

REGISTRAR OF COMPANIES

Mental Health Foundation

Annual Report and Financial Statements

31 March 2008



Company Limited by Guarantee
Registration Number
2350846 (England and Wales)

Charity Registration Numbers
801130 (England and Wales)
SC 039714 (Scotland)

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Reference and administrative information about the charity, its Trustees and advisers

Patron	HRH Princess Alexandra The Hon Lady Ogilvy KG GCVO
Trustees	Dr Alan Cohen Matthew Cooper Dr Jocelyn Cornwell Alison Graham Professor Glynis Murphy Michael O'Connor CBE (Honorary Treasurer) Professor David O'Donnell Giles Ridley Dr Michael Shooter CBE (Chair) Professor Tony Thake Charles Walsh
Secretary	Dr Andrew McCulloch
President	Sir William Utting CB
Vice Presidents	Christopher Carter Lord Dholakia OBE JP Lady Euston Tessa Baring CBE Robert Loder CBE Sir Neville Macready David Sachon Mike Wilson
Chief Executive	Dr Andrew McCulloch
Registered and principal office	Sea Containers House 20 Upper Ground London SE1 9QB
Company registration number	2350846 (England and Wales)
Charity registration numbers	
England and Wales	801130
Scotland	SC 039714

Reference and administrative information about the charity, its Trustees and advisers

Auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Investment managers	Newton Investment Management Limited 71 Queen Victoria Street London EC4V 4DR
Solicitors	Beirwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HD Hempsons LLP Hempsons House 40 Villiers Street London WC2N 6NJ

Trustees' report Year to 31 March 2008

The Trustees present their statutory report together with the financial statements of the Mental Health Foundation (the "Foundation") for the year ended 31 March 2008

The report has been prepared in accordance with Part VI of the Charities Act 1993 and constitutes a directors' report for the purpose of company legislation

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 23 of the attached financial statements and comply with the charitable company's memorandum and articles of association, applicable laws and the requirements of Statement of Recommended Practice on "Accounting and Reporting by Charities" issued in March 2005

Structure, Governance and Management

Constitution

The Mental Health Foundation is constituted as a company limited by guarantee, Company Registration No 2350846, and is a registered charity, Charity Registration No 801130

Members' liability

In the event of the charitable company being wound up during the period of membership or within the year following, company members are required to contribute an amount not exceeding £10

Trustee appointment and recruitment

The appointment of Trustees is recommended by the Appointments Committee and finally determined by the Board as a whole. New Trustees are sought through a headhunting process and initial interviews are conducted by the Chair and Chief Executive. From time to time Trustee posts may be advertised. An annual skills audit is carried out for Trustees and this is used to identify gaps in the collective experience and knowledge of the board.

Induction and training of Trustees

New Trustees' induction is carried out by the Chief Executive and they are invited to spend time with any Directorate of the Foundation in which they are interested. In addition, they undergo an annual self-appraisal together with the skills audit. Training is provided as required.

Project delivery by the charity

Projects are delivered through a combination of in-house and external research, practice development, publications and other dissemination activities. Projects are supported by advisory committees of experts, if required. The Foundation has well developed links with central government, the Scottish Executive, health, housing and social services agencies across the country, as well as professional bodies, academic research centres and voluntary sector organisations. It is committed to partnership work wherever this will maximise effectiveness and impact.

Structure, Governance and Management (continued)

The Trustees

The Trustees constitute directors of the charitable company for the purposes of the Companies Act 1985

Trustees are elected by company members at the Annual General Meeting. Each trustee serves for a period of three years and may be re-elected for a second three-year period. At any one time there must be a minimum of 10 Trustees and a maximum of 30.

The following Trustees were in office at 31 March 2008 and served throughout the year except where shown

Trustees	Appointed/Retired/Resigned
Dr Alan Cohen	
Matthew Cooper	Appointed May 2007
Dr Jocelyn Cornwell	
Alison Graham	Appointed July 2007
Professor Glynis Murphy	
Michael O'Connor CBE *	
Professor David O'Donnell	Appointed March 2008
Giles Ridley	
Dr Philippa Russell CBE	Retired January 2008
David Sachon	Retired March 2008
Dr Michael Shooter CBE *	
Professor Tony Thake	
Charles Walsh	

*Denotes membership of the Finance and Investment Committee, which is a sub-committee of the Board of Trustees

No Trustee received any remuneration during the year (2007 – £nil). Expenses totalling £661 (2007 – £377) were reimbursed to, or paid on behalf of, 2 (2007 – 3) Trustees during the year.

No Trustee had any beneficial interest in any contract with the Foundation during the year.

Trustees' responsibilities statement

Company law requires the Trustees (who are the directors of the company for the purpose of the Companies Act) to prepare financial statements which give a true and fair view of the state of affairs of the Foundation at the end of the financial year and of its incoming resources and resources expended, including its income and expenditure, for the financial year. In preparing financial statements giving a true and fair view, the Trustees are required to

- ♦ select suitable accounting policies and then apply them consistently,
- ♦ make judgements and estimates that are reasonable and prudent,
- ♦ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,

Structure, Governance and Management (continued)

Trustees' responsibilities statement (continued)

- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Foundation will continue in operation

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

Each of the Trustees confirms that

- ◆ so far as the Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- ◆ the Trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Senior executives at 31 March 2008

Dr Andrew McCulloch	Chief Executive
Anthony Clarkson	Finance Director
Kathryn Hill	Director of Mental Health Programmes
Celia Richardson	Director of Communications and Fundraising
Alison Giraud-Saunders	Co-Director, FPLD*
Barbara McIntosh	Co-Director, FPLD*

* The Foundation for People with Learning Disabilities ("FPLD"), part of the Mental Health Foundation

Employment policy

The Mental Health Foundation aims to ensure that it is an equal opportunities employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities.

Pension arrangements

The Foundation operates an individual money-purchase scheme for all eligible members of staff, contributing 10% of pensionable salary to each employee's fund.

Structure, Governance and Management (continued)

Connected charities and related parties

The Foundation has working relationships with a multiplicity of organisations as described in 'Activities'. These are selected in order to add value to the nature and content of the programmes as effectively as possible.

Risk management

The Trustees regularly assess the major risks to which the charity is exposed through use of a risk register. Particular attention is paid to those risks relating to specific operational areas of the Foundation, its investments and its finances.

Objectives and activities

Objectives

The Mental Health Foundation is one of the UK's leading charities working to promote good mental health and to improve the lives of people affected by mental health problems or learning disabilities. The Foundation has four core objectives.

Objective 1 The Foundation will work to make mental health a core issue in the UK by

- a helping the general public and within this key opinion formers, to understand the main dimensions of and influences on mental health,
- b advocating mental health as being a key part of wider agendas (e.g. workplace, education)

Objective 2 The Foundation will work to improve services and community support for people with learning disabilities and people with mental health problems but within this will prioritise groups that have been neglected (e.g. young people, children, older people, older family carers) by policy and practice.

Objective 3 It will work on mental health and learning disability issues with diverse communities whose opportunities may be limited by inadequate services, discrimination or prejudice.

Objective 4 The Foundation will challenge prejudice and discrimination against people with mental health problems and people with learning disabilities.

In addition it aims to sustain its development through excellent management and high quality fundraising and support services.

Activities

The main activities carried out by the Foundation in pursuit of these objectives are as follows:

Objectives and activities (continued)

Activities (continued)

- ◆ research and evaluation that identifies and explores issues in the mental health and learning disability fields,
- ◆ developing new models of practice, or helping roll out promising new models, in the mental health and learning disability fields,
- ◆ dissemination of research, good practice and service improvement work, in order to influence service providers, communities and UK public agencies, to develop appropriate policy and effective practice on the basis of the best available evidence,
- ◆ providing information on mental health and learning disabilities for professionals and the general public,
- ◆ providing education, training, analytic or policy materials and development support for those who work with people with mental health problems and learning disabilities,
- ◆ providing support to enable service providers and commissioners to implement good practice

Grant making policy

The Foundation has systematic internal processes involving staff and Trustees for identifying areas of work where it can make a useful contribution. For some projects this can be done better and more efficiently by funding other organisations – usually Universities, charities, service staff or service users, through a grants programme.

Grants are usually awarded via a tendering process or competition which can be open or limited, but from time to time the Foundation enters into a partnership agreement with another agency to better meet specific objectives. Partnership agreements are agreed by the senior management team and Trustees, after taking into account the suitability of the partners and the Foundation's charitable objectives.

Organisations or individuals awarded a grant work to an agreed contract or equivalent which specifies the grant conditions. The monitoring of satisfactory delivery of the contracts is, in the first instance, the responsibility of the grants officer or relevant project/programme manager.

Extensions of existing grants and new grants of less than £50,000 are authorised by the senior management team. Where the amount is over £25,000 the Chief Executive's express approval is required. Larger grants are authorised by the Trustee body to which small grants are also reported.

Achievements and performance

This was a year of major achievement and delivery by the whole organisation. All parts of the organisation functioned well through the year. The organisation is highly respected externally and there was some compelling evidence of impact. Income generation was strong and a range of exciting new projects were developed with external partners. Modernisation of all basic business systems was completed and a new strategic plan prepared for 2008/9 – 2010/11 with the aim of consolidating our position as the leading mental health and learning disability research and development charity in the world.

Research

We completed our groundbreaking research on personality disorder with Imperial College and our researcher was runner up for a prestigious award. We published reports on a range of key subjects including smoking and mental health and spirituality and mental health. We advised and supported NESTA in the delivery of their mental health innovations programme. Work neared completion on the range of research projects commissioned by our external grants programme. We published our research report on adolescent/young adult voluntary sector mental health services and there was evidence that this was highly influential. We developed a partnership with the Paul Hamlyn Foundation to take this work further forwards.

Service Improvement and Workforce Development

We continued our work on exercise therapy for depression and a repeat of our GP attitudes survey showed a significant improvement in GP referral rates and attitudes. We brought work on recovery and on staff competencies in the mental health voluntary sector close to completion. We won new Department of Health funding for work on older people and depression. We developed a new project on better mental health care for older people in care homes.

Policy

We published a range of influential policy documents on primary care, young people's mental health and on psychological therapies. On the latter we played a lead role in effective voluntary sector support for Lord Lавard's successful proposals. We engaged with a range of influential new partners especially in relation to long term conditions and mental health. We responded to many key policy developments at national and international level with evidence of impact and of our messages being taken on board, including direct references to our work by Select Committees, for example.

Scotland

The range and scope of the work in Scotland expanded over the year. We made good progress in preparing VoX, the Scottish service user network, for independence. We completed our contribution to the development of Crisis Standards and the review of mental health improvement in Scotland. We led the creation and staging of the first Scottish mental health and arts film festival in Glasgow.

Achievements and performance (continued)

Patient and public involvement

We continued to work with Together to develop a national service user network. We brought work on a training intervention for employers and a proposal to undertake self management work in Wales close to completion.

The Foundation for People with Learning Disabilities

We launched our groundbreaking project on developing micro-enterprises for people with a learning disability. We generated a range of new business for our service development consultancy including reviewing learning disability services in Malta. We published two policy briefings and an influential report on the costs of autism. We gave evidence to the Joint Committee on Human Rights and participated in the Learning Disability Coalition. The publication "What About Us" was completed giving advice and information to people with Down's Syndrome and their families on ways to have a positive entry into adulthood.

The Fathers project gained funding for a second phase allowing us to explore further the issues facing fathers who have a disabled child. We launched a unique educational course for people with learning disabilities to help develop skills in lobbying, leadership and influencing change. We entered the final phase of the Life in The Community Project where our goal was to discover positive ways in which people with complex and high support needs can be included in community life.

Communications and Information

We prepared new information resources on smoking and mental health, young people's mental health problems and spirituality. We carried out a major publicity campaign about the harm caused by problem anger, backed up with website resources. We generated a steady stream of media coverage and were very successful with national broadcast media.

Fundraising

We continued with our successful direct marketing and legacy work. We started to develop a stream of payroll giving. We developed challenges and events further and maintained our income levels from this source. We developed better relationships with a number of charitable Trusts and other grant funders. We started work to clarify our vision for donors and the general public. We also started to plan for our Diamond Jubilee in 2009.

Financial review

Financial results

Total income amounted to £4,273,524 which was £112,190 (2.6%) lower than the previous year.

Donations and gifts at £1,237,798 were £82,152 (6.2%) lower than those received in 2006/07 (£1,319,950).

Legacy income at £1,577,291 was lower than 2006/07 (0.7%).

Financial review (continued)

Financial results (continued)

Incoming resources from activities in furtherance of the charity's objectives has decreased by £13,331 (1.2%). Statutory and other grants receivable increased by £5,552 (2.9%), charitable trading income increased by £99,281 (17.0%).

Investment income and interest receivable decreased slightly by £5,290 (3.7%).

Fundraising expenditure at £975,085 is lower than last year by £214,840 (18.1%).

Charitable expenditure at £3,628,491 is £10,126 (0.3%) above last year due to a stricter control of expenses. Support costs expenditure, included within charitable expenditure, decreased by £123,091 to £1,102,019 (10.0%).

Reserves policy

As explained above the charity carries out a diverse range of activities, some of which comprise short-term and externally funded projects whilst others comprise long-term projects requiring significant ongoing financial commitment and investment. The Trustees have examined the requirement for free reserves i.e. those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed. The Trustees consider that, given the medium to long-term nature of the charity's work, the level of free reserves should be equivalent to up to 12 months' normal unrestricted fund expenditure at any one time. At 31 March 2008 unrestricted general funds totalled £1,145,104 against annual unrestricted fund expenditure of £4.2 million. In the future any monies in excess will additionally be designated to enable investment in high priority programmes identified in the strategic plan. The Trustees are keeping this assessment of need under review.

Financial position

The balance sheet shows total funds of £2,674,377.

These funds include permanent endowment funds of £44,496. Whilst the majority of income from these funds may be used for general purposes of the charity and is credited, therefore, to unrestricted funds, the endowment fund balances themselves are 'capital' and must be invested and held indefinitely by the charity.

Also included in total funds is an amount of £1,109,396 which is restricted. These monies have either been raised for, and their use restricted to, specific purposes, or they comprise donations or legacies subject to donor-imposed conditions. Full details of these restricted funds can be found in note 15 to the financial statements together with an analysis of movements in the year.

Funds set aside, or designated, for particular purposes total £375,381. Full details of these funds can be found in note 14 to the financial statements.

Financial review (continued)

Financial position (continued)

General funds of the charity at 31 March 2008 total £1,145,104. These funds are represented by tangible fixed assets with a net book value of £74,122 and 'free reserves' of £1,070,982.

The Trustees consider that this level of free reserves is adequate, but not excessive, and well within the parameters set out in the above reserves policy.

Investment policy

The Foundation's investment portfolio is managed by independent managers who operate within specific guidelines, which are set out and regularly reviewed by the Trustees. The investment objectives are to maximise total return through a diversified low risk portfolio.

Three years ago it was decided to place the investments which previously had been held in a segregated portfolio into pooled funds in order to facilitate a better diversified portfolio at lower cost. Trustees also decided to make use of a pooled liquidity fund to gain access to more competitive interest rates without losing the flexibility of immediate access. The level of cash held is determined by expected future expenditure requirements and is continually reviewed to ensure sufficient cash is held. The Trustees are satisfied that the investment portfolio's performance is in line with both the market and expectations given the current economic climate.

Plans for future periods

The Foundation for People with Learning Disabilities

Our research project on antenatal screening/genetics will be completed and a report published on our website. We will start a programme of work to address issues and improve quality of life for people with Aspergers' Syndrome.

We will contribute to the final draft of Valuing People Now setting our policy directive for the next 5 years. We will complete a range of influential consultancy contracts for statutory sector agencies wishing to modernise their services for people with learning disability.

Research

We will continue to expand our research portfolio undertaking a number of service evaluations. We will make significant progress in undertaking a major piece of research which looks at the needs of young carers of parents with severe and enduring mental illness. We will continue to work on issues related to recovery and support a number of service user researchers in their work. We will oversee and performance manage the external evaluators of the Right Here Initiative in partnership with the Paul Hamlyn Foundation.

Plans for future periods (continued)

Service Improvement and Workforce Development

Two major projects will be completed within the year relating to recovery and building capacity in the voluntary sector. We will develop training materials from these projects which will be used both in the voluntary and statutory sectors. Our follow-on project on exercise and depression will be completed with a major launch in early 2009. We will be co-editing a book on older people and mental health. Our major service improvement project is the 5-year Right Here Initiative which we are undertaking in partnership with the Paul Hamlyn Foundation.

Scotland

We will support VoX as it moves to independence ensuring that the transition is a successful one. We are the lead partner for the Scottish Mental Health Arts and Film Festival which is considerably larger than last year. We are working with the Institute of Psychiatry on a major initiative called the Aspen project which is looking at how stigma and discrimination in relation to mental ill health can be reduced.

Patient and Public Involvement

We will be undertaking a major project in Wales relating to self-management of severe and enduring mental illness following a successful bid to Wales Big Lottery Fund. We will undertake mental health awareness training in the workplace which is delivered by trainers who have direct experience of mental health problems.

Policy

We will develop a number of policy briefings relating to young people, older people and public mental health. We will continue to work with other key mental health stakeholders to consider the future direction of mental health services. We will ensure that our views are taken on board in the national Dementia Strategy consultation and the national review of Child and Adolescent Mental Health Services.

The charity's assets

Acquisitions and disposals of tangible fixed assets and fixed asset investments are recorded in the notes to the financial statements.

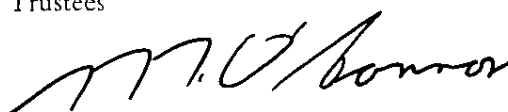
Trustees' report Year to 31 March 2008

Auditors

On 30 September 2007, Buzzacott the charity's auditors, transferred their entire business to Buzzacott LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Trustees have consented to treating the appointment of Buzzacott as auditors as extending to Buzzacott LLP. In accordance with section 385 of the Companies Act 1985, Buzzacott LLP will be proposed for re-appointment as auditors of the charity.

Approved by and signed on behalf of the Trustees


Chair



Honorary Treasurer

Approved by the Trustees on

16.07.08

Report of the independent auditors to the members of the Mental Health Foundation

We have audited the financial statements on pages 16 to 33 which have been prepared under the historical cost convention as modified by the inclusion of investments at market value, and in accordance with the accounting policies set out on pages 21 to 23

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and independent auditors

As described on pages 4 and 5 the Trustees, who are also the directors of Mental Health Foundation for the purposes of company law, are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

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

Independent auditors' report 31 March 2008

Basis of opinion (continued)

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

Opinion

In our opinion

- ◆ the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the charity's state of affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended,
- ◆ the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- ◆ the information given in the Trustees' report is consistent with the financial statements

Buzzacott LLP

Buzzacott LLP
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

16 July 2008

Statement of financial activities Year to 31 March 2008

	Notes	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2008 funds £	Total 2007 funds £
Income and expenditure						
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Donations and gifts		1,190,429	47,369	—	1,237,798	1,319,950
Legacies		1,469,830	107,461	—	1,577,291	1,588,952
Activities for generating funds						
Fundraising events		265,763	—	—	265,763	265,519
Investment income and interest receivable		136,194	—	350	136,544	141,834
Incoming resources from charitable activities	1					
Statutory grants receivable		—	197,000	—	197,000	191,448
Other grants		—	175,438	—	175,438	293,602
Charitable trading income		683,690	—	—	683,690	584,409
Total incoming resources		3,745,906	527,268	350	4,273,524	4,385,714
Resources expended						
Cost of generating funds						
Cost of generating voluntary income	2	975,085	—	—	975,085	1,189,925
Charitable activities	3					
Mental Health Programmes		1,316,014	329,236	—	1,645,250	1,703,831
FPLD		939,781	60,443	—	1,000,224	1,111,375
Information, education, dissemination and advisory services programme		938,017	—	—	938,017	803,059
Governance	4	61,328	—	—	61,328	25,942
Total resources expended		4,230,225	389,679	—	4,619,904	4,834,132
Net (outgoing) incoming resources for the year before investment (losses) gains						
	6	(484,319)	137,589	350	(346,380)	(448,418)
Realised losses on investments		—	—	—	—	(7,939)
Statement of total recognised gains and losses						
Net (expenditure) income		(484,319)	137,589	350	(346,380)	(456,357)
Unrealised (losses) gains on investments		(141,999)	—	—	(141,999)	70,834
Net movement in funds		(626,318)	137,589	350	(488,379)	(385,523)
Balances brought forward at 1 April 2007						
		2,146,803	971,807	44,146	3,162,756	3,548,279
Balances carried forward at 31 March 2008						
		1,520,485	1,109,396	44,496	2,674,377	3,162,756

All of the charity's activities derived from continuing operations during the above two financial periods

Statement of financial activities Year to 31 March 2008

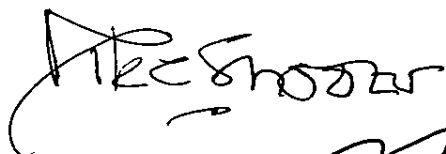
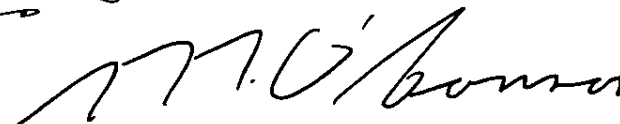
	2008 £	2007 £
Historical cost net movement in funds		
Net movement in funds (page 16)	(488,379)	(385,523)
Unrealised losses (gains) on investments	141,999	(70,834)
Difference between the realised gain (losses) calculated on the historical cost basis and those calculated on revalued amounts	—	74,686
Historical cost net movement in funds	(346,380)	(381,671)

Balance sheet 31 March 2008

	Notes	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	10		74,122		66,962
Investments	11		2,378,260		3,000,610
			<u>2,452,382</u>		<u>3,067,572</u>
Current assets					
Debtors	12	471,065		461,160	
Cash at bank and in hand		<u>358,011</u>		<u>313,703</u>	
		829,076		774,863	
Creditors amounts falling due within one year	13	<u>(607,081)</u>		<u>(679,679)</u>	
Net current assets			221,995		95,184
Total net assets			<u>2,674,377</u>		<u>3,162,756</u>
Represented by					
Funds and reserves					
Income funds					
Unrestricted funds					
General funds			1,145,104		1,022,332
Designated funds	14		375,381		1,124,471
Restricted funds	15		1,109,396		971,807
			<u>2,629,881</u>		<u>3,118,610</u>
Capital funds					
Permanent endowment funds	16		44,496		44,146
			<u>2,674,377</u>		<u>3,162,756</u>

Approved by the Trustees
and signed on their behalf by

Chair

Honorary Treasurer

Approved on

16.07.08

Cash flow statement Year to 31 March 2008

	Notes	2008 £	2007 £
Net cash outflow from operating activities	A	(532,976)	(367,869)
Returns on investments and servicing of finance	B	136,544	141,834
Capital expenditure and financial investment	B	451,926	276,436
Increase in cash	C	55,494	50,401

Notes to the cash flow statement for the year to 31 March 2008

A Adjustment of net outgoing resources for the year before investment (losses) gains to net cash outflow from operating activities

	2008 £	2007 £
Net outgoing resources for the year before investment (losses) gains	(346,380)	(448,418)
Depreciation charge	32,451	29,325
Interest receivable	(16,859)	(34,013)
Investment income receivable	(119,685)	(107,821)
Increase in debtors	(9,905)	(15,298)
(Decrease) increase in creditors	(72,598)	208,356
Net cash outflow from operating activities	(532,976)	(367,869)

B Gross cash flows

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	16,859	34,013
Investment income received	119,685	107,821
	136,544	141,834
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(39,611)	(31,957)
Payments to acquire investments	(411,635)	(1,624,100)
Receipts from the disposal of investments	903,172	1,932,493
	451,926	276,436

Cash flow statement Year to 31 March 2008

C Analysis of changes in cash

	At 1 April 2007 £	Cash flows £	At 31 March 2008 £
Cash at bank and in hand	313,703	44,308	358,011
Cash held by investment managers	27,781	11,186	38,967
Total	341,484	55,494	396,978

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value, and in accordance with the requirements of the Companies Act 1985 Applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) have been followed in the preparation of these financial statements

Incoming resources

Incoming resources are recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period

Grants from government and other agencies have been included as income from charitable activities where these amount to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding

Legacies are included in the statement of financial activities when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified

Resources expended and the basis of apportioning costs

Expenditure is included in the statement of financial activities when incurred and includes any attributable VAT which cannot be recovered

Resources expended comprise the following

- a The costs of generating funds include the salaries, direct costs and overheads associated with generating donated income
- b The costs of charitable activities comprise expenditure of the charitable company's primary charitable purposes as described in the Trustees' report, including grants payable

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions Grants approved but not paid at the end of the financial year are accrued for Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued for but are noted as financial commitments in the notes to the financial statements Grants for which there is not secured funding are fully provided for

Resources expended and the basis of apportioning costs (continued)

- c Governance costs are the costs associated with the governance of the charitable company and its assets. Included within this category are costs associated with the strategic, as opposed to day to day, management of the charitable company's activities.

The majority of costs are directly attributable to specific activities. Certain shared support costs are apportioned as described in note 5.

Tangible fixed assets

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Expenditure on the purchase and replacement of fixtures, fittings and equipment is capitalised and depreciated, on a straight line basis, over a period ranging from 3 to 10 years in order to write off each asset over its estimated useful life.

Investments

Listed investments are included on the balance sheet at their market value at the end of the financial period. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

Investments in unlisted companies are included on the balance sheet at a valuation determined by the Trustees, calculated having regard to the net asset value of the relevant company at the balance sheet date.

Fund accounting

The general fund comprises those monies which may be used towards meeting the charitable objectives of the charity and may be used at the discretion of the Trustees.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

The restricted funds are monies raised for a specific purpose, or donations subject to donor-imposed conditions.

The permanent endowment funds comprise monies which must be held as capital indefinitely. The income therefrom is used in accordance with the terms of each individual endowment (note 16).

Pension contributions

Contributions in respect of defined contribution pension schemes are charged to the statement of financial activities in the period in which the premiums become payable to the scheme.

Principal accounting policies 31 March 2008

Leased assets

Rental applicable to operating leases, where substantially all the benefits and risks of ownership remain with the lessor, are charged to the statement of financial activities as incurred

Notes to the financial statements 31 March 2008

1 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2008 £	Total 2007 £
Statutory grants					
Department of Health	—	80,000	—	80,000	62,448
Scottish Executive Health Department	—	107,000	—	107,000	110,000
Scottish Arts Council	—	—	—	—	9,000
Greater Glasgow NHS	—	10,000	—	10,000	10,000
	—	197,000	—	197,000	191,448
Other grants					
Esmée Fairbairn	—	—	—	—	40,000
Comic Relief	—	15,000	—	15,000	30,000
Imperial College, University of London	—	—	—	—	17,332
The Big Lottery Fund	—	24,674	—	24,674	97,370
The Baily Thomas Charitable Fund	—	93,450	—	93,450	81,900
The Waterside Trust	—	—	—	—	25,000
The John Lewis Partnership	—	—	—	—	2,000
BBC Children in Need	—	19,390	—	19,390	—
Shirley Foundation	—	8,559	—	8,559	—
See Me (Scottish Film Festival)	—	7,465	—	7,465	—
Positive Mental Attitude (Scottish Film Festival)	—	5,000	—	5,000	—
The Priory Hospital	—	700	—	700	—
Gara (Scottish Film Festival)	—	1,200	—	1,200	—
	—	175,438	—	175,438	293,602
Charitable trading	683,690	—	—	683,690	584,409
Total	683,690	372,438	—	1,056,128	1,069,459

The above incoming resources related to the following charitable activities

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2008 £	Total 2007 £
Mental Health Programmes	150,058	230,755	—	380,813	437,942
FPLD	481,280	141,683	—	622,963	593,813
Information, education, dissemination and advisory services programme	52,352	—	—	52,352	37,704
	683,690	372,438	—	1,056,128	1,069,459

Notes to the financial statements 31 March 2008

1 Incoming resources from charitable activities (continued)

Statutory grants receivable comprise

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2008 £	Total 2007 £
Department of Health					
Champions for exercise and referral for depression	—	60,000	—	60,000	17,500
Fit for the future	—	20,000	—	20,000	35,000
MCA Mental Health Capacity Act 2005	—	—	—	—	9,948
	—	80,000	—	80,000	62,448
Scottish Executive Health Department					
CORE	—	4,500	—	4,500	20,000
VOX	—	102,500	—	102,500	35,000
Disability Equality	—	—	—	—	5,000
Crisis	—	—	—	—	20,000
National Project on Arts, Creativity and Culture	—	—	—	—	30,000
	—	107,000	—	107,000	110,000
Scottish Arts Council					
Arts Evaluation (PASEA)	—	—	—	—	9,000
Greater Glasgow NHS					
BME Equalities	—	10,000	—	10,000	10,000
Total	—	197,000	—	197,000	191,448

In accordance with the accounting policy on page 21, a grant of £4,500 (2007 - £20,000) from the Scottish Executive Health Department has been included within "Donations and Gifts" on the Statement of Financial Activities, as it relates to core funding

Notes to the financial statements 31 March 2008

2 Cost of generating voluntary income

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2008 £	Total 2007 £
General fundraising (including staff costs)	947,992	—	—	947,992	1,159,800
Door to Door initiative	27,093	—	—	27,093	30,125
	975,085	—	—	975,085	1,189,925

3 Charitable activities

	Grants payable £	Direct costs £	Support costs (note 6) £	Total 2008 £	Total 2007 £
Mental Health Programmes	252,414	956,619	436,217	1,645,250	1,703,831
FPLD	—	747,678	252,546	1,000,224	1,111,375
Information, education, dissemination and advisory services programme	—	708,430	229,587	938,017	803,059
	252,414	2,412,727	918,350	3,583,491	3,618,265
		Staff costs £	Other costs £	Total 2008 £	Total 2007 £
Direct costs included above comprise					
Mental Health Programmes		686,528	270,091	956,619	905,734
FPLD		444,959	302,720	747,679	850,254
Information, education, dissemination and advisory services programme		323,113	385,317	708,430	620,397
		1,454,600	958,128	2,412,728	2,376,385

A separate publication listing all grants payable is available from the registered office of the charity

At 31 March 2008 the charity had the following commitments in respect of grants and allocations to be paid out of future incoming resources as follows

	2008 £	2007 £
Grants and allocations payable in 2008/2009	12,436	118,630

Notes to the financial statements 31 March 2008

4 Governance costs

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total 2008 £	Total 2007 £
Legal and professional fees	60,667	—	—	60,667	25,565
Trustees' expenses and other trustee related costs	661	—	—	661	377
	61,328	—	—	61,328	25,942

5 Support costs

	London Office £	IT £	Finance £	Human Resources £	Total 2008 £
Costs of generating voluntary income	109,952	19,482	30,143	24,092	183,669
Mental Health Programmes	261,137	46,269	71,590	57,221	436,217
FPLD	151,184	26,787	41,447	33,128	252,546
Information, education, dissemination and advisory services programme	137,440	24,352	37,679	30,116	229,587
	659,713	116,890	180,859	144,557	1,102,019

Support costs are allocated to the activities they are supporting on the basis of the number of staff working on each activity

6 Net (outgoing) incoming resources for the year before investment (losses) gains

This is stated after charging

	2008 £	2007 £
Staff costs (note 7)	2,321,462	2,337,447
Depreciation	32,451	29,325
Auditors' remuneration		
Audit	9,900	9,300
Other services	17,414	15,065
Operating lease rentals	7,351	2,371

7 Staff costs

	2008 £	2007 £
Staff costs during the year were as follows		
Wages and salaries	1,889,784	1,867,658
Social security costs	200,898	200,754
Other pension costs	162,714	160,676
	2,253,396	2,229,088
Agency and temporary staff	68,066	108,359
	2,321,462	2,337,447

The average monthly number of employees during the year was 59 (2007 – 59)

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding employer pension contributions) during the year was as follows

	2008	2007
£60,001 - £70,000	1	1
£70,001 - £80,001	—	—
£80,001 - £90,000	—	1
£90,001 - £100,000	1	—

Employer contributions made to a money purchase scheme in respect of the above employees during the year amounted to £15,819 (2007 - £11,148)

8 Trustees' remuneration and expenses

No Trustee received any remuneration in respect of their services as a trustee during the year (2007 - £nil)

Expenses reimbursed to, or paid on behalf of, Trustees during the year were as follows

	2008		2007	
	No of Trustees	Aggregate amount £	No of Trustees	Aggregate amount £
Travel expenses	2	661	3	377

The Trustees have taken out trustee indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Foundation. The premium paid by the charity amounted to £1,733 (2007 - £1,650) and provided cover of £1,000,000 (2007 - £1,000,000)

9 Taxation

The Mental Health Foundation is a registered charity and, therefore, is not liable to income tax or corporation tax on income derived from its charitable activities as it falls within the various exemptions available to registered charities

Notes to the financial statements 31 March 2008

10 Tangible fixed assets

	Fixtures, fittings and equipment £
Cost	
At 1 April 2007	147,462
Additions	39,611
Disposals	(31,669)
At 31 March 2008	155,404
Depreciation	
At 1 April 2007	80,500
Charge for year	32,451
On disposals	(31,669)
At 31 March 2008	81,282
Net book values	
At 31 March 2008	74,122
At 31 March 2007	66,962

11 Investments

	Listed investments £	Unlisted investments £	Total £
Market value/valuation			
At 1 April 2007	2,972,756	73	2,972,829
Additions at cost	411,635	—	411,635
Disposals at opening book value (proceeds £903,172, gain/loss £nil)	(903,172)	—	(903,172)
Net losses on revaluation	(141,999)	—	(141,999)
	2,339,220	73	2,339,293
Cash held by investment managers for re-investment	38,967	—	38,967
At 31 March 2008	2,378,187	73	2,378,260
Cost (excluding cash)			
At 31 March 2008	1,978,428	73	1,978,501

Listed investments held at 31 March 2008 comprised the following

	£
UK Common Investment Funds	1,815,595
UK Fixed Interest Unit Trusts	183,025
Liquidity Funds	340,600
	2,339,220

All listed investments were dealt in on a recognised stock exchange

Notes to the financial statements 31 March 2008

11 Investments (continued)

The following individual holdings each represented a material component of the listed investment portfolio as at 31 March 2008

	Value of holding £	Percentage of portfolio %
Newton Fund Manager Offshore Strategy Sterling Fixed Interest Fund	183,025	7.8
Newton Fund Manager Global Growth and Income Charity Fund	1,815,595	77.6
Universal Liquidity Sterling Fund	340,600	14.6

Unlisted investments represent shares in Helpcards Limited. The shares have been valued by the Trustees having regard to the company's net assets as at 31 March 2008.

12 Debtors

	2008 £	2007 £
Prepayments	131,749	93,707
Grants receivable	8,559	5,000
Trade debtors	328,138	354,910
Other debtors	2,619	7,543
	471,065	461,160

13 Creditors amounts falling due within one year

	2008 £	2007 £
Expense creditors	138,868	154,221
Other creditors	60,616	107,992
Service delivery deferred income	397,697	389,098
Accruals and deferred income	9,900	28,368
	607,081	679,679

14 Designated funds

The income of the charity includes the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes. These funds are designated for projects to be undertaken over a medium term time frame. In the past year the projects with designated funding attached were reviewed and it was decided to refocus the resources leading to a release of net designated funding back to the general fund of £909,090

	At 1 April 2007 £	New designations £	Utilised/ released £	At 31 March 2008 £
Mental Health Programmes	490,248	150,000	(490,248)	150,000
FPLD	314,029	10,000	(98,648)	225,381
Policy Development	64,521	—	(64,521)	—
Public Mental Health	70,957	—	(70,957)	—
Training Material Development	184,716	—	(184,716)	—
	1,124,471	160,000	(909,090)	375,381

The purposes for which the funds have been set aside are as follows

Mental Health Programmes

A programme of research and development to support the provision of better mental health services for people with mental health problems of all ages including children and those with dementia particularly in the BME Community and new migrants to the United Kingdom

FPLD

A programme of research and development to support the provision of better services for people with learning disabilities and their families and carers

15 Restricted funds

The income funds of the charity include restricted funds comprising the following donations and grants held on trust to be applied for specific purposes

	At 1 April 2007 £	Incoming resources £	Resources expended £	At 31 March 2008 £
Alzheimer's Research	225,995	133,965	—	359,960
Strategies for living	81,171	—	(1,259)	79,912
Children and young people – mental health problems	21,299	15,000	(46,275)	(9,976)
Foundation for People with Learning Disabilities	453,274	147,548	(142,852)	457,970
Other restricted funds	190,068	230,754	(199,292)	221,530
	971,807	527,267	(389,678)	1,109,396

The specific purposes for which the funds were received and applied are as follows

Notes to the financial statements 31 March 2008

15 Restricted funds (continued)

Alzheimer's Research

The development of better service responses to people with Alzheimer's Disease

Strategies for Living

The development of user empowerment and user-led initiatives in adult mental health services

Children and Young People – mental health problems

Research and development to help vulnerable children and young people, for example those who are looked after in residential settings and children living on the streets. At 31 March 2008 this fund was in deficit but was replenished shortly after the year end out of the charity's general funds

Foundation for People with Learning Disabilities

The Foundation is an integral part of the Mental Health Foundation, which supports a range of research, policy, practice and information activities across the UK which seek to enhance the well-being and quality of life of people with learning disabilities

16 Permanent endowment funds

	At 1 April 2007 £	Additions £	At 31 March 2008 £
Wilke Fund	12,093	—	12,093
Lander Fund	32,053	350	32,403
	44,146	350	44,496

The above funds represent permanent endowment which must be retained indefinitely and held as capital. Both funds are constituted under separate trust deeds. Under the deed of trust relating to the Wilke Fund, all income arising from the capital sum may be used for the general purposes of the charity and it is credited, therefore, to general funds on receipt. Under the terms of the deed governing the Lander Fund, 25% of the income generated by the fund each year must be added to the capital sum and be retained as part of the permanent endowment. The remaining 75% of the income may be credited to general funds on receipt and used for the general purposes of the charity.

Notes to the financial statements 31 March 2008

17 Analysis of net assets between funds

	Unrestricted funds £	Restricted funds £	Permanent endowment funds £	Total funds £
Tangible fixed assets	74,122	—	—	74,122
Investments	2,378,260	—	—	2,378,260
Net current assets	(931,897)	1,109,396	44,496	221,995
	<u>1,520,485</u>	<u>1,109,396</u>	<u>44,496</u>	<u>2,674,377</u>
Unrealised gains included above				
On investments	<u>360,792</u>	<u>—</u>	<u>—</u>	<u>360,792</u>
Reconciliation of movements in unrealised gains on investments				
At 1 April 2007	502,791	—	—	502,791
Unrealised losses in the year	(141,999)	—	—	(141,999)
At 31 March 2008	<u>360,792</u>	<u>—</u>	<u>—</u>	<u>360,792</u>

18 Operating lease commitments

At 31 March 2008 the charity had the following annual commitments under non-cancellable operating leases

	Land and buildings		Other	
	2008 £	2007 £	2008 £	2007 £
Operating leases which expire				
Within two to five years	174,520	174,520	7,357	5,245