/60th of the average of the best three consecutive years' pensionable pay in the final ten years of service for each year of service; for the 2015 section, which is a career average revalued earnings scheme, annual pensions are based on 1/54th of each year's pensionable pay.

Members of the 1995 section normally receive a lump sum on retirement of three times their annual pension. Members of the 2008 and 2015 sections receive a lump sum which may be a maximum of 25% of the value of their pension at retirement, their choice subsequently affecting the level of annual pension due. In all cases, the lump sum available is subject to a maximum amount permitted under HMRC rules.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in the Consumer Price Index in the twelve months ending 30 September in the previous calendar year.

On death, a pension of 50%, 37.5% or 33.75% of the member's pension is normally payable to the surviving spouse, civil partner or nominated partner. The percentage payable depends on whether the member was in the 1995, 2008 or 2015 section. In addition, each section provides for a lump sum payable on death.

The Scheme is subject to a full actuarial valuation every four years, and a FRS102 accounting valuation every year. At the conclusion of the 2012 full valuation the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay until March 2015, and would increase to 14.3% from April 2015. From April 2017 the Department of Health has add a 0.8% administration levy on employers, to be collected in addition to the standard 14.3% employer contribution rate.

The valuation of scheme liability in accordance with FRS102 is carried out annually by the Scheme Actuary. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme Annual Accounts, published annually. These accounts can be viewed on the NHS Pensions website.

TPT Retirement Solutions' Growth Plan

TPT Retirement Solutions' Growth Plan ('the Plan') is funded and was not contracted out of the state scheme. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity. For contributions from November 2012 the capital guarantee was removed.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are commingled for investment purposes, and benefits are paid out of the Plan's total assets. Therefore, the Plan is accounted for as if it were a defined contribution scheme: the cost to the charity of participating in the Plan is taken as equal to the contributions payable to the Plan for the accounting period.

As at the balance sheet date there were 199 active members of the Plan employed by the charity. The charity continues to offer membership of the Plan to its employees. The charity paid contributions at rates of 1%, 3%, 5%, 6% and 8.5% during the accounting period. Members paid contributions at the rate of 1%, 3%, 5% and 6% during the accounting period.

Potential debt on withdrawal

There is a potential debt on the employer that could be levied by the trustee of the Plan in the event of the employer ceasing to participate in the Plan or the Plan winding up. The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buyout basis i.e. the cost of securing guaranteed benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

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19. Retirements benefits (continued)

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). The Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore jointly and severally liable for the deficit in the Plan.

The charity has been notified by TPT Retirement Solutions of the estimated employer debt in the event that the charity were to withdraw from the Plan based on the financial position of the Plan as at 30 September 2016, and of subsequent changes to 31 March 2017. Based on this information, the estimated employer debt of the charity at 31 March 2017 is £856,000.

Additional contributions payable

The rules of the Plan give the trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions. If the actuarial valuation reveals a deficit, the trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these. The proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

mhm has been informed by the Pensions Trust of additional contributions, which it is required to make towards the scheme deficit. These contributions will be made for a period of 10 years commencing on 1 April 2016, compounding by 3% annually. The full liability for these contributions has been provided at 31 March 2017 amount to £363,000 (2016: £384,000) (note 15). The amount recognised is the net present value of the contributions payable under the agreement. The rate of discount used at 31 March 2017 was 1.32% p.a. (2016 – 2.07% p.a.).

20. Financial instruments

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,206,469	979,880	1,209,196	982,608
Carrying amount of financial liabilities				
Measured at amortised cost	1,075,413	1,543,029	1,072,794	1,540,410

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21. Related party transactions

During the year, the charity continued to work in a joint arrangement with Tees Esk and Wear Valley NHS Foundation Trust and NHS County Durham and Darlington Community Health Services in which any surpluses or losses will be recognised equally between the parties. Primary care services income from the arrangement is £814,833 (2016: £701,770). At 31 March 2017 the charity was owed £266,975 (2016: £326,900) in relation to this arrangement which is included within trade debtors. Amounts are expected to be settled within 12 months.

During the previous year, the charity entered into an agreement with Sunderland Counselling Service and Efficacy Limited to provide mental health services to Northumberland Care Psychological Therapy Service. Primary care services income from the arrangement is £3,878,668 (2016: £2,295,493). At 31 March 2017 the charity was owed £369,702 (2016: £342,103) in relation to this arrangement, of which £304,523 is included within trade debtors and £65,179 within accrued income. Amounts are expected to be settled within 12 months.

22. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net outgoing movement in funds	(472,640)	(1,274,780)
Depreciation charges	122,216	96,438
Amortisation charges	119,428	71,644
Interest receivable	(4,855)	(6,211)
(Increase)/decrease in debtors	(257,277)	1,074,200
(Decrease)/increase in creditors	(343,144)	565,883
Net cash inflow/(outflow) from operating activities	(836,272)	527,174

23. Legal Status of the Charity

The charity is a company limited by guarantee 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.

24. Taxation

The charity is exempt from tax on income and gains falling within Section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

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