



Together annual report and accounts

2005-6

haysmacintyre
Chartered accountants and registered auditors

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Legal and administrative information

Charity name	Together: Working for Wellbeing
Charity registration number	211091
Company registration number	463505
Registered office	1 st Floor, Lincoln House 296–302 High Holborn London WC1V 7JH
Trustees	
Julia Ross	Chair
Richard Kirby	Honorary Treasurer
Stuart Aaron, MBE	
Dr David Abrahamson, DPM FRCPsych FRCPI	Until 26 October 2005
Dr David Cohen FRSM	
Mary Hancock BA	
Dr Andy Kent	
Albert Larmie MSc RMN DipHSM DipPM	
Mark Nicholls	
Dr William Obomanu	
David Rimington	
Mark Vincent BSc MA RMN RGN CertEd RNT	
Edward Weiss	
Anneke Westra	
Sue Young	
Company Secretary	
Gil Hitchon	
Corporate Management Team	
Gil Hitchon	Chief Executive
Fred Moore	Director of Finance and Central Support Services
Tina Nash	Director of Human Resources (jobshare) – until 7 April 2006
Norma Clayton	Director of Human Resources (jobshare)
Anne Beales	Director of Service-user Involvement
John McKelvie	Director of South Region
Liz Garrod	Director of London and East Region
Geraldine Mahon	Director of Midlands and North Region – until 25 November 2005
Helen Murray-Sharpe	Director of Midlands and North Region – from 3 April 2006
Auditors	
haysmacintyre, Fairfax House, 15 Fulwood Place, London WC1V 6AY	
Bankers	
National Westminster bank Plc (RBS), 20 Dean Street, London W1A 1SX	
Solicitors	
Speechly Bircham, 6 St Andrews Street, London EC4A 3LX	

Trustees' report

Structure, governance and management

Governing document

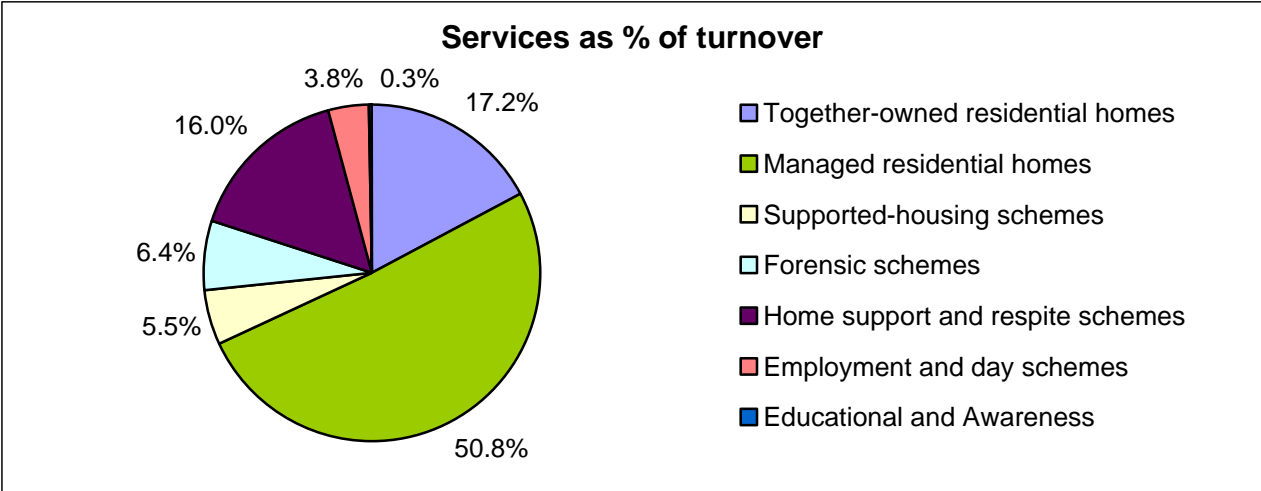
The organisation was founded in 1879 and has been incorporated since 1949 as a company limited under guarantee not having any share capital. It is registered in England, registered company number 463505. It is also a registered charity (registered charity number 211091) and operates under the Companies Act 1985 and the Charities Acts 1992 and 1993.

The governing documents of the organisation are its Memorandum of Association and Articles of Association.

On 19 July 2005, the organisation formally changed its name from *Maca (The Mental After Care Association)* to *Together: Working for Wellbeing* (hereafter referred to as *Together* in this report), making a number of changes to its Memorandum and Articles of Association. It currently operates throughout England.

Our major activities

Our major focus is the provision of support services for people with mental health needs, many of them enduring and/or complex. The chart below shows the volume of the different types of service we provide based on turnover. Over the past year we have helped more than 3,500 people through these services.



Recruitment and appointment of Trustees

The Directors of the company are also charity Trustees for the purposes of charity law.

Trustees are recruited through national advertising and shortlisted candidates are formally interviewed by the Chair, Chief Executive and Trustees with expertise related to the vacancies under consideration. Suitable candidates are then recommended to the Trustees with a view to co-option, pending formal recommendation for election by members at the next Annual General Meeting (AGM).

Up to 20 Trustees may be appointed and the aim is to retain an appropriate balance of skills given the diverse nature of the organisation's work. There is no time limit to the period for which an individual Trustee may serve in total, but at

each AGM one-third of Trustees must stand for re-election (the particular individuals required to stand being determined by the date of their last election).

At the AGM for 2004-5, the following Trustees were eligible for election: Dr David Abrahamson, Mrs Julia Ross, Mr Mark Nichols, Ms Sue Young and Dr William Obomanu. Of these, Dr David Abrahamson retired and the others were elected.

Details of the current Trustees and their expertise can be found on our website, www.together-uk.org.

Trustee induction and training

All new Trustees are provided with an induction pack that comprises all the formal documents relating to the governance of Together, along with relevant Charity Commission publications and other guidance. They are also directed to formal training courses that are designed to meet the needs of new Trustees, and provided with support from an experienced Trustee during their early months in office. The process is kept under regular review.

Trustees are kept updated on current good practice, formal guidance and training opportunities through regular mailings from Together's Human Resources Directorate.

Risk management

A risk register was established some years ago and is reviewed by Trustees at least annually. For the year in question, Trustees conducted a review of all the major risks to which the charity is exposed, and approved the processes in place for their mitigation. In particular, it noted the need to change two risk evaluations for the coming year: one relating to potential damage to reputation or name, and the other related to sector issues.

The former concerns a tragic killing of a resident in one of our registered care homes. An internal review of policies, procedures and practices at the home has indicated that there were no significant shortcomings (although these will also be subject to a multi-agency review) but, as the case is still *sub judice*, Trustees believe it best to continue to monitor the situation regularly until responsibility for the death is determined by the courts.

The second factor relates to the financial difficulties being experienced by a number of NHS Trusts (who are major purchasers of our services) coupled with the fundamental reorganisation of commissioning arrangements that the NHS is undergoing. Although both issues affect all providers in the sector, Trustees deemed it prudent to monitor closely the impact on Together over the next few years.

Organisational structure

Trustees meet six times a year. In addition there is a Care Standards Committee and a Finance and Audit Committee, comprising Trustees with relevant expertise. Both of these meet quarterly, have delegated authority from the full Trustee group and report back to full Trustee meetings regularly.

The Chief Executive reports to the Trustees and is supported by a group of senior managers who comprise the Corporate Management Team. These are:

- Director of Finance and Central Support Services
- Director of Human Resources
- Director of Service-user Involvement

- Director of South Region
- Director of London and East Region
- Director of Midlands and North Region.

The Trustees, through standing orders, have delegated most aspects of the day-to-day management of the organisation to the Corporate Management Team.

In addition, the Fundraising, Public Affairs and Communications/Marketing functions report directly to the Chief Executive.

This structure has functioned well for some years but, as the organisation continues to grow and diversify, it will need to be reviewed in the coming year.

Objective and activities

In July 2005, the organisation changed its name to Together: Working for Wellbeing. There were a number of drivers for this. One was the growing perception that our previous name – MACA (The Mental after Care Association) – was very dated and did not truly reflect the values and twenty-first-century context in which we operate. The second was the desire to restate our approach to supporting people in a way that reflected the potential of our service-users and their desire to be defined by the lives they aspire to, not the labels attached to them. The third was a desire to challenge stigma and discrimination by making it clear to the public at large that we are all susceptible to mental distress and our common desire for a sense of wellbeing. Finally, by choosing the word ‘together’ we are recognising the fact that we can achieve nothing alone: that only by working with others – individuals, communities and organisations – will we make our vision a reality.

The relaunch was the culmination of a consultation and development process that we had embarked on during the previous year. Although there were some initial anxieties about relinquishing a name that had served us well for over half a century, the new name and the way in which it has enabled us to address mental health issues in a more inclusive way have proved great assets.

In all these changes, we remain committed to the vision and values of our founder, the Reverend Henry Hawkins.

Together is established to ‘promote and assist in the relief of persons suffering, or at risk of suffering from mental ill-health of any description or in need of rehabilitation as a result of such a condition’.

Over time, our activities have diversified in pursuing these objectives and our current three-year strategic plan identifies seven major objectives:

- achieve greater engagement with people with mental health needs, inside and outside the organisation.
- achieve greater engagement with carers inside and outside the organisation
- achieve an engaged, positive, skilled and appropriately qualified workforce
- develop services that meet the needs of a diverse group of stakeholders
- develop a reputation for responsiveness, quality, efficiency and effectiveness in all our services and activities
- develop a profile as a leading, authoritative mental health charity
- develop diverse, renewable and secure funding streams.

Together operates to a three-year strategic cycle and the year under consideration represents the last year of the current cycle. As so many of our

strategic objectives relate to national mental health policy, determined by the Government, we have found that this represents the optimum timescale that can be projected, although in some aspects of activity, such as the acquisition of properties for the delivery of services, we work to a longer planning cycle.

The Trustees consider that, in addition to its direct service provision that represents the bulk of its activities, Together also has a duty to improve the life quality of service-users and carers generally, as well as challenging the historic stigma and prejudices that endure today, and to ensure that the service-user perspective informs our comments on national mental health policy and practice. We also campaign for improved legislation and commission practical research aimed at improving our knowledge and influencing our activities.

Over the past year we have engaged in the process of revisiting our basic values and the context in which services are provided, to improve our effectiveness in supporting people on their journey to recovery. To this end, we are developing a more socially focused, whole-person approach to our work, as opposed to the narrower medical model that still dominates the way that services are purchased and delivered. Our approach emphasises the need to take into account the perspectives of the person, their family and friends, and the community in which they live, as well as all staff involved in their support. This enables us to acknowledge the relevance of clinical interventions but locates these in a context of the social context and aspirations of the service-user.

There is anxiety about future commissioning and funding of services because the NHS is undergoing further reorganisation. Offsetting these factors to some degree are potentially positive initiatives such as those set out in the White Paper *Our Health, Our Care, Our Say* and the Green Paper *A New Deal for Welfare: Empowering People to Work*. The next three years will see considerable changes in the way in which we, along with our colleagues in the voluntary sector, develop. We are active members of the Mental Health Providers Forum as we see this as a potentially powerful way of ensuring the long-term wellbeing and impact of the voluntary-sector perspective.

What we have achieved with regard to these objectives is explained below.

Achievements and performance

Service-user involvement

In 2004, dissatisfied with the rate at which service-users were developing a national voice, both internally and externally, we took the decision to invest in a new Directorate designed to remedy this. Internally, under the leadership of Anne Beales as Director of Service-user Involvement, national and regional Steering Groups have been established, developing new ideas on how the organisation should adapt to the expectations of people who access our services. These link up with a Trustee who is also a service-user, Anneke Westra, ensuring that there is good communication in both directions.

The most significant development, however, has been the role played by Together in helping the emergence of a national movement of service-user networks. In March 2006, this culminated in Together, in partnership with the Mental Health Foundation, hosting a national conference for service-user networks. The key outcome of this was a mandate for us, in conjunction with other groups, to establish a national network of service-user networks that could express a collective perspective. Funding is being sought because we believe that we are supporting a movement whose time has come. Some have questioned what a 'service-providing' organisation is doing promoting this activity. The answer is simple: our charitable objects give us wide powers to improve the

position of our beneficiaries. In enhancing the voice of the service-user nationally, we will be fulfilling our charitable objects while providing ourselves with a deeper understanding of what our beneficiaries want by way of services. It is a way of ensuring our continuing relevance in years to come. The next year should see further exciting developments in this dynamic area of work.

In addition, the Directorate is promoting service-user perspectives through its role within the National Mental Health Partnership and the International Initiative for Mental Health Leadership.

Supporting Carers Better

Under the leadership of Phil Partridge, the Supporting Carers Better Network has gone from strength to strength. Funding has been achieved to develop a National Carers' Curriculum to offer carers the chance to acquire an accredited qualification but we realise that much more needs to be done to ensure that the families and friends of those who access our services (as well as the much wider group of people who care without proper support or recognition) have the information and help they need.

Recruiting, retaining and developing staff

The recruitment, retention and development of a skilled and committed workforce are crucially important.

We keep our conditions of service under regular review. Unfortunately, financial pressures have prevented major improvements in these although we have enhanced sick leave to some degree and taken on board the new 'work-life' balance measures expected by the Government. In addition to the defined benefit pension scheme, staff also have access to reduced-cost health insurance (through the Hospital Saturday Fund) and a confidential helpline and counselling service, Empathy.

The 'special awards' scheme provides a small financial reward to staff who successfully demonstrate that they have made a contribution to our work beyond the requirements of their job description, while the new 'Lead Roles' scheme gives individuals with expertise in specific aspects of our work some funding to develop these further and share their expertise throughout the organisation.

We continue to invest in our learning and development programme, both through training events targeted on specific skills needs and NVQs. These are highly valued activities by staff but they have to be developed in a climate where additional funding for training is hard to achieve.

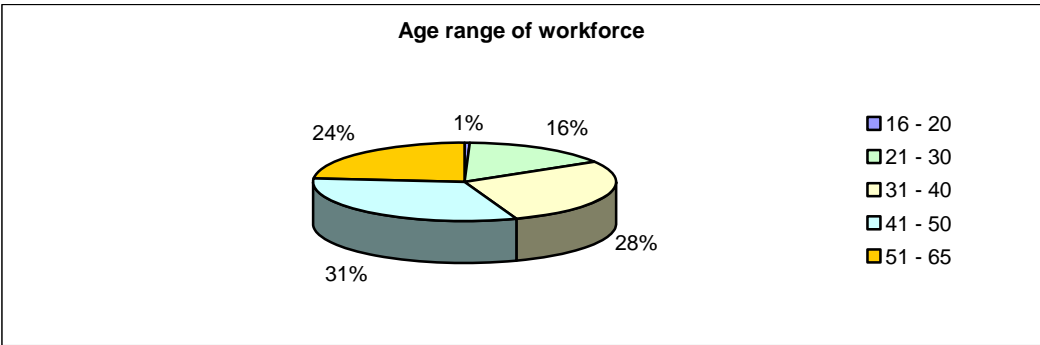
Recruitment and retention remain the major staffing challenge for us (and for others in the sector). Average turnover of staff within voluntary-sector providers is 25 per cent. We have tried a number of innovations designed to improve the situation by targeting recruitment in various ways, such as recruiting staff from Poland, and there are some signs that this is reaping rewards.

For example in the year in question, we had 143 staff starting in post and 90 staff left, giving a turnover rate of 15.3 per cent (an improvement from the 19 per cent turnover in the previous year).

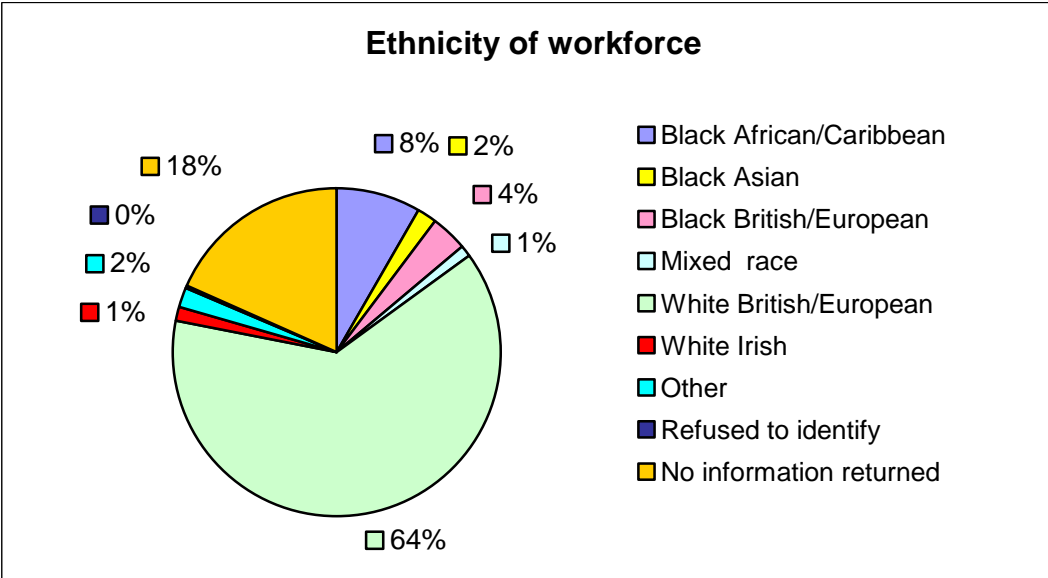
Of the 609 staff in post at the end of 2005-6, 453 were full-time and 156 were part-time. Women made up 68 per cent of the workforce (the same proportion as last year and 2 per cent higher than the sector average of 66 per cent).

Sickness absence has deteriorated slightly from the previous year, to 13.8 days per person (13 days in 2004-5).

The age breakdown as reported by staff is shown below.



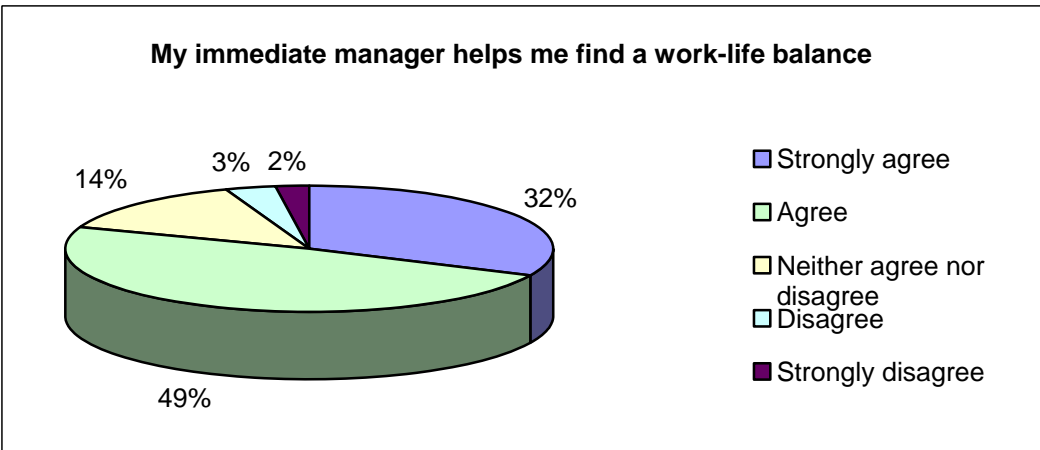
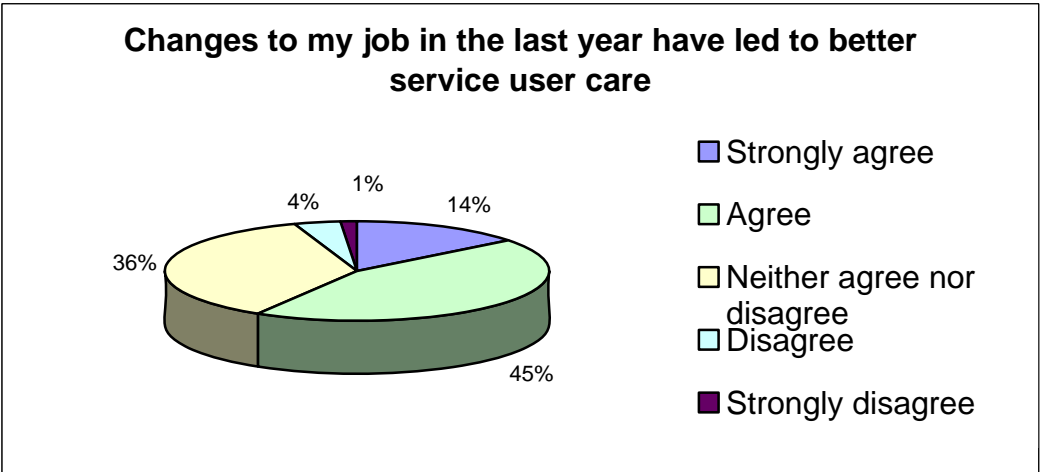
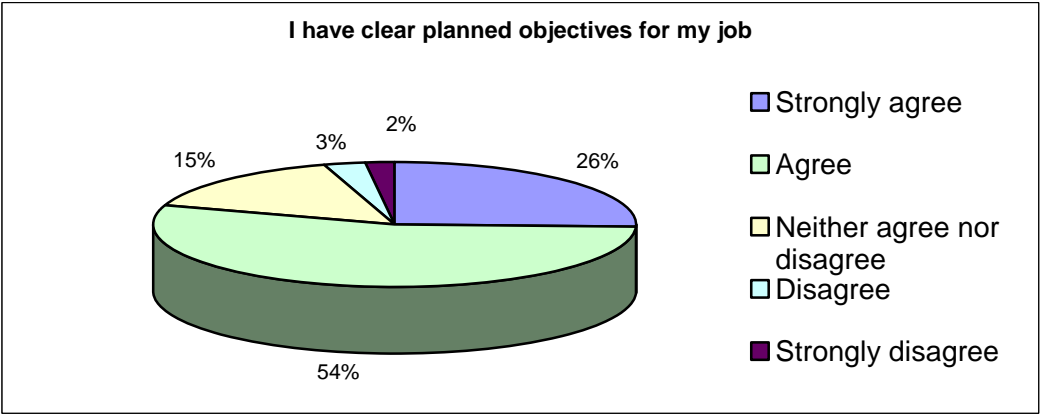
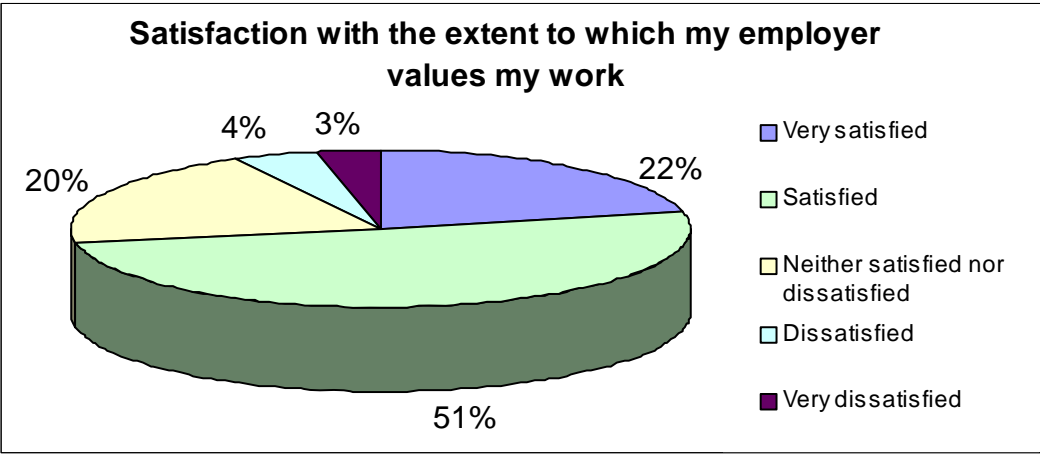
In terms of diversity, our workforce is made up of the following ethnic groups.

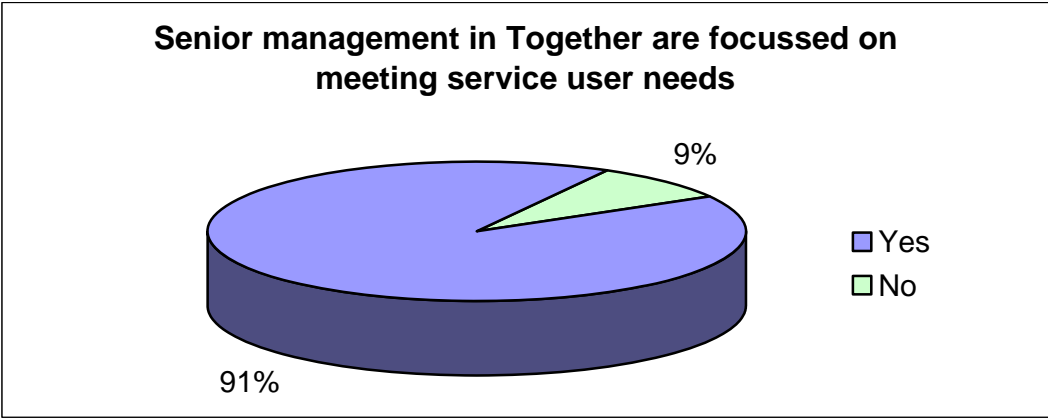


As members of the Mental Health Providers Forum, we have taken a leading role in exploring the feasibility of a recruitment agency and a website for all that can meet the recruitment needs of members more cost-effectively than at present. This piece of work should come to fruition during 2006-7.

The basic problem, however, remains across the whole of social care: in times of high employment, better remuneration packages are available in less stressful workplaces. Nationally the status of social care as a career needs to be better reflected in the salaries these demanding jobs attract.

Our new data collection system, Quality Performance Checks (based on the balanced scorecard), provides us with a wide range of subjective data from our workforce showing how they perceive their work with Together. Cumulatively their views build up a powerful picture of how we are performing from a staff perspective. Below is a selection of the views that have been expressed in our most recent survey. This has established a benchmark against which we can measure our improvement in future years.





All of this data can be broken down into regional measures, which provides us with a valuable tool by which we can assess and address our performance regionally and nationally.

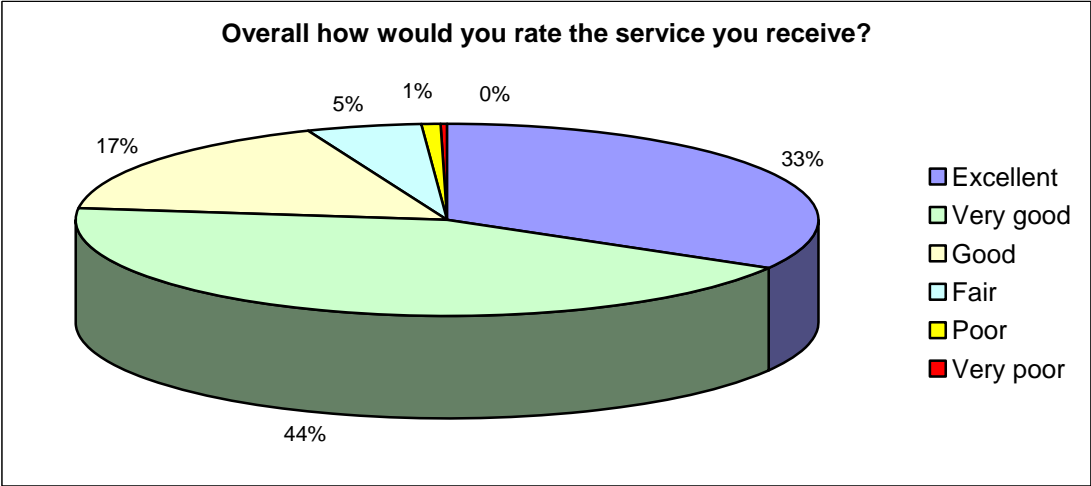
Delivering services and support

We deliver a wide range of services throughout England, including community support, registered care homes, social inclusion, employment and personal development services, resource centres, advocacy and forensic services. Details of each of these can be found on our website www.together-uk.org. Across all our services we have helped over 3,500 people in the past year.

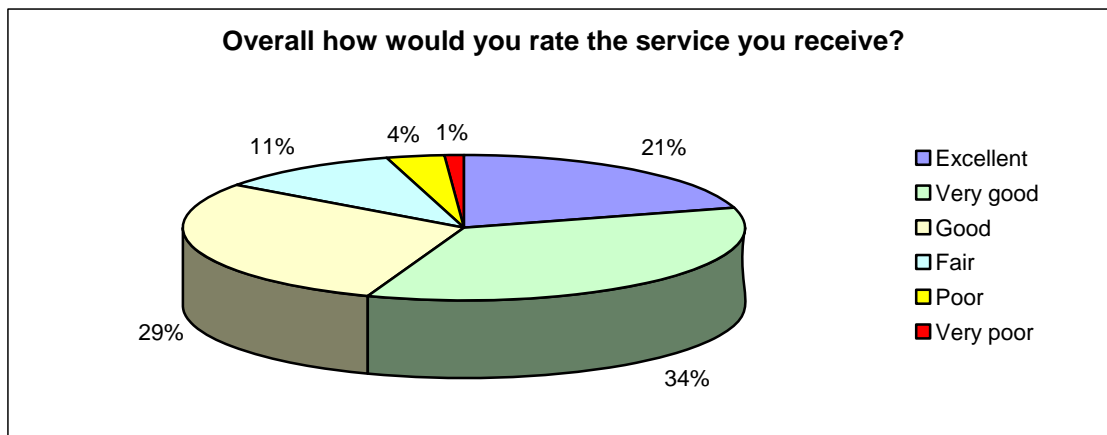
In all our services, we have at least two groups of stakeholders to satisfy: service-users and purchasers. The charts below show how service-users rate our services. Not every region provides the full portfolio of services, so what is shown below is simply a selection.

The financial allocation of funds to each type of service is shown on page 26 of this report.

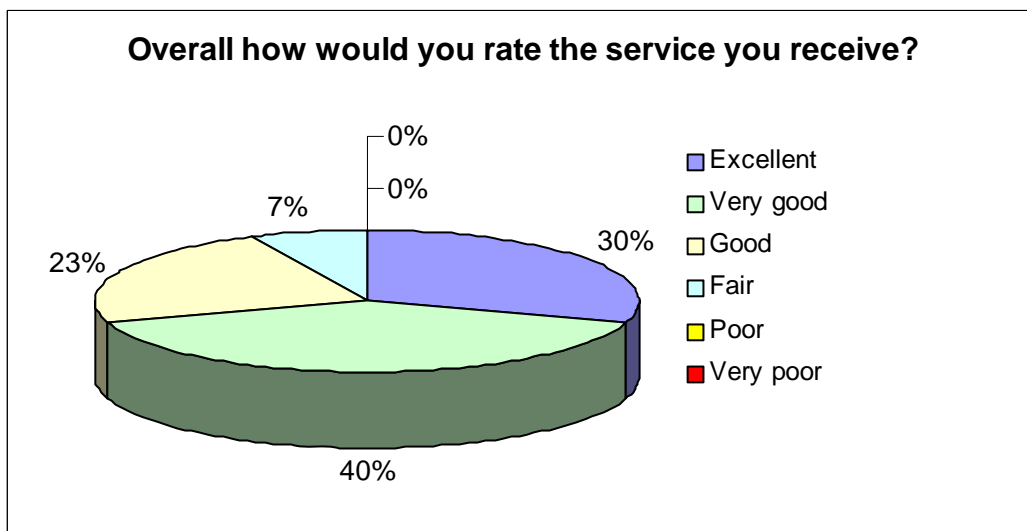
Community support services: service-user satisfaction – all regions



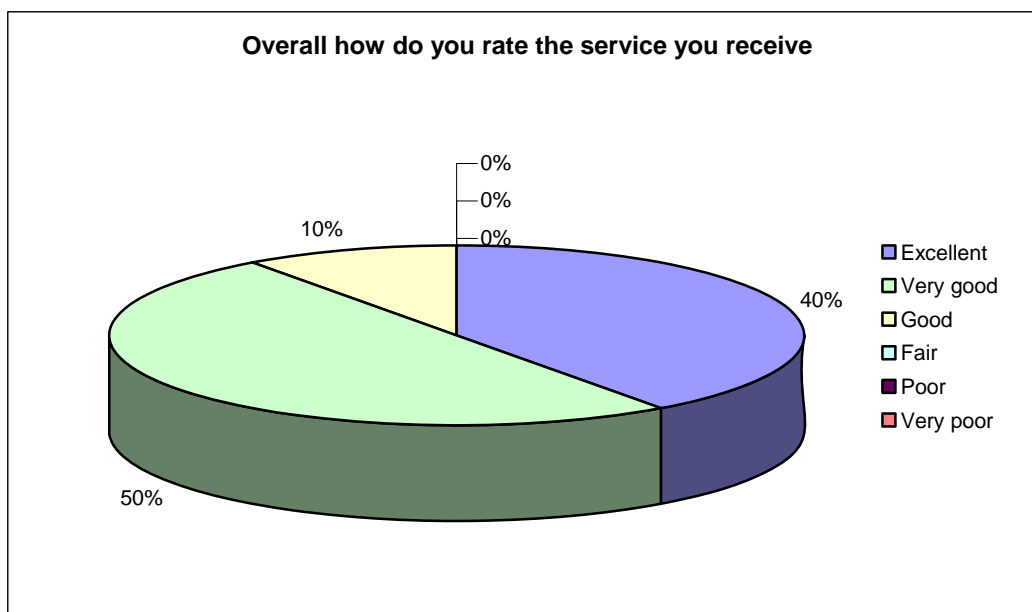
Registered care services: service-user satisfaction – South and London and East regions



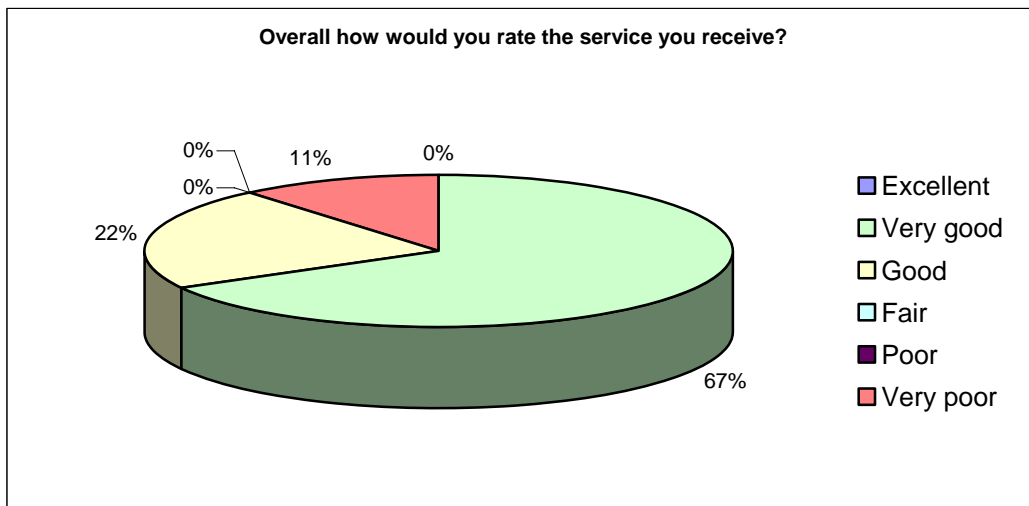
Employment services: service-user satisfaction – London and East region



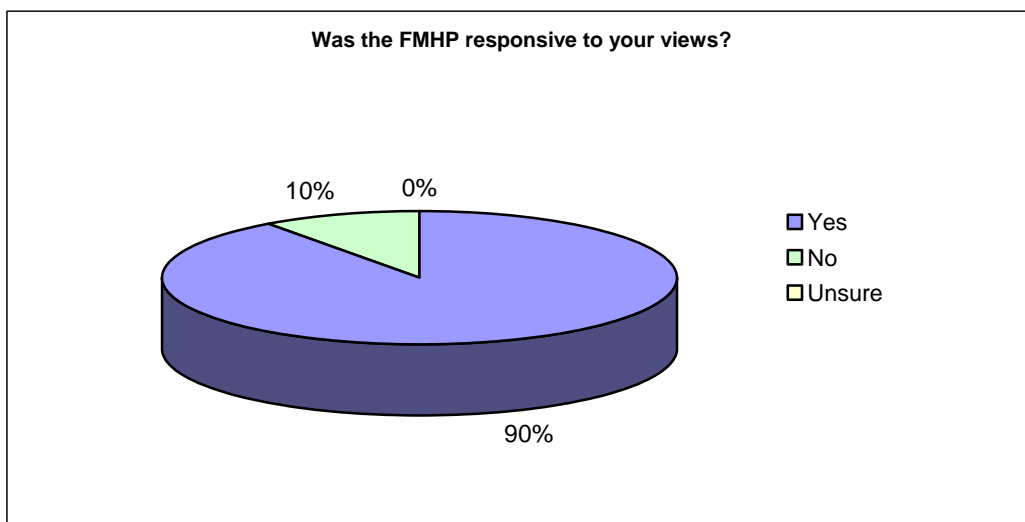
Personal development services: service-user satisfaction – London and East region



Advocacy services: service-user satisfaction – South region

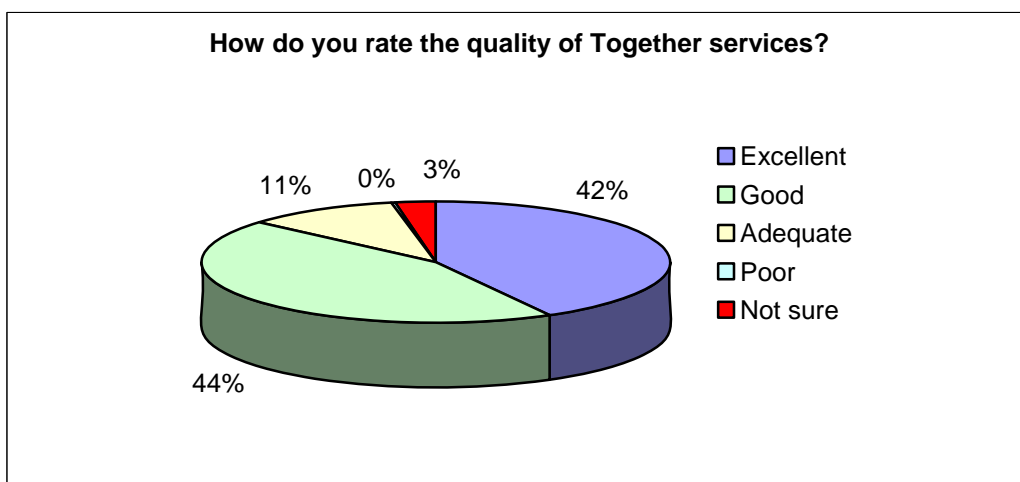


Forensic mental health practitioners: service-user satisfaction – London and East region



Purchaser perspectives

It is also important to understand the perspective of those agencies who purchase our services. Below is a selection of views for different types of service.



The data shown above (and similar data that we have collected about other aspects of our performance) provide us with an excellent opportunity to review our work going forward and to set improved measures where we are under-performing.

Service developments

A growing proportion of operational time (Regional Directors, Area Managers, Project Managers) is being taken up with re-tendering and prolonged negotiations with purchasers over the funding of current services, as well as reviews of service specifications and Supporting People reviews.

Most new business opportunities arise in one of two ways: by competitive tendering (and re-tendering) or by being invited to expand on an existing service. In either case, a considerable amount of time is spent developing proposals and budgets for the new service. Too often, after the work has been done, the commissioner changes their mind or realises that the service they want is not available within the budget they had envisaged. While it is widely accepted in both voluntary and statutory sectors that the quality of commissioning is a major weakness in the statutory sector, nothing has yet been done to remedy this, with the cost of those inefficiencies being carried by the voluntary sector.

The year has been one of some additions and some losses in our services. A number of services grew through additions to the existing facility – always a satisfactory measure of purchaser satisfaction.

One registered care home, in St Leonard's on Sea, has closed through inadequate funding and another, in Telford and Wrekin, has been transferred to another provider, after a tendering process in which we felt the budget available was inadequate for the service expected. Our forensic services in London were re-tendered and we are pleased to have retained them. New services involving TUPE transfers were acquired in Surrey (a high-support care home with nursing) and in Southwark (a day resource). We were particularly pleased to win the contract for the provision of an independent advocacy service in Broadmoor Hospital. This means that we now provide advocacy in all three special hospitals in England.

In terms of service-user groups, the rapid growth in the number of people being referred for complex or high-support services has been a notable feature. In some areas, such as Lambeth, this inevitably means we are providing services for largely black and minority ethnic communities by virtue of demography.

This has reinforced the correctness of the strategic decision to develop high-support residential services, particularly in the London area.

We work with many registered social landlords (RSLs) in delivering our range of housing-with-support services, but their strategies as general-needs housing providers are subject to different priorities than ours. This has led us to review our own approach to property acquisition. Where contracts have warranted it, we have added to our existing stock of properties through purchasing suitable buildings. But a review carried out by an independent consultant identified the need for a more strategic approach. This has led us to begin to explore a number of alternatives, including the possibility of acquiring RSL status for ourselves; forming a strategic relationship with a dedicated special-needs RSL; or seeking a relationship with a commercial developer. While working through this process, we will continue to invest in property where we see a genuine need for a property-based service coupled with a financially viable proposal.

Proposed mental health legislation

The Government has finally announced that it is not pursuing changes to mental health legislation in the way it had proposed – a tribute to the effectiveness of the Mental Health Alliance campaign in which we played a very active role – on the basis that on balance, it would be more prejudicial than helpful to our beneficiaries. The new proposal, to amend the existing Mental Health Act 1983, however poses some different concerns while dropping some of the more progressive proposals (such as access to advocacy) of the earlier draft. We will continue to work with our colleagues in the MHA to oppose those elements of the new proposals that we consider damaging to service-users.

Promoting wellbeing

In July 2005, to mark our new name and our commitment to the recovery journey, we organised a conference *Happiness: a wellbeing approach to transforming mental health services* with a range of eminent speakers including experts from New Zealand and Holland. The focus was on quality of life and subjective wellbeing and is being picked up inside the organisation across 2006 as we embed the concepts in our culture and practices. The aim is to relocate clinical concepts of mental distress within wider life issues (self, family and friends, community) to ensure that we work with the whole person, not simply a set of symptoms and a psychiatric label.

Wellbeing in the workplace

Continuing on the wellbeing theme, we commissioned some research into stress in the City, seeking the views of employers and employees working in London. The report will be formally launched later in 2006 with a service we are developing to help both parties work positively with this growing aspect of mental health.

Diversity in adversity

For our fifth annual Henry Hawkins lecture, we were fortunate to have Yasmin Kureshi, Human Rights Adviser to the Mayor of London, talking about the impact of the 7/7 bombings in London on the mental health of young Muslims and the stresses experienced by minority communities in general.

At a local level, our profile was raised further through the assiduous work of our Public Affairs team and local staff. By presenting the positive aspects of our work in a wide range of communities, extensive media coverage was achieved.

Financial Review

The Trustees are pleased to report that Together's financial position remains strong. During the last few years continued financial stability has enabled the organisation to perform and sustain our objects.

The surplus for the year before investment gains is £1,196,573 (2004-5: £455,574). Over the year, incoming resources saw growth of 8 per cent, and turnover of £21,529,912 (2004-5: £19,942,158).

The expenditure on charitable activities at £20,333,339 (2004-5: £19,486,584) shows an increase of 4.4 per cent, which is mainly covered by increased activity. Governance cost target is set at 0.5 per cent of total income. During the year governance cost was 0.17 per cent and (2004-5: 0.13 per cent).

The balance sheet remains strong with improvement in all major areas. Fixed assets increased to £6,127,221 from £3,044,887. The year to date shows a strong total funds position of £5,282,010 from £3,599,095 (re-stated).

Key performance indicators

	2006	2005	Target
Liquidity ratio	1.2	1.4	1.0
Current assets over current liabilities			
Growth (%)	8.0	5.4	6.0
Increased turnover over previous years			
Surplus ratio (%)	5.6	2.3	2.5
Net incoming resources over turnover			
Free reserves (weeks)	4.6	4.6	6.0
The number of weeks' undesignated expenditure is equivalent to turnover			

Detailed financial information can be found on pages 21 to 36.

Reserves

Financial reserves policy

Together's reserves policy aims to ensure that the organisation can maximise the value of its net income without incurring unnecessary risk.

The general reserves provide a degree of protection to Together to mitigate against changing financial circumstances, such as downturn in income or unscheduled additional expenditure. Over recent times, Together has been rebuilding its reserves after a significant investment in the restructuring of the organisation. The policy is reviewed in a strategic context annually, alongside annual budgets, aiming at establishing an appropriate level of general reserves to meet potential short- to medium-term needs.

General reserves (unrestricted)

At 31 March 2006 there was £1,774,534 free reserves (2004-5: £1,673,742). The Trustees have approved a policy for the organisation of having a free reserve of approximately six weeks' unrestricted expenditure at 2005-6 levels. Current levels are 4.6 weeks of unrestricted expenditure (2004-5: 4.6 weeks).

Together's strategy is aimed at bringing the surplus back in line with Trustees original objective of six weeks of unrestricted reserves.

Designated funds (unrestricted)

Designated funds of £2,296,025 are those unrestricted funds that are annually approved by Trustees for particular purposes. The breakdown of current designated funds is as follows.

Investment reserve of £401,325: reflects unrealised investment gain

Fixed assets of £1,610,356: reflects Together's resources invested in fixed assets which is not easily released unless assets are disposed of

Property Improvement Reserve of £79,825: set aside for the refurbishment of properties owned and managed where Together has responsibility. The fund designated is based on 5 to 10 per cent of net incoming resources for the year

Innovations Fund of £104,822: used for the piloting and evaluation of new types of services. The fund designated is based on 3 to 6 per cent of net incoming resources for the year

IT Fund of £96,994: earmarked for future investment in information and communications technology. The fund designated is based on 2 to 4 per cent of net incoming resources for the year

Kennedy Fund £1,186

Brewis Trust £1,517

Restricted and endowment funds

These funds can only be used for the purposes for which they were given. They represent unspent monies received from donors subject to conditions specified by them. These funds may arise because of restrictions on their use required by the donor at the time of receipt, or because the funds were collected in a public appeal to raise money for a particular purpose. Detailed analysis of the various restricted funds is set out in note 19.

Investments powers and performance

The Trustees, under the powers conferred to them by the Memorandum and Articles of Association 3b(k), appointed UBS Wealth (UK) Management formerly known as Laing and Cruickshank three years ago, and gave them discretionary powers. As a measure of performance, the rate of income return on investment was set at 4 to 5 per cent, and the capital return to be not less than the All Share Index. These targets are reviewed quarterly by the Finance and Audit Committee and annually with UBS Wealth Management (UK). The next review date with UBS Wealth Management is summer 2006.

The Trustees' aims in investing funds continue to be to:

- act as a reserve to protect core activities in the event of unforeseen income shortfalls
- support longer-term identifiable projects
- generate income to support core services not funded.

The Investment fund as at 31 March 2006 was £1,815,255, an increase of £239,728 (2004-5: £1,575,527). Interest and dividend income in the year amounted to £186,029 (2004-5: £181,632). The capital and income targets were both achieved at the year-end.

Portfolio structure

	2006	2005
	%	%
Equity	61	57
Fixed interest	32	40
Cash	7	3

Pensions

The accounts as presented include for the first time the full adoption of accounting standard FRS 17. In accordance with paragraph 355 of the SORP 2005, the pension surplus reported (FRS 17) has been added to the funds of the charity as at 31 March 2006.

Together's pension is a UK-based defined benefit scheme, providing benefits at retirement and on death-in-service. The pension surplus as at 31 March 2006 was £161,000, compared with a deficit of £375,000 as at 31 March 2005. The last tri-annual valuation report (1 April 2005) showed a small surplus of £90,000, however, the Trustees have implemented the advice of the actuaries and have increased the total contribution from 11.7 per cent to 16 per cent.

Financial control and monitoring

The Finance and Audit Committee monitors and reviews all aspects of financial performance, financial management reporting and internal financial control – including, in particular, the preparation and monitoring of revenue and capital budgets and quarterly managements accounts including key performance indicators. It also deals with such other matters as may be specifically delegated to it by Trustees.

Financial position

The Trustees consider that there are sufficient reserves held at the year-end to avoid an unacceptable level of disruption to the organisation in the event of a downturn in future income, and that there is a reasonable expectation that Together has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trustees continue to adopt the going-concern basis in preparing the accounts.

Plans for the future

At the beginning of 2006, Trustees approved a new three-year strategy, which builds on the work of the last three years.

The coming period will see considerable changes, both internally and externally.

The first major change will be our relocation to new offices in Old Street. The Trustees decided to purchase a property to house our national office and offer a permanent special events space for service-users and the local community, thereby ensuring that our central staff are fully part of the activities of the organisation. Financially, the outlay will be readily recouped and offers us a more economical national office in the long term. In addition, we will continue our policy of decentralising our support activities at an affordable rate, as we grow.

Other changes will be happening in our senior management team, after a period of considerable stability. Geraldine Mahon, Director of Midlands and North Region left us last November and has been replaced by Helen Murray-Sharpe. Tina Nash, our Director of Human Resources jobshare, left in April 2006 to relocate outside London, leaving Norma Clayton, her jobshare colleague to increase her hours. In August 2006 Fred Moore, our Director of Finance and Central Support Services for the past eight years, will be joining a larger provider organisation that is also an RSL. In October 2006 Gil Hitchon, Chief Executive for the past decade, will be retiring and a successor is currently being sought. While these changes will inevitably produce a period of uncertainty in the organisation, the commitment and expertise of the rest of the Corporate Management Team will ensure a smooth transition. And new opportunities will open up under a reshaped senior management team.

Externally, the major challenge will remain the reorganising of commissioning arrangements in the NHS and the opportunities it can offer us if the Government delivers its commitment to see voluntary-sector providers play a larger part in the delivery of mental health services.

The wellbeing agenda will also offer other opportunities and we feel particularly well placed to deliver to this, particularly with our commitment to (and growing reputation for) service-user involvement.

The range of services, and the way in which they are commissioned and delivered, will change significantly in the future. Together will seek to be in the forefront of innovation to meet the changing needs and expectations of our beneficiaries.

Trustees' responsibilities

Trustees' responsibilities include the preparation of financial statements each financial year that give a true and fair view of the state of affairs of Together and of the result for that period. The financial statement for 2005-6 can be found on pages 21 to 36.

In preparing this, the Trustees have taken due note of their responsibilities to:

- select suitable accounting policies and 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 financial terms
- prepare the financial statement on the going-concern basis.

The Trustees fully understand and comply with their responsibility for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of Together and enable it to ensure that the financial statements comply with the Companies Act 1985. They also acknowledge and comply with their responsibility for safeguarding the assets of Together and hence for taking reasonable steps for the prevention and detection of fraud and any other irregularities.

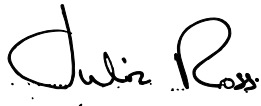
So far as each of the Trustees is aware at the time the report was approved:

- there is no relevant audit information of which the Trustees' auditors are unaware, and
- 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 (s.234 ZA (2)).

Appointment of Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that haysmacintyre be re-appointed as auditors of the company will be put to the AGM.

Signed by order of the Trustees

A handwritten signature in black ink, appearing to read "Julia Ross". The signature is written in a cursive, flowing style.

Julia Ross, Chair of Together
28 June 2006

Auditors' report

We have audited the financial statements of Together: Working for Wellbeing (formerly MACA – The Mental After Care Association) for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described in the Statement of Trustees' Responsibilities, the charity's Trustees 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). The Trustees are also directors of Together: Working for Wellbeing (formerly MACA – The Mental After Care Association) for the purposes of company law.

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 not consistent with the financial statements, if the charitable company 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 other transactions 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 audit opinion

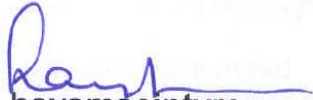
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that 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 state of the charitable company's affairs as at 31 March 2006 and of its incoming resources and application of resources in the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information included in the Trustees' Report is consistent with the financial statements.


haysmacintyre
Registered Auditors

**Fairfax House
15 Fulwood Place
London WC1V 6AY**

28 June 2006

Statement of financial activities
(Incorporating an income and expenditure account)
for the year ending 31 March 2006

	Notes	Unrestricted funds £	Restricted funds £	Total 2006 £	Re-stated Total 2005 £
Incoming resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Subscriptions, donations and legacies	8	187,650	929,543	1,117,193	331,096
Grant income	9	-	249,310	249,310	213,982
<i>Investment income</i>	11	186,029	-	186,029	181,632
Incoming resources from charitable activities					
Income from partnership ventures	10	12,386,504	-	12,386,504	11,419,273
Charges for accommodation & services	10	6,889,901	-	6,889,901	6,929,861
Other incoming resources	12	700,975	-	700,975	639,589
Gain on disposal of assets		-	-	-	226,725
Total incoming resources		20,351,059	1,178,853	21,529,912	19,942,158
Resources expended					
Cost of generating funds					
<i>Cost of generating voluntary income</i>	3	261,452	-	261,452	141,765
<i>Investment management cost</i>		2,548	-	2,548	4,418
Charitable activities	2	19,674,201	358,339	20,032,540	19,315,147
Governance costs	4	36,799	-	36,799	25,254
Total resources expended		19,975,000	358,339	20,333,339	19,486,584
Net incoming resources before other recognised gains and losses		376,059	820,514	1,196,573	455,574
Other recognised gains and losses					
Realised gains on investment		132,609	-	132,609	31,175
Unrealised investment gains		91,733	-	91,773	47,317
Net gains on investment assets	14	224,342	-	224,342	78,492
Actuarial gains/(losses) on defined benefit pension scheme	20	262,000	-	262,000	(93,000)
Net movement in funds		862,401	820,514	1,682,915	441,066
<i>Reconciliation of funds</i>					
Total funds brought forward as previously stated		3,744,158	229,937	3,974,095	3,355,029
Prior year adjustment	23	(375,000)	-	(375,000)	(197,000)
Total funds brought forward as re-stated		3,369,158	229,937	3,599,095	3,158,029
Total funds carried forward		4,231,559	1,050,451	5,282,010	3,599,095

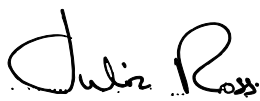
All income and expenditure is derived from continuing activities. The charity has no other recognised gains and losses other than the results for the above financial years.

Balance sheet

as at 31 March 2006

	Notes	2006		Re-stated 2005
		£	£	£
Fixed assets				
Tangible assets	13		4,311,966	1,469,360
Investments	14		1,815,255	1,575,527
			<u>6,127,221</u>	<u>3,044,887</u>
Current assets				
Debtors	15	1,004,927	825,349	
Cash at bank and in hand		2,822,820	3,223,117	
		<u>3,827,747</u>	<u>4,048,466</u>	
Creditors: Amounts falling due within one year	16	(3,267,375)	(2,885,798)	
Net current assets			560,372	1,162,668
Creditors: Amounts falling due after more than one year	17	(1,566,583)		(233,460)
Net assets excluding pension assets			5,121,010	3,974,095
Defined benefit pension scheme asset/ (liability)	20		161,000	(375,000)
Net assets			<u><u>5,282,010</u></u>	<u><u>3,599,095</u></u>
Funds				
Unrestricted funds				
Designated	18		2,296,025	2,070,416
General	18		1,774,534	1,673,742
			<u>4,070,559</u>	<u>3,744,158</u>
Unrestricted funds excluding pension reserve			4,070,559	3,744,158
Pension reserve	20		161,000	(375,000)
Restricted funds	19		1,050,451	229,937
			<u>5,282,010</u>	<u>3,599,095</u>
Total charity funds			<u><u>5,282,010</u></u>	<u><u>3,599,095</u></u>

Approved by the Council on 28 June 2006



JULIA ROSS
Chair



RICHARD KIRBY
Honorary Treasurer

Cash-flow statement

for the year ending 31 March 2006

	Notes	£	2006 £	£	Re-stated 2005 £												
Net cash inflow from operating activities	a		1,123,649		1,257,080												
Capital expenditure and financial investment																	
Purchase of tangible fixed assets		(3,005,103)		(185,966)													
Sale of tangible fixed asset		-		239,500													
Purchase of investments		(470,498)		(242,797)													
Sale of investments		455,112		206,274													
			<u>(3,020,489)</u>		<u>17,011</u>												
Financing																	
Debt due beyond a year																	
Secured loan – 13-year mortgage		1,362,269		-													
Repayment of loan capital		(29,146)		(13,472)													
Servicing of loan finance		163,420		-													
			<u>1,496,543</u>		<u>(13,472)</u>												
Net cash (outflow)/inflow	b		<u>(400,297)</u>		<u>1,260,619</u>												
<table border="0" style="width: 100%;"> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;">2006</td> <td></td> <td style="text-align: center;">2005</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: center;">£</td> <td></td> <td style="text-align: center;">£</td> </tr> </table>									2006		2005				£		£
			2006		2005												
			£		£												
a. Reconciliation of net incoming resources to net cash inflow from operating activities																	
Net incoming resources			1,196,573		455,574												
Depreciation charges			162,497		148,066												
(Increase)/decrease in debtors			(179,578)		119,030												
Increase in creditors			218,157		676,135												
Pension adjustment			(274,000)		85,000												
Gain on disposal of tangible fixed Asset			-		(226,725)												
Net cash inflow from operating activities			<u>1,123,649</u>		<u>1,257,080</u>												
b. Analysis of changes in cash – net funds during the year																	
Net funds at 1 April 2005			3,223,117		1,962,498												
Net cash (outflow)/inflow			(400,297)		1,260,619												
Net funds at 31 March 2005			<u>2,822,820</u>		<u>3,223,117</u>												
c. Analysis of net funds as at 31 March 2006																	
Cash at bank and in hand			<u>2,822,820</u>		<u>3,223,117</u>												

Notes to the accounts

for the year ending 31 March 2006

1. *Accounting policies*

- (a) The accounts are prepared under the historical cost convention with the exception of investments as stated below and in accordance with applicable accounting standards. The format of the accounts have been modified to comply in all material respects with the Statement of Recommended Practice (2005) on Accounting and Reporting by Charities.

Together is taking advantage of the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts on the grounds that in the opinion of the Trustees consolidation of Together Trading Limited would have an immaterial effect.

- (b) Tangible assets are included at cost, less depreciation calculated in equal instalments estimated to reduce cost to residual value over their useful life as follows:

Freehold properties	40 years from 1 January 1970 or later date of expenditure
Fixtures and fittings	10 years
Office equipment	3 years

Items are only capitalised if they are £1,000 or more.

- (c) Investments are stated at market value as at 31 March. The Statement of Financial Activities therefore includes unrealised gains and losses arising from the changes in market value throughout the year and also realised gains and losses for investment sold in the year, where the net disposal value is different from market value, as at the beginning of the year.

(d) **Income and expenditure**

Income is accounted for on receivable basis.

Legacy income is recognised when the estate accounts are finalised and the cash received.

All grants receivable are treated as income. Where grants are received specifically to finance a particular cost they are credited to the cost centre.

Joint Venture income, where related to performance and specific deliverables, is accounted for as the charity earns the right to consideration. Where income is received in advance of performance its recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued.

Investment income is recognised when the amounts are due.

Accommodation income is recognised when the amounts are due.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on the basis consistent with the use of resources. Central

overhead costs are allocated to operational functions on the basis of their use.

Support Costs, which include the central and regional office functions, are allocated across the categories of charitable expenditure.

Governance costs are the costs associated with the governance arrangements of the charity, which relate to the general running of the Charity. Included in this category are costs associated with the strategic as opposed to day-to-day management of the Charity's activities.

- (e) General funds comprise accumulated surpluses and deficits after transfer to Designated funds.

Designated funds are amounts that have been put aside at the discretion of the Trustees.

Restricted funds are subject to restrictions imposed by the donors.

Refer to notes 18 and 19 for further details.

- (f) Together is not liable to UK corporation tax on its charitable activities.

(g) **Leases**

Assets held under finance leases and other similar contracts which provide for rights approximating to ownership are treated as if purchased outright and the capital elements of these obligations are recorded as liabilities. The charge to the SOFA is represented by depreciation, which is charged in line with the Charity's accounting policy, and interest. The interest is spread over the lease period in order to provide for a constant periodic charge on the balance of capital repayments outstanding. The aggregate rentals payable for operating leases are expensed in annual instalments over the term of the leases including any initial rent-free period.

(h) **Pension costs**

Together operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of Together in a fund independently administered. Refer to Trustee report for further information.

2. Charitable activities

	Direct cost £	Support costs £	2006 Total £	Re-stated 2005 £
Provision of mental health services				
Together-owned residential homes	3,327,117	602,261	3,929,378	3,460,942
Managed residential homes	7,900,980	1,577,362	9,478,342	9,599,824
Supported-housing schemes	903,593	191,177	1,094,770	1,057,659
Forensic schemes	1,186,631	225,542	1,412,173	1,278,412
Home support and respite schemes	2,467,196	562,658	3,029,854	3,085,355
Employment and day schemes	615,668	131,895	747,563	774,604
Educational and awareness	329,515	10,945	340,460	58,351
	16,730,700	3,301,840	20,032,540	19,315,147

Allocation of support cost

The support cost includes the Regional Offices costs, Finance and IT, Human Resources and Chief Executive's Office. The basis of cost allocation used is the % turnover generated by each charitable activity.

	% T/O	Regional Office	CEO	HR	Finance & Central Support	2006 Total	Re-stated 2005 Total
Together owned residential homes	17.17	201,346	93,806	109,105	162,668	566,925	638,583
Managed residential homes	50.84	596,184	277,757	323,059	481,656	1,678,656	1,890,820
Supported housing schemes	5.45	63,910	29,775	34,632	51,633	179,950	202,695
Forensic schemes	6.43	75,402	35,129	40,859	60,918	212,308	239,143
Home support and respite schemes	16.04	188,096	87,632	101,925	151,962	529,615	596,556
Employment and day schemes	3.76	44,092	20,542	23,893	35,622	124,149	139,841
Educational and awareness	0.31	3,636	1,694	1,970	2,937	10,237	11,604
	100	1,172,666	546,335	635,443	947,396	3,301,840	3,719,242

3. Cost of generating voluntary income

	2006 £	Re-stated 2005 £
Fundraising	193,160	90,498
Publicity	68,292	51,267
	261,452	141,765

4. Governance costs

	2006	Re-stated 2005
	£	£
External audit	17,256	17,529
Trustees' expenses	451	21
Legal and professional services	19,092	7,704
	<u>36,799</u>	<u>25,254</u>

5. Movement in total funds for the year

This is stated after charging:	2006	Re-stated 2005
	£	£
Operating lease cost		
Plant and machinery	10,675	10,675
Other	270,865	265,285
Audit	17,256	17,529
Depreciation	162,497	148,066

6. Staff costs

	2006	Re-stated 2005
	£	£
Wages and salaries	12,749,392	11,777,299
Social security costs	1,172,628	1,083,181
Pension costs (see Note 20)	39,000	386,000
	<u>13,961,020</u>	<u>13,246,480</u>

No employee earned £80,000 or more in the year 2006.

Number of employees with salary range	2006	2005
£70,000–£80,000	1	1
£60,001–£70,000	1	-
£50,000–£60,000	2	1

The average number of employees including part-time workers, analysed by function, was:

	2006	2005
Mental health services	739	720
Fundraising and publicity	5	5
Management and administration of the charity	18	17
	<u>762</u>	<u>742</u>

7. Related party transaction

No Trustee was reimbursed expenses during the year 2006 (2005: £Nil).

No remuneration was paid in the year to any Trustee (2005: £Nil).

One Trustee is a partner in Speechly Bircham, Solicitors that provides legal services to Together. Transactions are all carried out at arm's length and during the year totalled £40,112 (2005: £93,259).

8. Voluntary and donation income

	Unrestricted Income £	Restricted Income £	Total 2006 £	Re-stated 2005 £
Subscriptions, donations and legacies	187,650	179,543	367,193	331,096
Green Lane property payment	-	750,000	750,000	-
	<u>187,650</u>	<u>929,543</u>	<u>1,117,193</u>	<u>331,096</u>

9. Grants

	2006 £	Re-stated 2005 £
Department of Health	99,359	35,000
European Social Fund	72,278	149,044
National Lottery Charities Board	44,673	29,938
Halifax Bank of Scotland (HBOS)	33,000	-
	<u>249,310</u>	<u>213,982</u>

10. *Incoming resources from charitable activities*

	2006 £	Re-stated 2005 £
Partnership venture income		
From local auth., health auth. & NHS Trust	8,893,036	8,244,368
Grant from probation services	145,743	169,973
Spot/outreach income	261,670	205,188
Supporting Housing management grant	278,335	279,270
Supporting People	2,707,720	2,731,639
Partnership adjustment	100,000	(211,165)
	<u>12,386,504</u>	<u>11,419,273</u>
Income from charges and accommodation		
Charges for accommodation and services	<u>6,889,901</u>	<u>6,929,861</u>

11. *Investment income*

	2006 £	Re-stated 2005 £
Interest and dividends received	<u>186,029</u>	<u>181,632</u>

12. *Other incoming resources*

	2006 £	Re-stated 2005 £
Net return on pension scheme assets and liabilities	68,000	69,000
Other income	632,975	570,589
	<u>700,975</u>	<u>639,589</u>

13. Tangible fixed assets

	Freehold land and buildings	Furniture and equipment	Total
Cost	£	£	£
At 1 April 2005	2,082,235	1,003,710	3,085,945
Additions	2,958,675	46,428	3,005,103
As at 31 March 2006	5,040,910	1,050,138	6,091,048
Depreciation			
At 1 April 2005	906,463	710,122	1,616,585
Charge for the year	97,163	65,334	162,497
At 31 March 2006	1,003,626	775,456	1,779,082
Net book value at 31 March 2006	4,037,284	274,682	4,311,966
Net book value at 31 March 2005	1,175,772	293,588	1,469,360

Designated fixed asset reserve

(Refers to how designated fixed asset reserve is calculated)

	£	£
Net book value as at 31 March 2006		4,311,966
Bank loans	1,730,004	
Restricted grants and other	971,606	
		(2,701,610)
		1,610,356

14. Investments

	2006	2005
	£	£
Listed investments, at market value		
At 1 April 2005	1,575,527	1,460,512
Additions	470,498	242,797
Disposal proceeds	(455,112)	(206,274)
Net investment gains	224,342	78,492
At 31 March 2006	1,815,255	1,575,527
Portfolio structure		
Equity	1,100,839	906,159
Fixed interest	592,297	629,653
Cash holdings	122,119	39,715
At 31 March 2006	1,815,255	1,575,527
Historical cost at 31 March 2006	1,413,929	1,265,935

Investments contributing 5 per cent or more to the market value of the portfolio.

	2006 £	2005 £
Equities		
British Empire Sec & General Trust	-	96,040
Fixed interest		
B&W deposit	100,000	90,002

15. Debtors

	2006 £	2005 £
Trade debtors	434,633	54,387
Joint venture debtors	257,462	521,813
Prepayments, accrued income and others	213,947	103,493
Grants and other debtors	98,885	145,656
	<u>1,004,927</u>	<u>825,349</u>

16. Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans (see below)	163,420	-
Trade creditors	424,482	681,878
Other creditors including taxes and social security costs	404,550	355,136
Accruals	681,505	571,338
Deferred income	949,056	533,084
Partnership adjustments	644,362	744,362
	<u>3,267,375</u>	<u>2,885,798</u>

Other creditors include £355,627 for the PAYE and the National Insurance contributions (2005: £305,575).

17. Creditors: amounts falling due after one year

	2006 £	2005 £
Bank loan – Cavendish Road	204,314	233,460
Bank loan – Old Street	1,362,269	-
	<u>1,566,583</u>	<u>233,460</u>

The organisation has two bank loans, one for the purchase of Cavendish Road residential home and the other 12 Old Street (national office). The Cavendish Road loan is repayable over 13 years, with 11 years remaining and an interest rate fixed for 10 years at 6.59 per cent. The national office loan is repayable over 13 years, fixed for 10 years at 4.81 per cent. The loans are secured on the above properties.

18. Unrestricted funds

	April 2005	Incoming resources/ transfers	Expenditure transfers/ revaluations	March 2006
	£	£	£	£
Investment reserves	309,592	91,733	-	401,325
Fixed assets reserves	1,469,360	300,268	(159,272)	1,610,356
Property improvement reserves	56,825	101,000	(78,000)	79,825
Innovations Fund	134,822	70,000	(100,000)	104,822
Information Technology	96,994	50,000	(50,000)	96,994
Kennedy Fund	1,237	-	(51)	1,186
The Brewis Trust Funds	1,586	-	(69)	1,517
Total designated funds	2,070,416	613,001	(387,392)	2,296,025
General fund	1,673,742	19,936,526	(19,835,734)	1,774,534
Pension reserve	(375,000)	900,000	(364,000)	161,000
Funds as at 31 March 2006	3,369,158	21,449,527	(20,587,126)	4,231,559

The Investment Reserve reflects the unrealised investment gain.

The Fixed Assets Reserve reflects Together's resources invested in fixed assets which is not easily released unless assets are disposed of.

The Property Improvement Reserve is set aside for capital repairs and general improvement of Together's own homes. (5%–10% of net incoming resources for the year).

The Innovations Fund is used for the financing of the development of innovative services (3%–6% of net incoming resources for the year).

The Information Technology Fund has been set aside for the upgrading of Information Systems (2%–4% of net incoming resources for the year).

19. Restricted funds

	Balance at 31 March 2005	Movements in resources: incoming	Transfers and outgoing	Balance at 31 March 2006
	£	£	£	£
The Yorkshire Holiday Fund	2,242	-	-	2,242
Kings House refurbishment	-	73,309	(73,309)	-
The Lottery Fund	-	39,120	(147)	38,973
Department of Health	-	99,359	(99,359)	-
European Social Fund	-	72,278	(72,278)	-
Carisbrooke (SRB) Grant	227,695	-	(6,089)	221,606
Project Services Grants	-	71,787	(56,006)	15,781
Green Lane property	-	750,000	-	750,000
HBOS	-	33,000	(11,151)	21,849
Wandsworth Prison outreach	-	40,000	(40,000)	-
Funds as at 31 March 2006	229,937	1,178,853	(358,339)	1,050,451

Yorkshire Holiday Fund Provided for Leeds Community Support project to provide holidays for clients.

Kings House refurbishment Donations received for refurbishment of Kings House project.

The Lottery Fund Grant received for the provision of service-user involvement.

Department of Health Grant received for the provision of carer support and service-user involvement.

European Social Fund For the provision of training at Prospects in Essex.

Carisbrooke (SRB) Grant For the purchase of Hastings Day Centre.

Property Service Grants Various donations for the provision of client services.

Green Lane Property For the purchase of the Green Lane project.

HBOS Grant from Halifax Bank of Scotland for the provision of financial advice to clients.

Wandsworth Prison outreach Grant for providing support to people with mental health needs who are about to leave Wandsworth prison.

20. Pension scheme

The organisation contributes to a defined benefit scheme, the Together: Working for Wellbeing Pension scheme (the scheme), which is administered by Scottish Widows with Origen providing an advisory service. The Group Life benefits are with Legal & General. The scheme provides benefit based on final pensionable pay. The scheme is funded by the assets being held by Trustees of the scheme separately from the assets of the organisation.

The latest tri-annual valuation of the scheme was carried out in 2005 and showed the market value of the scheme's assets to be £5,667,000 being sufficient to cover 105 per cent of the benefits accrued to members.

FRS17

This is the first year in which the organisation is required to adopt fully FRS17. In previous years, the organisation wrote off pension contributions as they were incurred, and gave disclosures under the FRS17 transitional arrangements. The results of the last actuarial valuation of the scheme as at 1 April 2005 have been updated to 31 March 2006 by a qualified independent actuary. The major assumptions used by the actuary were as follows:

	2006	2005	2004	2003
Actuarial assumptions used	%	%	%	%
Discount rate	4.9	5.4	5.4	5.3
Retail price inflation	2.9	2.8	2.8	2.4
Salary increases rate	4.1	4.8	4.8	4.4
Pensions increases (at limited price indexation)	2.9	2.8	2.8	2.4
Deferred pension revaluation	3.0	3.0	3.0	3.0

Scheme assets and liabilities

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change, and the present value of the scheme's liabilities, which are derived from the cash flow projections over long periods and are thus inherently uncertain, were:

	2006 Expected rate of return % pa	2006 Value £000	2005 Expected rate of return % pa	2005 Value £000	2004 Expected rate of return % pa	2004 Value £000
Assets						
Equities	7.4	5,944	7.7	3,901	7.8	2,573
Bonds	4.7	1,320	4.8	1,171	4.9	1,074
Other	4.7	170	4.8	544	4.9	451
		<u>7,434</u>		<u>5,616</u>		<u>4,098</u>
Present value of the scheme liability		<u>(7,273)</u>		<u>(5,991)</u>		<u>(4,703)</u>
Net present value of scheme asset/(liabilities)		<u>161</u>		<u>(375)</u>		<u>(605)</u>

Analysis of the amount recognised in Statement of Financial Activities

	2006 £000	2005 £000
Actual return less expected return on assets	1,142	102
Experience gains/(losses)	(185)	(271)
Changes in assumptions	(695)	76
	<u>262</u>	<u>(93)</u>

Analysis of the amount charged to Statement of Financial Activities

	2006 £000	2005 £000	2004 £000
Current service cost	364	505	408
Less employees contribution	(122)	(119)	-
Settlements or curtailment	(203)	-	-
Total Charge	<u>39</u>	<u>386</u>	<u>408</u>

Analysis of the amount credited to Pension Finance Income

	2006 £000	2005 £000	2004 £000
Expected return on the scheme assets	392	350	282
Interest on the scheme liabilities	(324)	(281)	(249)
Net return on scheme assets and liabilities	<u>68</u>	<u>69</u>	<u>33</u>

History of experience gains and losses

	2006	2005	2004	2003
Difference between actual and expected return on assets (£000's)	1,142	102	542	(156)
– as % of scheme assets	15	2	11	(35)
Experience gains/(losses) on liabilities (£000's)	(185)	(271)	258	764
– as % of liabilities	3	(5)	5	16
Total amount recognised in the Statement of Financial Activities	262	(93)	448	(1,287)
– as % of liabilities	4	(2)	9	(27)

Movements in scheme's surplus/(deficit) in the year

	2006 £000	2005 £000	2004 £000
Deficit at the start of year	(375)	(197)	(605)
Current service cost	(364)	(505)	(408)
Contributions	367	351	335
Settlements/curtailments	203	-	-
Net return on scheme assets and liabilities	68	69	33
Actuarial gain/(loss)	262	(93)	448
Surplus/(deficit)	161	(375)	(197)

21. Obligations under operating leases

Annual commitments for non-cancellable operating leases are as follows:

	Land & building 2006	Others 2006	Land & building 2005	Others 2005
Operating leases which expire:				
Within one year	281,540	10,675	258,584	10,675
In two to five years	26,280	-	270,865	15,798
Over five years	26,280	-	258,584	-
	334,100	10,675	788,033	26,473

22. *Contingent liability*

Carisbrooke House is financed by a grant of £233,783 received from the Single Regeneration Body (SRB) that is repayable upon Together disposing of the property or not using the property as agreed by the SRB.

North Surrey PCT provided a property valued at £750,000 for the set-up of Green Lane project. The property will be surrendered if Together ceases to use it for the purpose for which it was donated.

23. *Prior year adjustment*

Together: Working for Wellbeing has adopted the SORP 2005 and FRS17. Comparative figures in the Statement of Financial Activities and the Balance Sheet have been revised to comply with these accounting requirements. Adoption of FRS17 has reduced the total funds of the charity by £375,000 as at 31 March 2005.

	Unrestricted	Restricted	Total	Total 2005
	£	£	£	£
Fund balance brought forward as reported	3,744,158	229,937	3,974,095	3,355,029
Prior year adjustments – pension	(375,000)	-	(375,000)	(197,000)
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Fund balance re-stated	3,369,158	229,937	3,599,095	3,158,029
Net movement in funds	862,401	820,514	1,682,915	441,000
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Total funds carried forward	4,231,559	1,050,451	5,282,010	3,599,029
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24. *Analysis of net assets between funds*

	General fund	Designated funds	Restricted funds	Pension reserve	Total funds
	£	£	£	£	£
Tangible fixed assets	2,488,281	2,684,625	954,315	-	6,127,221
Cash at bank and in hand	1,044,443	1,242,041	536,336	-	2,822,820
Other net current liabilities	(837,106)	(995,477)	(429,865)	-	(2,262,448)
Creditors of more than one year	(921,084)	(635,164)	(10,335)	-	(1,566,583)
Pension asset	-	-	-	161,000	161,000
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	1,774,534	2,296,025	1,050,451	161,000	5,282,010
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