

Company number: 2643905

Charity Number: 1006927

# Mind in Tower Hamlets and Newham

Report and financial statements  
For the year ended 31 March 2019

# Mind in Tower Hamlets and Newham

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### For the year ended 31 March 2019

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## Mind in Tower Hamlets and Newham

### Reference and administrative information

For the year ended 31 March 2019

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**Company number** 2643905 – incorporated in the UK

**Charity number** 1006927 – registered in England and Wales

**Registered office and operational address:** Open House,  
13 Whitethorn Street,  
London  
E3 4DA

**Trustees** Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Chris Beal	Chair
Iwebunor Anyia	Vice Chair
Jonathan Rae	Treasurer
Syed Hussain	(resigned 21 November 2018)
Jessica Easton	(resigned 23 July 2019)
Khadiza Mushfaka Ishaque	(resigned 21 November 2018)
Alice Dartnell	
James Beckles	(resigned 4 June 2019)
Leonie Thornton	
Stephanie Chapman	
Gary Jones	(resigned 8 July 2019)
Nick Aellen	(appointed 21 November 2018)
John Whitehead	(appointed 21 November 2018)
Angela Shannon	(appointed 21 November 2018)

**Secretary** Michelle Kabia

**Key management personnel** Michelle Kabia Chief Executive Officer  
Juno Boyce HR and Administration Manager  
Rehana Abbasi Finance Manager (from May 2018)

**Bankers** National Westminster Bank  
PO Box 10862  
180 Shoreditch High Street  
London, E1 6HY

**Auditor** Sayer Vincent LLP  
Chartered Accountants and Statutory Auditors  
Invicta House  
108–114 Golden Lane  
LONDON, EC1Y 0TL

The trustees present their report and the audited financial statements for the year ended 31 March 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

## **Objectives**

To promote the preservation of mental health and to assist in relieving and rehabilitating persons suffering from mental disorder or conditions of emotional or mental distress, with due consideration to gender, race, sexuality, age, culture and disability, requiring advice or treatment in the London borough of Tower Hamlets, the London borough of Newham, and surrounding boroughs (Redbridge, Havering, Barking and Dagenham), in association with Mind (the National Association for Mental Health) and in accordance with the aims and objectives of Mind.

## **Public benefit statement**

The Trustees consider that they have complied with Section 17 of the Charities Act 2011 with regard to the guidance on public benefit published by the Charity Commission.

The trustees review the aims, objectives and activities of the charity each year. This report considers the charity's achievements and its outcomes in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

## **Achievements and performance**

The charity's main activities are described below. All its charitable activities focus on the development of services for clients who suffer mental health distress and/or emotional needs residing in Tower Hamlets and Newham and neighbouring boroughs. These charitable activities are undertaken to further Mind in Tower Hamlets and Newham's charitable purposes for the public benefit.

During the year working with Mind, the London boroughs of Tower Hamlets and Newham, and other partner agencies, we campaigned to challenge discrimination and reduce stigma around mental health.

## **Our services**

The charity's main activities are outlined below. All its charitable activities focus on the development of services for clients who have mental health distress and/or emotional needs residing in the London boroughs of Tower Hamlets and Newham.

During the year, we have amended our governing documents to widen our geographic reach to include Redbridge and Havering. These charitable activities are undertaken to further Mind in Tower Hamlets and Newham's charitable purposes for the public benefit.

## **Support Services**

### **Mental health support services**

Working in partnership with Inspire (a consortium of 8 local mental health providers) we deliver a wide range of mental health support services. This includes a First Point of Access service, one-to-one mental health support, and group support. The aim of this service is to help clients access the right level of support, to meet with staff regularly on a one-to-one basis as well as accessing group programmes. The Inspire service is based on a recovery model of support. We deliver these services to 800 clients under contracts from Tower Hamlets Local Authority.

### **Reset Substance Misuse service**

In partnership with Providence Row we deliver a Substance Misuse service in Tower Hamlets. This service works with people who are struggling to access support and provides referral and access to substance misuse services as well as a group programme for people who have mental health and substance misuse issues.

### **Counselling**

We offer talking therapies within both Tower Hamlets and Newham. We successfully tendered for the Tower Hamlets Talking Therapies service in partnership with East London Foundation Trust resulting in a significant increase in this service from October 2018. In Newham we offer the Newham Bereavement Service and the Newham Talking Therapy Service. The Newham Talking Therapy Service is in partnership with East London Foundation Trust. We deliver over 8,000 hours of counselling every year to over 1,200 individuals.

## **Community Projects**

### **Community Engagement**

This team offers a range of services and activities to promote recovery and wellbeing to clients residing in Newham. The team provides one to one support, group support, and access to Coping with Life training and workshops. This service is funded by Henry Smith Charitable trust and has supported 450 people over the year. This service has been funded for over 8 years and in June 2019 will come to an end. We are exploring how we can sustain the service through the Leap Project as well as looking at potential new funding.

#### **LEAP**

Our Reaching Communities grant called Leap is going from strength to strength. We are now in our second year of a 5-year grant and offer Peer Leader Training opportunities as well as establishing a wide range of Peer Led groups across Tower Hamlets, Newham and Redbridge. In the first 18 months of the project we were proud to report that this project was able to meet and exceed targets in all key areas. 96 people had accessed this project, 12 people have completed the Peer Leader training programme and 7 Peer led groups are currently active. In response, the Big Lottery team congratulated the team on a successful start to the project.

#### **Advocacy Projects**

##### **Advocacy**

Our Advocacy services are delivered in the community and within in-patient units to enable people to have a voice and to be involved and influential in their care and support, the service enables people to secure their rights, obtain the services they believe they need and to make informed choices.

Our Advocacy services include the Newham Adolescent Advocacy Service, the Newham NHS Complaints Advocacy Service, the Independent Mental Health Advocacy Service in Tower Hamlets and in April 2018 we launched the Havering Integrated Advocacy Service.

We have achieved the Quality Standard for Advocacy called QPM and we have been commended for the quality of our provision across all our services. These services supported over 700 individuals over the last year.

#### **Employment / Advice and Information**

##### **Welfare Rights Service**

This service offers advice, information and support on a wide range of welfare and benefits issues as well as representing and highlighting concerns, experiences and trends at borough meetings. With the changes to welfare benefits, this role is very much valued by people with mental health issues as they face barriers to accessing full benefit entitlement. This service supported over 650 clients over the year.

##### **Employment Services**

We are committed to working with our clients to increase their access to employment, through the development of social enterprise, training, placement, volunteering and supported employment.

Our Upskill Service promotes access to work and supports people into training, work experience and work placements. Our Coping with Life programme is designed to provide clients with a clear understanding of their mental health and to building their resilience.

In partnership with the Centre for Mental Health we have developed the Individual Placement Support (IPS) Employment service in Newham. IPS is an evidence-based model of engagement that promotes paid work for people who are involved in secondary mental health services. The service

is integrated with the statutory mental health service and includes two ELFT Employment staff. In April 2018 we successfully expanded this team with two additional Employment Advisors funded by NHS England.

In October 2018 we successfully won the Employment Service linked to the Tower Hamlets Talking Therapy Service, this team support clients with common mental health issues to access employment support and advice. Working in partnership with East London Foundation Trust and NHS England we are confident that we can make a real impact on clients' opportunities to sustain employment or access new opportunities with the team's support.

#### **Strategic Planning**

Mind in Tower Hamlets and Newham operate within a 5-year strategic plan that is drawn up with the involvement of staff, trustees, clients and commissioners. Over this year we have been working with our team, commissioner and stakeholders to review our last 5-year strategy and to build a plan going forward that builds on our success and continues to stretch us as a charity.

The political, economic and fiscal landscape has changed considerably since our last strategic plan. We are adjusting our strategic objectives to accommodate the changes. Primarily, we are facing a new commissioning framework for health and social care services.

We are focused on delivering services where we have the expertise and capabilities to benefit those with mental health issues in Tower Hamlets, Newham and neighbouring boroughs. Our broad experience and record for delivering high quality services is enabling us to broaden our reach both geographically and through development of new services. This is often in partnership with other delivery partners whose expertise and capabilities complement our own and we now have 18 active partnerships. We are particularly keen to develop Peer Led Services, services which are co-produced and designed by and for people with mental health issues. We continue to prioritise services that focus on wellbeing, building resilience and promoting mental health recovery.

#### **Our Strategic Objectives are:**

##### **Objective 1 – Our Services: Seamless Quality across the Board**

We will deliver services of the highest quality and provide support to those that need us the most.

To achieve this, we will:

- Maintain our quality marks and standards and explore new areas to achieve standards in.
- Expand the geographical reach of our current services where possible.
- Develop new, innovative services to meet the needs of our clients.
- Become a specialist in employment for Mental Health.
- Increase the services we offer to young people.
- Review and improve how we measure our impact.

**Objective 2 – Our Voice: Challenging clichés**

We will champion an authentic voice in mental health conversations.

To achieve this, we will:

- Enable our clients to share their experiences with others and wider society.
- Improve our online presence and digital outreach.
- Engage with national campaigns.
- Work with local organisations to reduce stigma and discrimination.
- Explore the potential to do targeted work to reduce stigma in different communities.

**Objective 3 – Our Clients: Empowerment for all**

We will support empowerment for all clients across all aspects of our organisation.

To achieve this, we will:

- Embed coproduction across all our work and services.
- Provide integrated support for people facing multiple disadvantage.
- Develop our Peer Support and Peer Leadership models.
- Conduct more outreach into 'hard to reach' communities and demographics.
- Review and improve how we use feedback.

**Objective 4 – Our Network: Collaboration equals Success**

We will nurture and expand our network from formal partnerships to engagement with local organisations. We will also become a center of excellence for volunteering.

To achieve this, we will:

- Increase the scope and effectiveness of our partnership working.
- Take a strong role in the development of the London Mind network.
- Map and engage with a wider range of local organisations.
- Create a Volunteering Strategy and become a center of excellence for volunteering.

**Objective 5 – Our Capacity: Sustainable Growth**

We will grow our organisation sustainably to reach more people who need our help.

To achieve this, we will:

- Maintain our financial health and diversify our income sources.
- Build a Strategic Alliance with Havering Mind.
- Maximize the wellbeing and effectiveness of our team.
- Develop our digital capacity and strategy.
- Improve our working environment.

Click on Link to read our Strategic Plan in full

<https://view.pagetiger.com/MITHN-Strategic-Plan-2019-24/MITHN-Strategic-Plan-2019-24>

## New Projects

We have secured funding to deliver exciting new projects over the next three to five years, including:

- Mums Matter – Early intervention and support for new parents and women during the perinatal period.
- Expansion of our IPS service in Newham – from September 2019.
- Continuation of our Newham NHS Advocacy Service in partnership with Community Barnet (Healthwatch Newham Provider).
- Connector Fund – Funding from Mind to enable us to develop a Strategic Alliance with Havering Mind and to develop services in Redbridge and Barking and Dagenham Local Authorities who currently do not have a Local Mind Association.

## Volunteers

Mind in Tower Hamlets and Newham works with a large number of volunteers. This includes the trustees who volunteer their time to oversee the strategic direction of the organisation and ensure that we are delivering services in line with our objectives and charitable purpose. Trustees often devote over 35 hours of their time per year to attend meetings and to support the organisation.

We encourage people with lived experience of mental health to volunteer. This opportunity can support clients with their recovery as well as enabling them to regain confidence and skills that enable them to get back into employment. We can work with between 12–15 volunteers with lived experience at any one time. These volunteers may support the design, development and delivery of groups and activities, planning support services with staff, facilitating service user led groups and peer support groups.

Our counselling service model includes student counsellors on placement. This service works with between 60 – 80 counselling volunteers, each providing three hours of counselling per week. This represents at least 10,920 hours of volunteer support equivalent to 6 FTE staff, and equating to approximately £168,000 it would otherwise cost to deliver the service.

### **Protection of vulnerable people and other members of the public.**

Mind in Tower Hamlets and Newham are committed to supporting vulnerable people and protecting members of the public. We are a local community mental health resource and offer information, advice and guidance to anyone who contacts us. We are committed to ensuring that local people access the right support at the right time and offer a signposting or navigation service to people if we do not deliver the support that they are requesting. We have a strong commitment to vulnerable people and have embedded excellent Safeguarding policies and practices so that we are responsive to those who are most vulnerable and can offer the right support to meet their complex needs.

## Financial review

In the financial year 2018/19, Mind in Tower Hamlets and Newham had a total income of £1,701,802 (2018: £1,236,835), this represents a 38% increase in income. Total expenditure of £1,685,211 (2018: £1,238,040) increased by 36%. This resulted in a surplus for the year of £16,591 (2018: (deficit of £1,215)).

Our unrestricted funds have increased by £37,561 to £141,742 (2018: £104,181). We have designated £111,584 (2018: £72,227) of these funds to cover the depreciation of our fixed assets which are not covered by restricted funds. This leaves general unrestricted funds at £30,158 (2018: £31,954).

This year we have significantly increased our budgeted income. We have won 4 new tenders and increased the contract price for 3 other services. We remain vigilant about the organisation's expenditure and running costs to ensure that we can deliver our services in a financially secure manner, whilst continuing to grow unrestricted funds. Both our strategic plan and our operational business plan are ambitious about growth and the delivery of high-quality service to our clients.

We have reviewed and comprehensively overhauled our finance policy, procedures and accounting systems and we are confident that the information within the system is accurate and transparent and therefore provides management, trustees and stakeholders with a clear view of our financial health.

## Going concern

The Trustees have considered the financial wellbeing of the organisation and recognise that the limited reserves position is a risk area for Mind in Tower Hamlets and Newham. Over the last six years, reserves have been utilised to develop services and to support services that have not received 'full cost' recovery funding. The reserves position was also impacted by the requirements to recognise the pension scheme deficit connected with the pension trust. This means we include a liability of £127,534 on the balance sheet at the year-end (2018: £153,126). However, this is not payable in one go. The pension liability will be paid over a number of years and trustees are confident that this cost will be met as the payments fall due.

As a result of the increase in the charity's income and careful management of its costs, the charity's unrestricted funds position of £141,742 is once again improving (2018: £104,181). However general unrestricted funds, excluding the pension liability, are £157,692 (2018: £185,080).

We remain committed to reviewing our Strategy and Operational Planning to enable us to develop new services with a firm funding base, continuing to control our operating costs. Mind in Tower Hamlets and Newham have secured additional income for 2019/20 and are operating with a solid foundation of secured funding. Trustees are committed to continuing to develop the service and to ensure that the organisation offers services that are of a high quality and offer added value to our

clients. Trustees are aware of their need to maintain a close review of income and expenditure as well as have strong strategic plans for the future.

The going concern status of the charity is a key focus of reporting for the Finance Sub-Committee who monitor a rolling cash flow forecast and the robustness of the charity's income sources at each quarterly meeting. This is then reported on to the Executive Committee.

Further assessment of the charity's going concern position in note 1d).

### **Reserves policy**

Mind in Tower Hamlets and Newham is acutely aware of the need to sustain its viability in the medium to long term. Over the last six years we have had to draw on the organisation's reserves to subsidise services. We are actively pursuing new service developments to secure new services and to sustain our organisation for the future and build up our reserves.

The trustees consider it prudent to maintain an unrestricted level of reserves to cover the charity's contractual obligations. They are committed to building sufficient unrestricted reserves to cover 25% fall in the contribution of contracted income to central operating costs for a period of two years, plus an allowance for any other unforeseen expenditure required to maintain MITHN's operations (e.g. uninsured repairs and maintenance work to the buildings operated by MITHN).

Based on the budget for 2019/20 the Trustees have assessed that this means a reserves target (as described above) of £150k to cover 25% shortfall in central costs of c. £300k pa for two years plus £50k being the Trustees assessment of a reasonable allowance for other unforeseen expenditure – totalling £200k.

As explained above, if we exclude the pension liability which will not crystallise in a single point but can be paid over the next 7 years, our unrestricted funds would be £157,692. This is equivalent to 79% of the target above.

### **Principal risks and uncertainties**

In 2016/17 we carried out a comprehensive review of our Finance Systems and core organisational costs. As a result of this review we engaged new auditors, implemented a new financial system and recruited a new Finance Manager. The outcome of all these changes were reflected in the 2017/18 audit in which MITHN did not have any actions carried forward in the audit report.

We are continuously reviewing and challenging our overall operating costs and direct service delivery costs to keep this at a minimum.

While we have secured income of over £2,024,103 for the next 12 months, it remains imperative that we continue to design and develop new services that are funded with the principle of 'Full Cost Recovery' so that we can retain and build our organisational capacity as we grow and develop.

## Plans for future

The trustees and the CEO have developed a 5-year strategic plan and an annual Operational Plan covering the development of new services, fundraising and disciplined control of costs in running the organisation. We are committed to exploring new funding opportunities, building our service area and expanding to new boroughs over the next 12–24 months.

We have secured additional income from Mind to support the development of a Strategic Alliance with Havering Mind and possibly Mind in Hackney, City and Waltham Forest. This will enable us to operate across 5–7 London Boroughs creating access to quality mental health provision within the Mind Services.

## Structure, governance and management

### Governing Document

Mind in Tower Hamlets and Newham (“MITHN”) (the word ‘Limited’ being omitted by licence from the Department of Trade) is incorporated as a company limited by guarantee and not having a capital divided by shares.

The organisation is a charitable company limited by guarantee, incorporated on 6 September 1991 and registered as a charity on 6 March 1992. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

### Charity Governance code

In July 2017, a group of charity and governance associations introduced a new Charity Governance Code as a practical tool to help trustees achieve high standards of governance, recognising that good governance in charities is fundamental to success, contributing to our charity achieving its objectives for the benefit of all stakeholders.

During the year, the trustees and management benchmarked Mind in Tower Hamlets and Newham’s governance standards against the recommended practices included within the Charity Governance Code.

Overall, the trustees were satisfied that the governance standards of the charity were appropriate for its scale, complexity and charitable purposes, but identified several areas where enhancements to the governance approach would benefit the operation of the charity. An action plan is being implemented to address these points, consistent with the trustees’ commitment to continuous improvement of governance standards guided by the Charity Governance Code and other standards and requirements, including those of the Charity Commission.

## Recruitment and appointment of trustees

The approach to recruitment and appointment of trustees is set out in our Articles of Association. The honorary officers: The Chair, Vice-Chair and the Treasurer as well as other trustees are elected at the Annual General Meeting by the members of MITHN. The Chair, Vice-Chair and Treasurer can only serve for one year and then must seek re-election at the AGM. The recruitment process is set out in our trustee recruitment policy and includes the stages listed below.

- Skills audit.
- Role description.
- Identifying potential trustees.
- Selection process.
- Induction.

In 2019 we will be developing a second Governance Sub-Committee – the HR and Governance Sub-Committee. Trustees will support the development of our organisation and our governance.

The directors of the organisation are also the charity trustees for the purposes of charity law.

The Board of Trustees has the power to appoint additional trustees as it considers fit to do so. The trustees in office in the year are set out on Page 1. The trustees have no beneficial interest in the company other than as members. The trustees are also directors of the company. All the trustees are members of the company and guarantee to contribute £1.00 if the company is wound up.

The trustees do not have 'hands on' involvement in MITHN's activities and the Board delegates day-to-day responsibility to the CEO, Michelle Kabia, who in some instances will delegate to other members of the senior management team.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts.

## Trustee induction and training

The induction and training of trustees is set out in the charity's Trustee Recruitment policy. All Trustees are given an Induction Pack which forms the basis of their induction. All potential trustees attend a number of Board meetings before being elected to the Board.

As part of their induction new trustees are encouraged to visit the organisation's projects and to meet the staff. As part of the Skills Audit, the training needs of new trustees are built into a training programme. The progression of new trustees is monitored by the Chair or other nominated trustee, to ensure that they:

- Are fully aware of their roles and responsibilities.
- Are informed about the organisation to meaningfully input into discussion.
- Training needs are identified and addressed.

## Mind in Tower Hamlets and Newham

### Trustees' Annual Report

#### For the year ended 31 March 2019

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All trustees are informed of external training opportunities during the year. Charity Commission updates and news are also provided to them.

#### Related parties and relationships with other organisations

Mind in Tower Hamlets and Newham is affiliated to Mind. We are committed to working in partnership with other providers. This has been a significant strategic aim and we are now working with 18 different organisations to deliver our services. Examples of the partnerships are: Inspire Consortium – Tower Hamlets mental health services, Centre for Mental Health – IPS employment service Newham, Community Barnet – NHS complaints advocacy in Newham.

#### Remuneration policy for key management personnel

Mind in Tower Hamlets and Newham set its pay and remuneration in line with the National Joint Council Local Government Salary Scale. Staff are generally appointed at the bottom of the scale unless they have significant experience and at that point, we may decide to offer them a higher starting salary. All staff have an induction and probation period at the start of their employment and an annual appraisal which outlines their performance against their key objectives in their job description.

#### Statement about Fundraising Practice

Mind in Tower Hamlets and Newham have established a Fundraising Strategy which works alongside our Strategic Plan and our Operational Plan.

Our fundraising strategy aims to address how we will achieve our Strategic Development target and the budgeted fundraised annual income. We are committed to diversifying our income, developing our services to new communities as well as expanding our area of benefit.

#### Diversification of income

To meet the objectives of our strategic plan, we are committed to diversifying our income streams, scoping and taking advantage of alternative sources of funding so that we can continue to maintain quality services for our clients, and continue to generate services that our clients are telling us they want and need.

1. Explore non-statutory funding opportunities.
2. Increase our local fundraising activities to raise income such as sponsorships and events.
3. Secure new contract funding where appropriate.
4. Develop significant partnerships to build on our successful tendering.
5. Raise the profile of the organisation via social networking.

In 2019 we will be exploring opportunities to recruit an Events and Activities Fundraiser to support our Fundraising Strategy and enhance the unrestricted income we could generate with additional resources.

## Ethical fundraising

We are committed to ethical fundraising, ensuring that we do not accept donations or support from companies who are in direct conflict with our aims. We have an Ethical Fundraising policy that will support this strategy and be embedded into any fundraising activities.

Mind in Tower Hamlets and Newham's approach to fundraising is to use internal staff and volunteers where appropriate. We do not use external fundraisers currently but would consider this where they have additional expertise and can carry out fundraising work more cost-effectively.

We complied with the code of fundraising practice and received no complaints about fundraising during the year. The Chief Executive Officer and Finance Manager monitor the fundraising activities undertaken by third parties on a day to day basis while a fundraising sub-group monitor these periodically.

## Statement of responsibilities of the trustees

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

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 and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware.

- The trustees have taken all 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2019 was 12 (2018: 12). The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

## **Auditor**

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and have expressed their willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 30 October 2019 and signed on their behalf by

Chris Beal  
Chair

## Independent auditor's report

To the members of

Mind in Tower Hamlets and Newham

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Independent auditor's report to the members of Mind in Tower Hamlets and Newham.

### Opinion

We have audited the financial statements of Mind in Tower Hamlets and Newham (the 'charitable company') for the year ended 31 March 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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.
- 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 enough 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.

## Independent auditor's report

To the members of

Mind in Tower Hamlets and Newham

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### Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 the audit:

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

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual 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 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; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## Independent auditor's report

To the members of

Mind in Tower Hamlets and Newham

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### Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable 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 charitable 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 based on 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Independent auditor's report**

**To the members of**

**Mind in Tower Hamlets and Newham**

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### **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.

Joanna Pittman (Senior statutory auditor)

7 November 2019

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Mind In Tower Hamlets and Newham

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2019

	Note	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
<b>Income from:</b>							
Donations and legacies	2	48,215	-	<b>48,215</b>	14,369	-	14,369
Charitable activities							
Support Services	3a	825,574	-	<b>825,574</b>	701,645	-	701,645
Community Projects	3b	8,160	120,667	<b>128,827</b>	16,054	109,838	125,892
Advocacy Projects	3c	393,516	-	<b>393,516</b>	283,364	-	283,364
Employment, advice & information	3d	174,640	99,768	<b>274,408</b>	-	99,768	99,768
Office rental		19,200	-	<b>19,200</b>	11,597	-	11,597
Investment income		283	-	<b>283</b>	190	-	190
Other income		11,779	-	<b>11,779</b>	-	-	-
<b>Total income</b>		<b>1,481,367</b>	<b>220,435</b>	<b>1,701,802</b>	<b>1,027,219</b>	<b>209,606</b>	<b>1,236,825</b>
<b>Expenditure on:</b>							
Charitable activities							
Support Services	4	820,361	20,297	<b>840,658</b>	688,296	29,891	718,187
Community Projects	4	8,621	123,654	<b>132,275</b>	13,616	96,133	109,749
Advocacy Projects	4	458,729	-	<b>458,729</b>	306,379	-	306,379
Employment, advice & information	4	156,096	97,454	<b>253,550</b>	-	103,725	103,725
<b>Total expenditure</b>		<b>1,443,807</b>	<b>241,405</b>	<b>1,685,212</b>	<b>1,008,291</b>	<b>229,749</b>	<b>1,238,040</b>
<b>Net movement in funds</b>		<b>37,560</b>	<b>(20,970)</b>	<b>16,590</b>	<b>18,928</b>	<b>(20,143)</b>	<b>(1,215)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		104,181	305,783	<b>409,964</b>	85,253	325,926	411,179
<b>Total funds carried forward</b>	17	<b>141,741</b>	<b>284,813</b>	<b>426,554</b>	<b>104,181</b>	<b>305,783</b>	<b>409,964</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 17 to the financial statements.

Mind In Tower Hamlets and Newham

Balance sheet

Company no. 2643905

As at 31 March 2019

	Note	£	2019 £	£	2018 £
<b>Fixed assets:</b>					
Tangible assets	10		<b>396,397</b>		378,010
			<u>396,397</u>		<u>378,010</u>
<b>Current assets:</b>					
Debtors	11	51,336		66,697	
Cash at bank and in hand		<b>307,087</b>		326,992	
			<u>358,423</u>	<u>393,689</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	12	<b>(200,732)</b>		(208,609)	
			<u>157,691</u>	<u>185,080</u>	
<b>Net current assets</b>					
			<u>554,088</u>	<u>563,090</u>	
<b>Total assets less current liabilities</b>					
Creditors: amounts falling due after one year	14		<b>(127,534)</b>		(153,126)
<b>Total net assets</b>	16		<u><b>426,554</b></u>		<u>409,964</u>
<b>The funds of the charity:</b>	17				
Restricted income funds			<b>284,813</b>		305,783
Unrestricted income funds:					
Designated funds		111,584		72,227	
General funds					
Excluding long term pension liability		<b>157,691</b>		185,080	
Long term pension liability		<b>(127,534)</b>		(153,126)	
General funds including long term pension liability		<u><b>30,157</b></u>		<u>31,954</u>	
Total unrestricted funds			<u>141,741</u>		<u>104,181</u>
<b>Total charity funds</b>			<u><b>426,554</b></u>		<u>409,964</u>

Approved by the trustees on 30 October 2019 and signed on their behalf by

Chris Beal  
Chair

## Mind In Tower Hamlets and Newham

### Statement of cash flows

For the year ended 31 March 2019

	Note	2019		2018	
		£	£	£	£
Cash flows from operating activities	18				
Net cashflow generated from/(used in) operating activities			22,794		154,262
Cash flows from investing activities:					
Dividends, interest and rents from investments		283		190	
Purchase of fixed assets		(54,761)		(13,694)	
Proceeds from sale of fixed assets		11,779		-	
Net cash used in investing activities			<u>(42,699)</u>		<u>(13,504)</u>
Change in cash and cash equivalents in the year			(19,905)		140,758
Cash and cash equivalents at the beginning of the year			<u>326,992</u>		<u>186,234</u>
Cash and cash equivalents at the end of the year			<u><u>307,087</u></u>		<u><u>326,992</u></u>

**1 Accounting policies**

**a) Statutory information**

Mind in Tower Hamlets and Newham is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is Open House, 13 Whitehorn Street, London, E3 4DA.

**b) Basis of preparation**

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) (September 2015) and the Companies Act 2006.

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

**c) Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees, with the support from management, have worked on new service developments to sustain the charity for the future and build up reserves. This has resulted in the charity realising an operating surplus in the current year, instead of deficits recognised in the last few years, resulting in an increase in the level of unrestricted funds. However, the trustees acknowledge that the current level of reserves remains below the target level per the charity's reserves policy. The trustees remain focused on maintaining the medium term financial sustainability of the charity, including through ensuring that operating costs remain within budget limits.

The trustees review the budgets, forecasts, cash flow projections and risk associated with forecast income streams while considering the going concern assumption. Following this review, and noting that the charity does not have any financial borrowings, the trustees consider that there are no other material uncertainties about the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Recognition of income takes place in accordance with applicable accounting policies and results are presented in accordance with SORP & FRS 102. All incoming resources are included in the Statement of Financial Activities when there is entitlement to receive them, it is probable that the income will be received and that the amount can be measured reliably.

Grants and donations are recorded in the period in which they are received or the Charity is entitled to the income. Any donations tied to a particular purpose are credited to restricted reserves.

Income from revenue grants and other grants are credited to the Statement of Financial Activities when received or receivable. Where unconditional entitlement to grants receivable is dependent on fulfilment of conditions within the Charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Contractual income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

**f) Gifts and services in kind**

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In the case of donated fixed assets, a designated fund is created reflecting the book value of the asset, which is then reduced over the useful economic life of the asset in line with its depreciation.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

The value of services provided by general volunteers has not been included in the Statement of Financial Activities.

**g) Interest receivable**

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

**h) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted general funds are donations and other incoming resources received or generated for the charitable purposes. The General fund has to provide for the net deficit of any activities that have inadequate income of their own and for the central operating costs of the charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

**1 Accounting policies (continued)****i) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Resources expended include attributable VAT which cannot be recovered as Mind In Tower Hamlets and Newham is not currently VAT registered. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs associated with delivering the main objectives of the charity and include both the direct cost and support cost relating to these activities.
- Support costs are those costs incurred which are not directly an output of the charitable activity.
- Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

**j) Allocation of support costs**

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the basis of the total direct project's cost.

**k) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Long leasehold premises 45 years
- Furniture & equipment 25% on cost
- Computer equipment 25% on cost
- Motor vehicle 25% on cost

**l) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**m) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**n) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of 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.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**o) Pensions**

The charity operates two pension schemes, the first being a multi – employer pension scheme on behalf of its staff. It is not possible to separately identify the assets and liabilities of participating employers on a consistent and reasonable basis.

The charity has recognised its committed liability for past service deficits for this scheme and these are noted as a liability on the balance sheet and as a long term pension liability reserve. This scheme is now closed to new members.

The second is a defined contribution scheme with Aviva, where the charity has no liability other than to pay the defined contributions as they fall due.

**2 Income from donations and legacies**

	Unrestricted £	Restricted £	2019 total Total £	Unrestricted £	Restricted £	2018 Total £
Donations and fundraising	48,175	–	48,175	14,331	–	14,331
Membership subscriptions	40	–	40	38	–	38
	<u>48,215</u>	<u>–</u>	<u>48,215</u>	<u>14,369</u>	<u>–</u>	<u>14,369</u>

## 3 Income from charitable activities

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
London Borough of Tower Hamlets	55,269	-	55,269	110,539	-	110,539
Heritage – Inspire Consortium	459,968	-	459,968	459,968	-	459,968
London Borough of Newham	52,466	-	52,466	48,336	-	48,336
Prince's Trust	20,000	-	20,000	11,424	-	11,424
East London NHS Foundation – Talking Therapies	149,657	-	149,657	-	-	-
Providence Row	25,989	-	25,989	24,269	-	24,269
Other income from support services projects	62,225	-	62,225	47,109	-	47,109
<b>a) Sub-total for support services</b>	<b>825,574</b>	<b>-</b>	<b>825,574</b>	<b>701,645</b>	<b>-</b>	<b>701,645</b>
Henry Smith	-	47,175	47,175	-	47,125	47,125
Big Lottery – LEAP	-	73,492	73,492	-	62,713	62,713
Other income from community projects	8,160	-	8,160	16,054	-	16,054
<b>b) Sub-total for Community Projects</b>	<b>8,160</b>	<b>120,667</b>	<b>128,827</b>	<b>16,054</b>	<b>109,838</b>	<b>125,892</b>
East London Foundation trust	31,620	-	31,620	28,181	-	28,181
LB of Tower Hamlets IMHA	206,488	-	206,488	215,183	-	215,183
London borough of Havering – Havering Advocacy	115,408	-	115,408	-	-	-
Community Barnet	40,000	-	40,000	40,000	-	40,000
<b>c) Sub-total for advocacy projects</b>	<b>393,516</b>	<b>-</b>	<b>393,516</b>	<b>283,364</b>	<b>-</b>	<b>283,364</b>
London Borough of Tower Hamlets – Upskills	-	69,168	69,168	-	69,168	69,168
London Borough of Tower Hamlets – Coping with life	-	30,600	30,600	-	30,600	30,600
NHS Newham CCG – IPS Newham NHS England	62,908	-	62,908	-	-	-
East London NHS Foundation – IAPT Employment	108,450	-	108,450	-	-	-
Other – IPS Newham (Centre for mental health) £3k	3,282	-	3,282	-	-	-
<b>d) Sub-total for Employment, advice and information</b>	<b>174,640</b>	<b>99,768</b>	<b>274,408</b>	<b>-</b>	<b>99,768</b>	<b>99,768</b>
<b>Total income from charitable activities</b>	<b>1,401,890</b>	<b>220,435</b>	<b>1,622,325</b>	<b>1,001,063</b>	<b>209,606</b>	<b>1,210,669</b>

## 4a Analysis of expenditure (current year)

	Charitable activities					Governance costs £	2019 Total £	2018 Total £
	Support services £	Community Projects £	Advocacy Projects £	Employment, advice & information £	Support costs £			
Staff costs (Note 6)	447,351	82,499	279,063	139,281	152,713	-	<b>1,100,907</b>	735,758
Direct costs	195,441	5,382	38,287	60,256	8,436	-	<b>307,802</b>	261,152
Premises costs	9,086	2,296	1,583	-	19,736	-	<b>32,701</b>	22,553
Office and supplies costs	11,100	2,156	13,291	1,443	94,047	-	<b>122,037</b>	104,413
Depreciation	2,475	1,058	2,486	1,617	28,738	-	<b>36,374</b>	34,014
Consultancy	6,268	12,302	31,833	-	22,388	-	<b>72,791</b>	64,774
Audit remuneration	-	-	-	-	-	12,600	<b>12,600</b>	15,376
	<b>671,721</b>	<b>105,693</b>	<b>366,543</b>	<b>202,597</b>	<b>326,058</b>	<b>12,600</b>	<b>1,685,212</b>	<b>1,238,040</b>
Support costs	162,652	25,593	88,756	49,057	(326,058)	-	-	-
Governance costs	6,285	989	3,430	1,896	-	(12,600)	-	-
<b>Total expenditure 2019</b>	<b>840,658</b>	<b>132,275</b>	<b>458,729</b>	<b>253,550</b>	<b>-</b>	<b>-</b>	<b>1,685,212</b>	<b>-</b>
Total expenditure 2018	<b>718,187</b>	<b>109,749</b>	<b>306,379</b>	<b>103,725</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,238,040</b>

## 4b Analysis of expenditure (Prior year)

	Charitable activities				Support costs £	Governance costs £	2018 Total £
	Support Services £	Community Project £	Advocacy Project £	Employment, advice & information £			
Staff costs (Note 6)	346,190	64,297	166,332	35,772	123,167	-	735,758
Direct costs	186,963	5,037	22,643	43,143	3,366	-	261,152
Premises costs	3,368	381	-	-	18,804	-	22,553
Office and supplies costs	8,078	4,646	14,448	17	77,224	-	104,413
Depreciation	-	208	-	-	33,806	-	34,014
Consultancy	1,923	8,947	29,724	-	24,180	-	64,774
Audit remuneration	-	-	-	-	-	15,376	15,376
	546,522	83,516	233,147	78,932	280,547	15,376	1,238,040
Support costs	162,745	24,870	69,427	23,505	(280,547)	-	-
Governance costs	8,920	1,363	3,805	1,288	-	(15,376)	-
<b>Total expenditure 2018</b>	<b>718,187</b>	<b>109,749</b>	<b>306,379</b>	<b>103,725</b>	<b>-</b>	<b>-</b>	<b>1,238,040</b>

Notes to the financial statements

For the year ended 31 March 2019

**5 Net expenditure for the year**

This is stated after charging:

	2019 £	2018 £
Gain on disposal of fixed assets	11,779	–
Depreciation	36,374	34,015
Operating lease rentals:		
Photocopier	1,983	1,049
Auditors' remuneration (excluding VAT):		
under accrual from prior year	428	–
audit	9,425	9,200
	<u>9,425</u>	<u>9,200</u>

**6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel**

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	976,015	646,558
Social security costs	87,765	66,798
Employer's contribution to pension schemes	37,127	22,402
	<u>1,100,907</u>	<u>735,758</u>

1 employee earned (excluding national insurance) between £60,000 and £70,000 during the year and in 2018/19. No other employees earned more than £60,000 during the year.

The total employee benefits including pension contributions and national insurance of the key management personnel were £188,620 (2018: £163,238).

The charity trustees were not paid and did not receive any other benefits from employment with the charity in the year (2018 £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

There were no trustee expenses paid or reimbursed in the year (2018: £nil).

**7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2019 No.	2018 No.
Support Services	13	11
Community Project	4	5
Advocacy Project	11	5
Employment, advice & information	11	3
Support	3	3
Governance	1	1
	<u>43</u>	<u>28</u>

**8 Related party transactions**

There are no related party transactions to disclose (2018: none) other than those already disclosed in note 6. There were no donations received from any related party in 2019 (2018: none).

## Notes to the financial statements

For the year ended 31 March 2019

## 9 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

## 10 Tangible fixed assets

	Long leasehold premises £	Fixtures and equipment £	Computer equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At the start of the year	879,424	59,242	39,594	36,345	1,014,605
Disposals in the year	-	(14,343)	(18,000)	(36,345)	(68,688)
Additions in the year	2,854	7,049	44,858	-	54,761
At the end of the year	<b>882,278</b>	<b>51,948</b>	<b>66,452</b>	<b>-</b>	<b>1,000,678</b>
<b>Depreciation</b>					
At the start of the year	517,079	59,242	26,785	33,489	636,595
Disposal depreciation in the year	-	(14,343)	(18,000)	(36,345)	(68,688)
Charge for the year	20,970	641	11,907	2,856	36,374
At the end of the year	538,049	45,540	20,692	-	604,281
<b>Net book value</b>					
At the end of the year	<b>344,229</b>	<b>6,408</b>	<b>45,760</b>	<b>-</b>	<b>396,397</b>
At the start of the year	<b>362,345</b>	<b>-</b>	<b>12,809</b>	<b>2,856</b>	<b>378,010</b>

All of the above assets are used for charitable purposes.

## 11 Debtors

	2019 £	2018 £
Trade debtors	25,720	16,723
Prepayments	25,616	49,974
	<b>51,336</b>	<b>66,697</b>

## 12 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	29,609	51,249
Taxation and social security	24,430	15,302
Pension contributions creditor	3,353	517
Defined benefit pension liability (note 15)	25,592	22,644
Accruals	21,488	25,275
Deferred income (note 13)	96,260	93,622
	<b>200,732</b>	<b>208,609</b>

## Notes to the financial statements

For the year ended 31 March 2019

**13 Deferred income**

Deferred income totalling £96,260 represents funding received prior to the financial year end relating to services to be delivered in the period commencing 1 April 2019 from Henry Smith Charity of £11,799, £766 for the cycling project, £25,018 LEAP project, £14,199 Connector fund, £40,727 IPS NHS England, £750 Centre for Mental Health and a provision of £3,000 for the Havering DOLS invoices raised in March 2019.

	2019 £	2018 £
Balance at the beginning of the year	93,622	16,642
Amount released to income in the year	(93,622)	(16,642)
Amount deferred in the year	96,260	93,622
	<u>96,260</u>	<u>93,622</u>
Balance at the end of the year	<u>96,260</u>	<u>93,622</u>

**14 Creditors: amounts falling due after one year**

	2019 £	2018 £
Defined benefit pension liability	127,534	153,126
	<u>127,534</u>	<u>153,126</u>

The Pensions Trust advised in the last triennial valuation that MITHN are required to make annual contributions of £25,592 from April 2019 (2018: £22,644 from April 2018) with further payments set out in note 15 until August 2025, giving MITHN a total liability of £153,126 (2018: £175,770) of which £127,534 (2018: £153,126) is payable after one year.

**15 Pension schemes****SCHEME: TPT Retirement Solutions – The Growth Plan**

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

## 15 Pension schemes (continued)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2016 to 30 September 2025:		£12,945,440 per annum	(payable monthly and increasing by 3% each year on 1st April)
From 1 April 2016 to 30 September 2028:		£54,560 per annum	(payable monthly and increasing by 3% each year on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**PRESENT VALUES OF PROVISION**

	31 March 2019 (£000s)	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision (discounted)	154	176	198	209

**RECONCILIATION OF OPENING AND CLOSING PROVISIONS**

	Period Ending 31 March 2019 (£000s)	Period Ending 31 March 2018 (£000s)
Provision at start of period	176	198
Unwinding of the discount factor (interest expense)	3	3
Deficit contribution paid	(23)	(22)
Remeasurements – impact of any change in assumptions	1	(3)
Remeasurements – amendments to the contribution schedule	(3)	–
Provision at end of period	<u>154</u>	<u>176</u>

**INCOME AND EXPENDITURE IMPACT**

	Period Ending 31 March 2019 (£000s)	Period Ending 31 March 2018 (£000s)
Interest expense	3	3
Remeasurements – impact of any change in assumptions	1	(3)
Remeasurements – amendments to the contribution schedule	(3)	–
Contributions paid in respect of future service*	–	–
Costs recognised in income and expenditure account	<u>1</u>	<u>–</u>

\*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

## Notes to the financial statements

For the year ended 31 March 2019

## 15 Pension schemes (continued)

	31 March 2019 % per	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.39	1.71	1.32	2.07

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

**SCHEME: TPT Retirement Solutions – The Growth Plan**

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

**DEFICIT CONTRIBUTIONS SCHEDULE**

The non-discounted payments will be:

Year ending	31 March 2019 (£000s)	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Year 1	26	23	22	21
Year 2	26	23	23	22
Year 3	27	24	23	23
Year 4	28	25	24	23
Year 5	29	25	25	24
Year 6	25	26	25	25
Year 7	-	27	26	25
Year 8	-	14	27	26
Year 9	-	-	14	27
Year 10	-	-	-	14
	<u>161</u>	<u>187</u>	<u>209</u>	<u>230</u>

## 16a Analysis of net assets between funds (current year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	111,584	284,813	396,397
Net current assets	157,691	-	-	157,691
Long term liabilities	(127,534)	-	-	(127,534)
<b>Net assets at the end of the year</b>	<u>30,157</u>	<u>111,584</u>	<u>284,813</u>	<u>426,554</u>

## 16b Analysis of net assets between funds (prior year)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	72,227	305,783	378,010
Net current assets	185,080	-	-	185,080
Long term liabilities	(153,126)	-	-	(153,126)
<b>Net assets at the end of the year</b>	<u>31,954</u>	<u>72,227</u>	<u>305,783</u>	<u>409,964</u>

## 17a Movements in funds (current year)

	At the start of the year £	Income and gains £	Expenditure and losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Henry Smith	-	47,175	(47,175)	-	-
Big Lottery – LEAP	-	73,492	(73,492)	-	-
LBTH – Upskills	-	69,168	(69,168)	-	-
LBTH – Coping with life	-	30,600	(30,600)	-	-
Building fund	305,783	-	(20,970)	-	284,813
<b>Total restricted funds</b>	<b>305,783</b>	<b>220,435</b>	<b>(241,405)</b>	<b>-</b>	<b>284,813</b>
<b>Unrestricted funds:</b>					
Designated funds:					
Fixed asset funds	72,227	54,761	(15,404)	-	111,584
Total designated funds	72,227	54,761	(15,404)	-	111,584
<b>General funds</b>					
Excluding long term pension liability	185,080	1,426,606	(1,428,403)	(25,592)	157,691
Long term pension liability	(153,126)	-	-	25,592	(127,534)
Total general funds	31,954	1,426,606	(1,428,403)	-	30,157
<b>Total unrestricted funds</b>	<b>104,181</b>	<b>1,481,367</b>	<b>(1,443,807)</b>	<b>-</b>	<b>141,741</b>
<b>Total funds</b>	<b>409,964</b>	<b>1,701,802</b>	<b>(1,685,212)</b>	<b>-</b>	<b>426,554</b>

## 17b Movements in funds (prior year)

	At the start of the year £	Income and gains £	Expenditure and losses £	Transfers £	At the end of the year £
<b>Restricted funds:</b>					
Henry Smith	-	47,125	(47,125)	-	-
Big Lottery – LEAP	-	62,713	(62,713)	-	-
LBTH – Upskills	-	69,168	(69,168)	-	-
LBTH – Coping with life	-	30,600	(30,600)	-	-
Building fund	325,326	-	(19,543)	-	305,783
Equipment grant	600	-	(600)	-	-
<b>Total restricted funds</b>	<b>325,926</b>	<b>209,606</b>	<b>(229,749)</b>	<b>-</b>	<b>305,783</b>
<b>Unrestricted funds:</b>					
Designated funds:					
Staff contingency fund	5,334	-	(5,334)	-	-
Fixed asset funds	72,405	13,693	(14,472)	601	72,227
Total designated funds	77,739	13,693	(19,806)	601	72,227
<b>General funds</b>					
Excluding long term pension liability	183,284	1,013,526	(1,011,129)	(601)	185,080
Long term pension liability	(175,770)	-	22,644	-	(153,126)
Total general funds	7,514	1,013,526	(988,485)	(601)	31,954
<b>Total unrestricted funds</b>	<b>85,253</b>	<b>1,027,219</b>	<b>(1,008,291)</b>	<b>-</b>	<b>104,181</b>
<b>Total funds</b>	<b>411,179</b>	<b>1,236,825</b>	<b>(1,238,040)</b>	<b>-</b>	<b>409,964</b>

## Notes to the financial statements

For the year ended 31 March 2019

**Purposes of restricted funds**

Henry Smith – This is funding the Newham Community Engagement Service, offers a range of services and activities to promote recovery and wellbeing to beneficiaries residing in Newham. The team provides one to one support, group support, and access to Coping with Life training and workshops. Of the funding £35k of the expenditure be spent on direct costs i.e. salaries and wages, with £7k spent on management charges and £5k be spent on other cost i.e. office cost.

Big Lottery is funding the LEAP project, this programme offers Peer Leader Training opportunities as well as establishing a wide range of Peer Led groups across Tower Hamlets, Newham and Redbridge. from the funding £45k of the annual budget is spent on salaries and £15k is spent on the capacity review of the organisation.

LBTH funds the Upskill project, this service promotes access to work and supports people into training, work experience and work placements. £39k of the funding is paid to our partner working well trust and the balance on salaries and wages.

LBTH funds Coping with life a programme designed to provide beneficiaries with a clear understanding of their mental health and to building their resilience. All funding goes on direct costs, i.e salaries and wages.

Building fund – the balance above represents the long leasehold premises purchased by a restricted capital grant.

Equipment grant – Coffee vans funds used in 2017/18.

**Purposes of designated funds**

Staff contingency funds include additional staff costs that could occur in the year i.e maternity cover etc.

Fixed assets funds represents the net book value of the tangible fixed assets acquired using unrestricted funds.

**18 Reconciliation of net expenditure to net cash flow from operating activities**

	2019	2018
	£	£
<b>Net Income / (expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>16,590</b>	<b>(1,215)</b>
Depreciation charges	36,374	34,015
Dividends, interest and rent from investments	(283)	(190)
Decrease in debtors	15,361	15,642
Decrease in creditors	(33,469)	106,010
Profit on sale of fixed assets	(11,779)	–
	<u>22,794</u>	<u>154,262</u>
<b>Net cash generated from / (used in) operating activities</b>	<b>22,794</b>	<b>154,262</b>

**19 Operating lease commitments**

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Equipment	
	2019	2018
	£	£
Less than one year	1,983	1,049
One to five years	3,966	3,570
	<u>5,949</u>	<u>4,619</u>

**20 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.