

hafal

Registered Charity No.1093747

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

31 MARCH 2019

CONTENTS

	Page
Trustees' report	2 - 12
Statement of Trustees' responsibilities	13
Independent Auditor's report	14 - 15
Statement of financial activities	16
Statement of total recognised gains and losses	17
Balance sheet	18
Cash flow statement	19
Notes to the cash flow statement	20
Notes to the financial statements	21 - 34

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

REFERENCE AND ADMINISTRATIVE INFORMATION

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

Hafal's Mission Statement is as follows:

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

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

The Trustees of the Charity in 2018/19 were:

Chair: Elin Jones

Vice Chair: Ceinwen Rowlands

Honorary Treasurer: Dilwyn Voyle (co-opted Trustee)

Other Trustees: John Barnes (retired 20 September 2018)
Pauline Bett (resigned 2 August 2019)
Gerald Cole
Suzanne Duval (co-opted Trustee)
Mair Elliott
Euan Hails (co-opted 20 September 2018)
Stephen Lewis (elected 20 September 2018)
Michael Miles (terminated 20 September 2018)
Susan Northcott (elected 20 September 2018)
Richard Owen (co-opted 28 March 2019)
Helen Philpin (resigned 28 March 2019)
Clive Wolfendale (co-opted 5 December 2018)

Executive Officers in 2018/19 were:

Chief Executive: Alun Thomas

Deputy Chief Executive: Sharon Jones (from October 2018)

Company Secretary / Chief Operating Officer: Nicola Thomas

Director of Operations: Sharon Jones (to October 2018);
Caroline Newman (from October 2018)

Finance Director: Sharon Warrington (to July 2018);
Emma Burton (July to December 2018);
Lynn Bennoch (from December 2018)

Director of People, Planning & Performance Nia Murphy (April 2018)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

REFERENCE AND ADMINISTRATIVE INFORMATION (CONTINUED)

Auditors:	Harris Bassett Ltd. Chartered Accountants 5 New Mill Court Phoenix Way Enterprise Park Swansea SA7 9FG
Bankers:	NatWest Bank Swansea City Centre Branch 14/16a Oxford Street Swansea SA1 3AG
Solicitors:	Blake Morgan LLP One Central Square Cardiff CF10 1FS

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

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 2019.

OBJECTIVES AND ACTIVITIES

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

To further its objects, the Charity will:

- Provide information, advice, support and services of the highest standard to those experiencing serious mental illness, illness or disability, their families and carers.
- Challenge discrimination through education and training.
- Campaign nationally and locally for high quality care, including both acute and long-stay services.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Hafal operates as a single company with up to seventeen Trustees serving as Directors. The Trustees of Hafal constitute its Board of Directors, are the subscribers to the Memorandum, and serve for terms of up to three years following either election through a ballot of Members or co-option.

Hafal has a formal arrangement with CAIS Ltd through Adferiad Recovery CIO to develop and deliver high quality services and support for individuals and their families, relatives and carers who are affected by issues relating to mental health and substance abuse.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Hafal is managed by its Trustees who meet four times a year for that purpose. A Finance sub-committee with ratified terms of reference and delegated authorities meets quarterly. Trustees are collectively responsible for reviewing and agreeing senior staff benefits and achieve this by means of reference to the ACEVO Charity Pay Survey report and recommendations received from the Finance sub-committee. The majority of Trustees are nominated and elected by the Charity's Members. Training for Trustees is provided both internally by Hafal's Training and Development team and externally through accessing information from Blake Morgan LLP, the Charity Commission, Companies House and other relevant organisations. Trustees receive an Induction Pack which includes Hafal's Articles of Association, Hafal Ymlaen (future plans and objectives) and Charity Commission publications relating to Trustees' roles and responsibilities. Trustees meet with the senior management team when they commence their term of office, and during the year Trustees visit local services, shadow staff and attend local events to gain first-hand knowledge of service delivery. Information from training events is circulated and discussed by all Trustees.

A formal system of delegation of authority is in place enabling the day-to-day running of the Charity by executive officers with reference as required to the Chair, Vice Chair and Honorary Treasurer. A small team of senior managers leads the charity: during 2018/19 this team included a Chief Executive, a Deputy Chief Executive, a Chief Operating Officer, a Director of Operations, a Director of People, Planning and Performance and a Finance Director seconded from partner charity CAIS. Hafal and CAIS have further developed relationships from those at local project level through to senior management and to governance where the Chief Executive of each organisation sits on the other's Board of Trustees.

In addition to the Head Office in Swansea, Hafal has a North Wales Office in Colwyn Bay and a National Resource Centre in Cardiff. Hafal works closely with the Wales Alliance for Mental Health in Wales and with Rethink, Mindwise (Northern Ireland) and Scotland in Mind as part of Mental Health UK (Hafal's Chief Executive is a Trustee of MHUK) and with other similar charities across the British Isles on both a bespoke basis and also as a member of the Mental Health Alliance.

Risk Assessment

Hafal's Trustees have agreed an updated General Statement of Policy under the Health & Safety at Work Act 1974. Hafal has also assessed risk in relation to business and financial management and incorporated safeguards in the Financial Regulations and Delegated Authorities and Financial Standing Orders which were reviewed and updated in 2018/19 by the Trustees. During the year, Trustees reviewed Hafal's corporate risk assessment which addressed the major risks to which the Charity could be exposed and a Corporate Risk Register was reviewed by Trustees on a quarterly basis.

Hafal's Health & Safety Committee convened as necessary during the year to monitor and review the safety of activities. Hafal continues to engage Health and Safety 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 2018/19 Amanda Trimble delivered updated Health and Safety training, Managing Safely training sessions and 'Investigating Health and Safety incidents' training to all members of staff, volunteers and Trustees.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL REVIEW

The Charity performed well on the whole during the year further strengthening its position; this was mainly as a result of continuing development of strong partnerships with funders in the Welsh NHS and local authorities which are its principal funding sources.

2018/19 saw the first full year of operation for Gellinudd Recovery Centre. The Centre was the realisation of a long-held ambition for the Charity to provide a different approach to in-patient care with guests at the heart of the service. Challenges with the NHS Wales Framework has meant that referrals have been slow and many of the beds remain empty.

Trustees expected that Gellinudd would take some time to reach break-even point and the need to provide a safe staffed environment means that Gellinudd made a significant, although somewhat expected, loss last year. We continue to lobby the Welsh Government to address the issues with the Framework and to work with local Health Boards, commissioning teams and others to promote the Centre in order to address this.

The business of the Charity substantially depends on commissioned work in local areas and the Charity continues to seek funding from other sources so as to mitigate the effects of austerity and cuts to public sector funding. The Charity also continues to develop fund-raising from other sources.

The Charity does not engage any professional fundraising agencies or employ any direct marketing campaigns; should this change in the future, Trustees will ensure that an ethical fundraising policy is adopted and adhered to.

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

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 £7,844,611 with a reported loss of £(131,062) at the end of the year. The net worth of the Charity as at 31 March 2019 was £4,936,777.

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL REVIEW (Continued)

Reserves policy

Hafal's Trustees aim to secure a safe level of uncommitted general reserves equivalent to between three and six months operating costs of the Charity in addition to reserves committed by Trustees to specific purposes. The reserves are required to meet the working capital requirements of the Charity and the Trustees are confident that at this level they would be able to sustain the current activities in the event of a significant reduction to funding.

The present amount of total reserves is £4,936,777; this includes restricted funds of £677,125, designated funds of £3,140,841 and freely available reserves of £1,118,811. Although the strategy is to continue to build reserves, the Trustees are aware that a level equivalent to between three and six months operating costs of the Charity will not be achieved for some time. Trustees have also considered the extent to which existing activities and expenditure could be curtailed, should such circumstances arise. The designation of reserves and amounts designated to each fund are described in detail in the accounts section of this report. The following designated funds can only be realised by the release of fixed assets - the Gwyn Jones fund; the Housing Projects fund; the Day Service Facilities fund, the Vehicles Fund and an element of the Recovery Centre fund.

Investment Policy

Hafal's Trustees have an agreed low risk Investment Policy which was revised in June 2013 and reviewed in March 2016, March 2017, March 2018 and March 2019. As was anticipated, the Charity needed to access much of its cash funds for the development and establishment of the Gellinudd Recovery Centre; therefore, there is little scope for long term investment. The Trustees have agreed to invest funds in interest-bearing accounts with the Charity's bankers. Income from interest amounted to £1,075 for 2018/19 compared with £393 for 2017/18.

ACHIEVEMENTS AND PERFORMANCE

Hafal has spent its first 16 years of operation consolidating its independent position and managing a wide range of developments in services, policy and campaigns.

Hafal measures the success of its activities through contract monitoring and management arrangements to ensure achievement and compliance which includes service feedback from service users and carers receiving Hafal services. Hafal's internal Quality Standards audits are applied to all Hafal services and external validation provided through achievement of ISO 9001:2015 accreditation, Investors in People Silver accreditation and Agored Cymru Centre recognition. Hafal is also subject to inspection by the Care Inspectorate for Wales for registered services and inspection reports are available on their website. As part of the development of Gellinudd Recovery Centre, Hafal is registered as an independent hospital provider under Healthcare Inspectorate Wales which routinely audits and inspects the service in Pontardawe.

Hafal's Volunteer Policy ensures support and high standards for volunteers. The majority of the individuals accessing Hafal services daily provide informal voluntary support to the organisation and 60 are registered formally as volunteers.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

ACHIEVEMENTS AND PERFORMANCE (Continued)

Hafal's Expert Patient Leadership Panel (HELP Panel) continued to develop during 2018/19, evaluating nominations received for the Am y Gorau staff and volunteer recognition scheme, as well as contributing to a number of public events, consultations and publications.

Hafal operates over 80 local services, including supported housing, family and carers support services, employment training and resources centres. The development of local services continued in 2018/19 with Hafal attracting funding for new services and achieving expansion in others.

Among these developments were:

- Delivery of the Comic Relief funded Project Evolve young men's mental health service commenced. During the year the project has provided an alternative model of mental health support using music to engage with young males aged 14-20 years across the South Wales Early Intervention Teams. The service has seen young people engage in a range of community based group music sessions, whilst also being offered support on a 1-1 basis to further develop their social and emotional needs.
- Gwent Carers' Cafe was established to provide greater support and information to carers within a hospital setting. The project is delivered in partnership with Dewis, and Carers Trust SEW to each employ a member of staff to run a cafe from each hospital unit in the Gwent area twice a week. During opening hours there is a range of information and assistance available for carers and access to staff and information/advice.
- Hafal's Bryn y Wal supported accommodation service continued to develop and achieve its contractual requirements and commissioners extended the contract for a further two years. At the end of the year the service successfully relocated to new premises in Denbighshire which will offer service users greater opportunities in relation to its location in the county.
- The Support to Transition and Engage with Potential Service (StTEPS) project was established in partnership with ABMU Health Board clinical staff to introduce and evaluate the role of a Hafal Recovery Practitioner in supporting mental health inpatients during their transition to community discharge within Coity Clinic in Bridgend. This pilot service was able to demonstrate the benefit of the role and provided Hafal with an academic research paper to support this work. The success of this pilot supported Mental Health UK's successful funding bid for Community Navigator roles which Hafal will develop during 2019/20.

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.

Hafal's Appropriate Adult Service continued delivery to South Wales Police, Dyfed Powys Police and Gwent Police. During 2018/19, Hafal through Adferiad Recovery, expanded the service to include delivery of its Appropriate Adult service to North Wales Police. During the year we have delivered a service to a total of 3,295 vulnerable adults during police detention and questioning.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

ACHIEVEMENTS AND PERFORMANCE (Continued)

2018/19 saw the seventh full year of operation of "Time to Change Wales", an initiative aimed at reducing stigma and discrimination. The project has exceeded all targets for the year: 26 Organisations have signed the employer pledge representing 15,352 employees, with 217 Employee Champions trained. In addition, we have trained a further 69 new Champions during this period who have helped us engage with 8,737 formal and informal contacts.

The Cyfle Cymru Peer Mentoring service continued for a third successful year across Wales, supporting individuals to provide peer mentoring, training and confidence building skills to help them take steps to get back into work. Hafal staff registered 673 new participants during the period; 97% of those participants completed a training course within 10 days of registering. 200 people gained qualifications and 135 people undertook work experience placements and volunteering placements. In total, Hafal staff supported 1,924 people through Cyfle Cymru during the year.

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

A range of high quality publications and information leaflets were produced during 2018/19. Local leaflets were updated to reflect service developments across Wales, and new publications included a Deeds not Words campaign report; 'Let's Talk – a guide to accessing psychological therapies', a Guide to our new Gellinudd Recovery Centre and a 2018/19 calendar incorporating our annual review.

Hafal's website continued to be regularly updated with news and information; in 2018/19 new and updated sections were added for talking therapies, the Carers Hub and a dedicated Members only section. Hafal's on-line service, Clic, continued to develop and a Digital Communications Assistant was appointed to enable the charity to further develop this area of its work.

Hafal continued to update and develop the Mental Health Wales website and produced a quarterly journal which was circulated widely throughout Wales and which included issues focusing on young people, criminal justice services, money and mental health and psychological therapies available in Wales. Hafal's social media sites continued to develop and increase in popularity in 2018/19, highlighting the latest news and events and has over 20,000 followers on Facebook and Twitter.

Hafal's Public Affairs work during 2018/19 continued to be both influential and far-reaching. Extensive media and campaigning work during the year responded to current affairs and included in-depth features and interviews on both television and radio, and in the local and national press. Coverage included features on BBC Wales Today; ITV Wales news; Newyddion 9 (S4C); BBC Radio Wales; BBC Radio Cymru, the Western Mail and Mental Health Today.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

ACHIEVEMENTS AND PERFORMANCE (Continued)

Hafal's "Deeds not Words" campaign in 2018/19 reached out to service users, carers, their families and the general public in all 22 counties of Wales to address the issues facing all women and especially those who are most vulnerable and at risk. The campaign called on women in Wales with power and influence to listen to what women in Wales told us about mental health services and support, and to change policies and legislate in order to support those women who are most vulnerable. We also asked the same of men in power. Specifically, we called on the Welsh Government for a reduced focus on restructures, reorganisations, fine words and glossy documents and an increased focus on actions to achieve positive outcomes, improvements to services, and real changes to address the inequalities faced by women. Hafal is committed to supporting the ten actions identified by the campaign, and will continue to fight for the right to high quality care for all women affected by mental illness and their carers.

Hafal Members

The Members of the Charity, mainly comprising people with serious mental illness and their families (many of whom work actively for the Charity as volunteers) totalled 1,487 (including staff who are Associate Members). Client involvement at Hafal projects continued to develop as clients worked with staff to manage services and plan future developments.

Members Days were held in Llandudno and Swansea in October and November 2018 where Members had the opportunity to network with Trustees, staff and other Members to share experiences, attend training sessions delivered by Hafal's Money and Mental Health Advice Service team and take part in art therapy sessions. Over 200 Members who attended the events participated in a Members Survey to provide feedback on the benefits of membership and the future direction and priorities for the organisation.

Employees

During 2018/19 Hafal employed approximately 350 full and part-time staff across Wales and had staff located in all 22 counties. Consistent policies and procedures on pay and conditions apply to all staff. During the year the Charity communicated and consulted regularly with its employees through bi-annual staff conferences; quarterly staff meetings; staff newsletters and mailings; local and national meetings and the online 'Staff Area' on its website.

Employee Involvement

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

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

PLANS FOR FUTURE PERIODS

Hafal's future strategic plans are guided by our vision statement "Hafal Ymlaen – Strategic Vision and Plan (2012-2022)". Hafal Ymlaen sets out the organisations' key aims, its core commitments for each of eight "life areas" and commitments to groups of people who may be particularly vulnerable and marginalised including carers, young people and people within the criminal justice system.

In December 2018, Hafal's Trustees tasked the executive team with drafting Hafal's Strategic Plan to set out who we are, what we are seeking to achieve, how we do that, and how we will know we have done that. The plan will set out the organisational goal – no one in Wales need be alone (Hafal's Promise) – and provide an explanation of who Hafal are and where we came from. Our values, ambition and ethos will feature heavily along with an explanation of how Hafal as a member led organisation is in a unique position to make this promise. This work will be undertaken in 2019/20 with a view to commencing implementation in April 2020.

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

Following the merger of carers' charity Crossroads Care Mid & West Wales with Hafal on 1st April 2017 operations have continued and developed in line with the vision for a larger organisation working to fulfil a wider mission across Wales. Building on this area of specialist service delivery knowledge, future service development will encompass supporting carers and young children across Wales. With the ability to offer services on a pan-disability basis the organisation is now seeking opportunities utilising both Hafal's and the Crossroads Mid and West Wales staff team and we expect to develop this further as we go forward.

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

Hafal will continue to develop, expand, and improve the performance of its wide range of direct services throughout Wales. We are committed to developing a range of national projects which will help lead the organisation through the medium-to-long term.

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

The Executive Team reviewed the organisational structure during the year and a new organisational structure was agreed with Trustees. This new structure will enable the Charity to move forward and to continue to grow and develop and includes a Deputy Chief Executive post to oversee the organisation's service delivery and to deputise for the Chief Executive, and a Chief Operating Officer to manage the governance and non-operational work of the Charity.

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

PLANS FOR FUTURE PERIODS (Continued)

The Operations Team has been restructured to align with the opportunities created by the growth and development of the organisation. Three Head of Service roles have been introduced with the intention of focusing on three key areas; Commercial and National Contracts, Children and Young People's Services and Criminal Justice and Training.

Reporting to the Head of Service roles are County Managers who lead on service development and staff management at a local level. The Practice Leader role has now changed to Service Manager roles, taking charge of the day to day running of individual services across Wales.

Internal departments have also been strengthened as part of this restructure. The introduction of a Finance Manager and Management Accountant to the Finance Department support the Finance Director and the appointment of a HR Manager has added value and capacity to the Human Resources Department.

Further development will continue in 2019/20 to ensure that the Charity remains robust and well-positioned to continue to deliver high quality services and to further grown and develop.

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

AUDITORS

A resolution for the re-appointment of Harris Bassett Limited as auditors of the company will be proposed at the forthcoming Annual General Meeting, in accordance with S485 of the Companies Act 2006.

.....

 ELIN JONES – CHAIR

.....
 19. ix.
2019

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

.....19.18.....2019

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAFAL

Opinion

We have audited the Financial Statements of Hafal (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities incorporating an Income and Expenditure Account, the Balance Sheet, the Cash flow statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other Information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

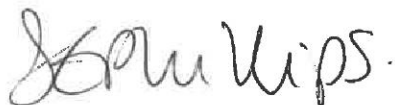
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

19-9-2019

Chartered Accountants
Statutory Auditor

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 2019**

	Note	General & Designated Funds £	Restricted Funds £	Total 2019 £	RESTATED General & Designated Funds £	RESTATED Restricted Funds £	RESTATED Total 2018 £
Income from:							
Donations and legacies	2	81,234	8,124	89,358	806,315	121,065	927,380
Charitable activities	3	5,215,081	2,523,644	7,738,725	4,980,812	2,655,344	7,636,156
Investments		1,075	-	1,075	393	-	393
Other		<u>15,453</u>	<u>-</u>	<u>15,453</u>	<u>3,250</u>	<u>-</u>	<u>3,250</u>
Total income	4	<u>5,312,843</u>	<u>2,531,768</u>	<u>7,844,611</u>	<u>5,790,770</u>	<u>2,776,409</u>	<u>8,567,179</u>
Expenditure on:							
Raising funds	5	69,891	-	69,891	56,831	-	56,831
Charitable activities		<u>5,439,165</u>	<u>2,466,617</u>	<u>7,905,782</u>	<u>5,866,385</u>	<u>2,383,309</u>	<u>8,249,694</u>
Total expenditure	6	<u>5,509,056</u>	<u>2,466,617</u>	<u>7,975,673</u>	<u>5,923,216</u>	<u>2,383,309</u>	<u>8,306,525</u>
Net income/(expenditure)		(196,213)	65,151	(131,062)	(132,446)	393,100	260,654
Transfers between funds for:							
Elimination of project deficits	1b	-	-	-	(85,208)	85,208	-
Management and internal fees	7	<u>292,991</u>	<u>(292,991)</u>	<u>-</u>	<u>299,860</u>	<u>(299,860)</u>	<u>-</u>
Total transfers	□	<u>292,991</u>	<u>(292,991)</u>	<u>-</u>	<u>214,652</u>	<u>(214,652)</u>	<u>-</u>
Net (expenditure)/income before other recognised gains and losses		<u>96,778</u>	<u>(227,840)</u>	<u>(131,062)</u>	<u>82,206</u>	<u>178,448</u>	<u>260,654</u>
OTHER RECOGNISED GAINS/LOSSES							
Gains on revaluation of fixed assets for charity's own use		253,375	160,701	414,076	-	-	-
Losses on revaluation of fixed assets for charity's own use		<u>(9,200)</u>	<u>-</u>	<u>(9,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		340,953	(67,139)	273,814	82,206	178,448	260,654
Reconciliation of funds:							
Total funds brought forward		<u>3,918,699</u>	<u>744,264</u>	<u>4,662,963</u>	<u>3,836,493</u>	<u>565,816</u>	<u>4,402,309</u>
Total funds carried forward	14	<u>4,259,652</u>	<u>677,125</u>	<u>4,936,777</u>	<u>3,918,699</u>	<u>744,264</u>	<u>4,662,963</u>

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 2019 (continued)

	2019 £	RESTATED 2018 £
Statement of Total Recognised Gains and Losses Year to 31 March 2019		
(Decrease)/increase in funds	(131,062)	260,654
Unrealised surplus on revaluation of properties	414,076	-
Unrealised loss on revaluation of properties	<u>(9,200)</u>	<u>-</u>
Total recognised gains and losses relating to the year	<u>(273,814)</u>	<u>260,654</u>
 Note of historical cost surpluses and deficits		
(Decrease)/Increase in funds	(131,062)	260,654
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>(12,555)</u>	<u>3,043</u>
Historical cost (decrease)/increase in funds from activities	<u>(143,617)</u>	<u>263,697</u>

BALANCE SHEET
AS AT 31 MARCH 2019

	Note	2019 £	RESTATED 2018 £
Fixed assets:			
Tangible fixed assets	11	4,511,868	4,213,644
Total fixed assets		<u>4,511,868</u>	<u>4,213,644</u>
Current assets:			
Debtors	12	1,095,521	1,008,226
Cash at bank		573,109	641,555
Total current assets		<u>1,668,630</u>	<u>1,649,781</u>
Liabilities:			
Creditors: falling due within one year	13	(743,721)	(700,462)
Net current assets		<u>924,909</u>	<u>949,319</u>
Total assets less current liabilities		<u>5,436,777</u>	<u>5,162,963</u>
Creditors: falling due after more than one year	13	(500,000)	(500,000)
Total net assets		<u>4,936,777</u>	<u>4,662,963</u>
The funds of the charity:			
General funds:			
Fund balance	14	1,034,736	840,563
Revaluation reserve		84,075	-
Designated funds:			
Fund balance		2,700,631	2,798,026
Revaluation reserve		440,210	280,110
Restricted funds:			
Fund balance		46,950	274,790
Revaluation reserve		630,175	469,474
Total charity funds		<u>4,936,777</u>	<u>4,662,963</u>

The financial statements on pages 16 – 34 were approved by the Board of Trustees on
19.11.2019..... 2019 and signed on their behalf by:

.....
 ELIN JONES – CHAIR

Company Number 4504443

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	RESTATED 2018 £
Cash flows from operating activities:		
Net cash provided by operating activities	<u>2,852</u>	<u>(332,648)</u>
Cash flows from investing activities:		
Interest received	1,075	393
Proceeds from the sale of vehicles	17,037	3,250
Purchase of property, plant and equipment	<u>(89,410)</u>	<u>(234,843)</u>
Net cash (used in) investing activities	<u>(71,298)</u>	<u>(231,200)</u>
Cash flows from financing activities:		
Cash inflows from new borrowing	<u>-</u>	<u>-</u>
Net cash provided by financing activities	<u>-</u>	<u>-</u>
(Decrease) in cash and cash equivalents in the year	<u>(68,446)</u>	<u>(563,848)</u>
Cash and cash equivalents at the beginning of the year	<u>641,555</u>	<u>1,205,403</u>
Total cash and cash equivalents at the end of the year	<u>573,109</u>	<u>641,555</u>

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

Reconciliation of net income to net cash flow from operating activities

	2019	Restated
	£	2018
		£
1 Net (expenditure)/income for the year, before other recognised gains and losses (as per the statement of financial activities)	(131,062)	260,654
Increase in debtors	(87,295)	(403,779)
Increase in creditors	43,259	207,215
Depreciation of tangible assets	194,478	188,179
Profit from sale of fixed assets	(15,453)	(3,250)
Transfer in of CMWW fixed assets	-	(581,274)
Investment income	(1,075)	(393)
Net cash inflow/(outflow) from operating activities	<u>2,852</u>	<u>(332,648)</u>

2 Analysis of cash and cash equivalents

	2019	Restated
	£	2018
		£
Cash in hand	572,483	598,956
Notice deposits (less than 3 months)	626	42,599
Total cash and cash equivalents	<u>573,109</u>	<u>641,555</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Hafal meets the definition of a public benefit entity under FRS 102.

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

a) Accounting convention

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

b) Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in note 14 to the financial statements.

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

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

c) Incoming resources

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

Members' subscriptions are taken to income on a received basis. Grants, service agreements and fee income are recognised in the SOFA in the period in which they are receivable. Income is deferred only when the Charity has to fulfil conditions before becoming entitled to it or where the donor/funder has specified that the income is to be expended in a future period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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 2019

1. ACCOUNTING POLICIES (Continued)

h) Tangible fixed assets

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

Freehold land and buildings are included at valuation.

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

Land and buildings	2%
Furniture and equipment	33⅓%
Motor vehicles	33⅓%
Plant and machinery	10%

Tangible fixed assets are carried at the valuation assigned to them when the assets were transferred to Hafal from Rethink on 31 March 2003. All additions to tangible fixed assets since that date are included at cost. The Charity has adopted the revaluation policy for its land and buildings in accordance with FRS102.

i) Leasing commitments

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

j) Financial instruments

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

k) Creditors and provisions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

2. DONATIONS AND LEGACIES


	2019	Restated 2018
	£	£
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
Transfer of assets from Crossroads Mid & West Wales	-	592,350
Donations	<u>85,888</u>	<u>129,261</u>

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

3. CHARITABLE ACTIVITIES

	2019	Restated 2018
	£	£
Income stated in this category is after crediting:		
Sales	18,943	3,976
Grant received from Big Lottery Fund:-		
People and Places - Out of the Blue	57,849	163,350
Connect 4 Recovery	54,933	71,947
Let's Get Serious about Psychological Therapies	84,111	66,117
Innovation - Hafal's Recovery Centre	-	18,263
Bright New Futures - Up 4 It	126,978	164,957
Community Voices (via C3SC) - Carer Participation Officer	-	17,076
Pembrokeshire and Powys Carers	-	23,702
Project UNO	<u>27,860</u>	<u>28,710</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

4. ANALYSIS OF TOTAL INCOMING RESOURCES	2019	Restated 2018
	£	£
Sales	18,943	7,226
Family and carers support	3,030,789	3,362,482
Clubs and centres	149,167	141,931
Supported housing	1,903,071	1,941,747
Befriending/advocacy	122,919	146,894
Employment	706,631	799,743
Domiciliary care	20,976	-
General charitable activities	<u>1,892,115</u>	<u>2,167,156</u>
	<u>7,844,611</u>	<u>8,567,179</u>
Sources of income included in the above:	2019	Restated 2018
	£	£
Local Health Board/Social Services Joint Funding	514,589	507,872
Social Services	1,163,071	1,413,355
Local Mental Health Grant Scheme/SPD	238,821	235,467
Housing Benefit	483,309	465,752
Supporting People Grant	544,694	572,977
Supporting People Revenue Grant	433,644	450,326
Local Health Boards	2,252,809	1,904,233
Comic Relief	48,665	26,171
 ESF Funding for: Cyfle Cymru project	<u>452,990</u>	<u>546,482</u>
5. RAISING FUNDS	2019	Restated 2018
	£	£
Purchase of goods for sale	1,747	1,490
Staff time dedicated to fundraising	<u>69,891</u>	<u>56,831</u>
	<u>71,638</u>	<u>58,321</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

6. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Other costs £	Total costs 2019 £	Restated Total costs 2018 £
Purchase of goods for sale	-	1,747	1,747	1,490
Family and carers support	1,751,915	724,430	2,476,345	3,023,706
Clubs and centres	80,269	48,521	128,790	127,719
Supported housing	1,100,553	554,264	1,654,817	1,536,843
Befriending/advocacy	90,919	31,268	122,187	120,513
Employment	359,845	166,053	525,898	575,438
Domestic Care	30,405	3,632	34,037	-
General charitable activities	1,801,139	563,327	2,364,466	2,334,175
Management and Administration	<u>553,147</u>	<u>114,239</u>	<u>667,386</u>	<u>586,641</u>
	<u>5,768,192</u>	<u>2,207,481</u>	<u>7,975,673</u>	<u>8,306,525</u>
Included in the above costs:			2019 £	Restated 2018 £
Management and administration			14,410	11,400
Audit and Accountancy			10,000	8,180
Motor expenses			61,779	68,832
Depreciation			194,478	188,179
Rents paid on leasehold premises			<u>264,328</u>	<u>267,047</u>

7. TRANSFER OF MANAGEMENT AND INTERNAL FEES

	2019 £	Restated 2018 £
Family and carers support	153,658	140,460
Clubs and centres	20,095	19,886
Supported housing	14,808	12,082
Befriending/advocacy	15,912	14,119
Employment	29,483	32,174
General charitable activities	<u>59,035</u>	<u>81,139</u>
	<u>292,991</u>	<u>299,860</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

8. TRUSTEES REMUNERATION & RELATED PARTY TRANSACTIONS

Trustees are not remunerated. Expenses for travelling and subsistence on Charity business in the amount of £1,056 (2018 - £1,224) were reimbursed to five Trustees.

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

Nicola Thomas (Director of Corporate and Public Affairs):- Ward Electrical Services Limited (husband is a director) an approved contractor: electrical repairs of £681 (2018:£4,184) which were conducted on an arm's length basis.

9. EMPLOYEE INFORMATION

	2019 £	Restated 2018 £
Staff Costs		
Wages and salaries	5,278,166	5,726,595
Social security cost	353,823	336,787
Pension cost	95,854	89,571
Apprenticeship Levy	<u>4,725</u>	<u>10,457</u>
	5,732,568	6,163,230
Less: Salaries reallocated to service charge internally	-	(126,216)
Movement in holiday pay provision	2,926	(32,868)
Add: Recruitment costs	24,216	11,385
Life assurance	<u>8,482</u>	<u>6,625</u>
Total Staff Cost per Statement of Financial Activities (Note 6)	<u>5,768,192</u>	<u>6,022,236</u>

Total value of staff benefits in kind: £27,045 (2018:£44,202).

Staff Numbers

The average monthly head count was 358 staff (2018: 368 staff) and the average number of employees calculated on a full-time equivalent basis, analysed by function, was:

	2019 No.	2018 No.
Charitable activities	150	180
Management and administration	<u>15</u>	<u>14</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 £320,926 (2018: £296,501).

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

	2019 No.	2018 No.
£60,001 - £70,000	<u>2</u>	<u>2</u>
£80,001 - £90,000 ¹	<u>1</u>	<u>1</u>

¹Salary: £79,888, benefits in kind (vehicle): £4,430.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

10. PENSION OBLIGATIONS

	2019	Restated 2018
	£	£
Defined contribution		
Contributions payable by the Charity for the year	<u>95,854</u>	<u>89,571</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 2018, the estimated debt on withdrawal from the Plan for Hafal was £65,499 (2017: £84,962). It is unlikely that the Charity would withdraw from the scheme when it was not fully funded.

11. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Equipment £	Motor Vehicles £	Total £
Cost/valuation					
At 1 April 2018	3,650,241	522,071	333,717	429,104	4,935,133
Additions	-	20,604	38,060	30,746	89,410
Disposals	-	-	-	(25,245)	(25,245)
Revaluation	<u>196,410</u>	<u>67,325</u>	<u>-</u>	<u>-</u>	<u>263,735</u>
At 31 March 2019	<u>3,846,651</u>	<u>610,000</u>	<u>371,777</u>	<u>434,605</u>	<u>5,263,033</u>
Depreciation					
At 1 April 2018	173,270	22,131	203,030	323,058	721,489
Charge for year	57,390	6,877	71,948	58,263	194,478
Eliminated on disposals	-	-	-	(23,662)	(23,662)
Eliminated on revaluation	<u>(119,009)</u>	<u>(22,131)</u>	<u>-</u>	<u>-</u>	<u>(141,140)</u>
At 31 March 2019	<u>111,651</u>	<u>6,877</u>	<u>274,978</u>	<u>357,659</u>	<u>751,165</u>
NET BOOK VALUE					
At 31 March 2019	<u>3,735,000</u>	<u>603,123</u>	<u>96,799</u>	<u>76,946</u>	<u>4,511,868</u>
At 31 March 2018	<u>3,476,971</u>	<u>499,940</u>	<u>130,687</u>	<u>106,046</u>	<u>4,213,644</u>

All fixed assets held are used for direct charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

11. TANGIBLE FIXED ASSETS (continued)

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

Freehold properties - £2,345,000

Leasehold properties - £610,000

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

Original transferred value/cost	£
At 1 April 2018	3,820,479
Additions	20,604
At 31 March 2019	<u>3,841,083</u>
Depreciation based on original transferred value/cost	
At 1 April 2018	404,194
Charge for year	76,822
At 31 March 2019	<u>481,016</u>
Net book value	
At 31 March 2019	<u>3,360,067</u>
At 31 March 2018	<u>3,416,285</u>

12. DEBTORS

	2019	Restated 2018
	£	£
Trade debtors – contract income receivable	897,545	895,651
Other debtors	86,056	35,705
Loan to related company (charity)	50,000	50,000
Prepayments	61,920	26,870
	<u>1,095,521</u>	<u>1,008,226</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

13. CREDITORS: FALLING DUE WITHIN ONE YEAR

	2019	Restated 2018
	£	£
Creditors	139,034	192,897
Tax and Social Security	106,254	89,368
Wages	82,630	88,677
Accruals	75,666	95,128
Deferred income	<u>340,137</u>	<u>234,392</u>
	<u>743,721</u>	<u>700,462</u>

The deferred income as at 31 March 2019 relates to income received specified for future periods.

CREDITORS: FALLING DUE AFTER MORE THAN ONE YEAR

	2019	Restated 2018
	£	£
Welsh Government Invest to Save Funding	<u>500,000</u>	<u>500,000</u>

This funding is interest free and is unsecured.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

14. STATEMENT OF FUNDS

	Restated balance at 1/04/18 £	Incoming resources £	Expenditure £	Transfer £	Other gains/losses £	Balance at 31/3/19 £
General funds:						
General fund	<u>840,563</u>	<u>5,278,829</u>	<u>(5,384,230)</u>	<u>299,574</u>	<u>84,075</u>	<u>1,118,811</u>
Designated funds:						
Gwyn Jones fund	56,400	-	(817)	-	13,600	69,183
Housing Projects fund	235,000	-	(2,917)	-	15,000	247,083
Day Service Facilities fund	963,500	-	(12,192)	-	131,500	1,082,808
Recovery Centre fund	1,604,463	3,268	(30,033)	-	-	1,577,698
IT Infrastructure	68,291	-	-	-	-	68,291
Vehicles fund	111,046	30,746	(58,263)	(6,583)	-	76,946
Repairing Properties fund	<u>39,436</u>	<u>-</u>	<u>(20,604)</u>	<u>-</u>	<u>-</u>	<u>18,832</u>
Total designated funds	<u>3,078,136</u>	<u>34,014</u>	<u>(124,826)</u>	<u>(6,583)</u>	<u>160,100</u>	<u>3,140,841</u>
Restricted funds:						
Donations & Trusts	-	85,888	(85,888)	-	-	-
Big Lottery fund	-	323,871	(323,871)	-	-	-
Other restricted fund balances (projects)	274,790	2,122,009	(2,056,858)	(292,991)	-	46,950
Capital property fund	<u>469,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,701</u>	<u>630,175</u>
Total restricted funds	<u>744,264</u>	<u>2,531,768</u>	<u>(2,466,617)</u>	<u>(292,991)</u>	<u>160,701</u>	<u>677,125</u>
Total funds	<u>4,662,963</u>	<u>7,844,611</u>	<u>(7,975,673)</u>	<u>-</u>	<u>404,876</u>	<u>4,936,777</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

14. STATEMENT OF FUNDS (continued)

Fund balances at 31 March 2019 are represented by:

Analysis of net assets between funds	General £	Designated £	Restricted £	Total Funds £
Tangible fixed assets	733,948	2,977,370	800,550	4,511,868
Current assets	788,447	663,471	216,712	1,668,630
Current liabilities	(403,584)	-	(340,137)	(743,721)
Liabilities > 1 year	-	(500,000)	-	(500,000)
Total net assets	<u>1,118,811</u>	<u>3,140,841</u>	<u>677,125</u>	<u>4,936,777</u>

GENERAL FUNDS

General fund

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

DESIGNATED FUNDS

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

Gwyn Jones fund

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

Housing Projects fund

This fund represents the net book value of 14 Gloucester Terrace, a property in Haverfordwest used by Hafal for a housing project.

Day Service Facilities fund

This fund represents the net book value of 7 properties used by Hafal to provide day services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Recovery Centre Fund

This fund was intended for the purchase and development of a National Recovery Centre for Hafal providing a 16 bed residential service along with Hafal's head office. The development was also intended to give Hafal a secure base in place of current uncertainty in leasing arrangements. The head office property was subsequently purchased out of general funds and provides Hafal with a low cost base conveniently located in Swansea. In May 2014 part of this fund was used to purchase the former Gellinudd Hospital in Pontardawe; further substantial expenditure took place in 2016-17 from this designated fund and the fund currently represents the net book value of the Recovery Centre. We plan to develop similar centres elsewhere in Wales. These centres will build on the exemplar of the National Recovery Centre and will ensure that Hafal's specialist services are available to our client group in all parts of Wales. The fund may also be used for further expansion and development of our existing short term Recovery Centre in Porthmadog.

Vehicles fund

This fund represents the net book value of Hafal's current fleet of vehicles.

Repairing Properties fund

This fund is for major repairs and refurbishment of Hafal's properties to maintain and preserve the Charity's assets.

RESTRICTED FUNDS

Big Lottery fund

The Big Lottery fund has provided direct grant funding as follows: development of Hafal's Recovery Centre; Up 4 It project; Out of the Blue project and Connect 4 Recovery project. Grant funding received for work in partnership with other agencies: Hafal's Carer Participation projects.

Capital property fund

This fund represents income that has been received on projects, which have included funds specifically for the purchase of property. The property has remained within the restricted fund.

Other restricted fund balances

This fund represents unexpended income on services that has been received for a specific purpose.

All funds have sufficient resources in an appropriate form (cash/property) to enable compliance with any restrictions placed on them.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

15. FINANCIAL COMMITMENTS

At 31 March 2019, the Charity had annual commitments under non-cancellable leases as follows:

	Land & Buildings	
	2019	2018
	£	£
Expiry date:		
Less than 1 year	67,477	77,062
1 to 5 years	19,400	22,202
More than 5 years	<u>41,527</u>	<u>41,527</u>
	<u>128,404</u>	<u>140,791</u>

16. PRIOR YEAR ADJUSTMENT

An adjustment has been made to the 2018 results. £40,000 of income in the year ended 31 March 2018 from the Cyfle Cymru project has been deferred from this period.

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.