

Registered number: 1786914
Charity number: 514829

MENTAL HEALTH MATTERS
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

mhm
mentalhealthmatters™

ArmstrongWatson®
Accountants, Business & Financial Advisers

MENTAL HEALTH MATTERS
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2023**

Trustees	S J Baines, Chair D M Corner, Trustee G Jenkins, Trustee M Booth, Trustee P Rolland, Trustee J Lanham, Trustee K Evans, Trustee M Atherton, Trustee (appointed 27 September 2022)
Company registered number	1786914
Charity registered number	514829
Registered office	Avalon House Saint Catherines Court Sunderland Tyne And Wear SR5 3XJ
Chief executive officer	J Hughes
Independent auditor	Armstrong Watson Audit Limited Chartered Accountants and Statutory Auditors One Strawberry Lane Newcastle upon Tyne NE1 4BX

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CHAIR'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

I am delighted to present our Annual Report and Accounts for 2022-23 which provide a summary of the year's activity and details of our accounts for this financial year. For full details of the impact of our work this year, please see our Impact Report which is accessible via this link <https://www.mhm.org.uk/our-impact>.

Mental Health Matters has continued to grow and develop our services this year with our total income increasing by almost 10% to £23.6m. As we grow, we continue to increase our geographical footprint to new areas of the country and to expand our range of service models, and in particular those providing support and preventing crisis escalation. We expect, and are planning for, further expansion with our service models attracting strong interest from commissioners and service partners. To underpin this, we have maintained our strong balance sheet during the last year, with our general reserves sitting at over £3.4m in line with last year.

We are now one year into our three-year strategy for 2022-2025 aimed at continuing our growth while cementing service quality. I am very pleased to report that we have been successful in achieving the expectations for the year in our strategy.

If you read my report last year you will recall that we revised our vision and purpose, and we had a new set of values which resonate with the organisation and will continue to be embedded in everything we do. As they are so central and important to us, I wanted to restate them here:-

Our Vision is: That everyone can access support for their mental health to live a meaningful life, in a society free from stigma.

Our Purpose is: To provide innovative, life-changing mental health support for individuals and communities.

Our Values are:

- Compassionate: We are compassionate to the needs of the people who access our services, their experiences, and their aspirations.
- Collaborative: We believe that by working together, we achieve the best outcomes for individuals, communities, and society.
- Accountable: We are accountable, we are transparent and hold ourselves to the highest standards in every interaction.
- Proud: We are proud of what we stand for – those who access our services, our people and changing lives.

The strategy has four themes addressing our future ambitions as a provider of mental health services and as an advocate for those with mental health needs who require access to timely and appropriate support. Our areas of focus include collaborating with experts by experience to ensure we provide accessible, impactful, high quality and innovative services that meet locally identified needs. We will also help shape future care and support by influencing the transformation of services, taking a personalized and place-based approach to deliver life changing impact whilst challenging stigma.

As a charity, a vital aspect of our work is using our voice in external forums, to promote mental health and support the development of mental health strategy and services. We will continue to do this through our established networks to help shape integrated workforces and the evolution of new roles within the sector. During this year we have played an active role in the changes across health and social care as integrated care systems are developed and established. In various locations where we operate as a provider, we have supported the developing transformation of community mental health services. This has included chairing the Transformation Leadership Board in Northumberland as well as being an active and founder member of the new Durham Mental Wellbeing Alliance. We have also played a pro-active role in responding to a number of consultations, including the review of the Mental Health Act and workforce reform and benchmarking.

Our focus within the organisation remains to continue to implement our strategy and values, as we look to develop a culture that has our values at its heart and will ensure we can attract and retain a skilled, knowledgeable and diverse workforce for the future, that is appropriately recognised, and rewarded.

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CHAIR'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

We completed a full review of our remuneration and benefits package for employees to ensure we reward our people appropriately and can offer a range of development opportunities and career pathways. This is especially important in a competitive market, enabling us to attract people with the knowledge, skills and values that are essential for us to achieve our goals. We understand the importance of recognition of those who work so passionately to ensure we can deliver high quality, impactful services. Building on our learning from the pandemic, we continue to strengthen our focus on employee wellbeing and ensure everyone has a voice within Mental Health Matters.

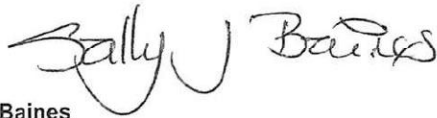
Early in 2022 the health system was still responding to the pandemic and changes to service need. Our Executive and Management Teams worked with our employees to respond to changes in Government guidance following the pandemic to ensure that those needing our help continued to get the support they needed through the provision of blended services. This was not easy, and on behalf of the board of Trustees, I can only commend again the efforts of all those involved. The remaining challenge now will be to deal with the ongoing mental health impact which is apparent in both the complexity and acuity of the needs of those who access our support.

We are also transforming our internal systems and processes to be more user-friendly and efficient to maximize our impact in helping people achieve meaningful lives. Our strong financial position is supporting investment in a digital strategy that will modernize the infrastructure, equipment, tools, and resources that support hybrid working and new innovative models of service provision. During the year we invested £270k from our designated reserves for this purpose.

Our Quality and Safeguarding Sub-Committee works alongside our current Audit and Risk Sub-Committee, to support our continued focus on quality by providing additional assurance to the Board, as the breadth and range of models of services expand. Our time limited steering groups also bring together trustees with relevant skills, supporting our Executive and Management teams with major workstreams, including the implementation of our workforce and digital strategies.

I was delighted to take on the role of Chair of the Board of Trustees in September 2021, and this is now my second annual report as Chair. Our Board has been joined by a number of new Trustees over the last year to 18 months, and they have transitioned seamlessly into their roles with us, allowing the board to continue to function strongly throughout. This ongoing process of refreshment and regeneration of our Board continues as our Chair of the Audit and Risk Committee comes to the end of his term of office and I will reach the end of my time as a Trustee, and therefore Chair, during the coming year. We are being proactive to enable stability and continuity to the organisation through induction and handover to new people taking on these roles in the future.

We know the next year will continue to provide challenges both to us as a charity and service provider as well as to our service users. I am confident that the foundations given by our vision and values, as well as our strong financial position, and our established networks and relationships will be fundamental to us building on our strong reputation in a more collaborative environment going forward. We will use this to continue to grow our influence and advocate for those experiencing mental distress and illness at a time where ambitious plans for the health and social care sector hold the potential to truly transform services and tackle the inequalities in mental health services.



S J Baines

Chair of Trustees

Date: 26 - 9 - 2023

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1st January 2019).

Objectives and activities

a. Public Benefit

Mental Health Matters (MHM) exists for the benefit of the public through the provision of its services to any member of the public who has a mental or physical health need that impacts on their wellbeing. All of the services provided by MHM are within the aims and objectives as set out in the Articles of Association.

Throughout the Achievements and Performance section of this report (pages 9 - 13), we have identified and evaluated the benefits that individuals gain from accessing our services and maximising independence through self-directed support. This is particularly reflected in our psychological therapy services and community-based services focusing on positive outcomes for individuals.

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

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

b. Objectives

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

During 2022/23 our focus has been on:

- provision of high quality, sector leading services
- business development and growth
- a motivated and relevant workforce, and
- system & process improvement.

During the year, as detailed in the Chair's statement above, we created an organisational strategy for 2022-25, developed in consultation with our commissioners, partners, employees, and those who access our services.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management

a. Governance and trustees

MHM is a charitable company limited by guarantee (registration number 1786914), incorporated in 1984 and governed by its Articles of Association, most recently amended in 2022 to provide clarity around recruitment of trustees, terms of office and the functioning of the Board and its sub-committees. MHM is registered as a charity in England and Wales (registration number 514829).

The Board of Trustees has ultimate responsibility for the strategic direction of MHM. The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of this report were:

S Baines (Chair)
D Corner
M Booth
K Evans
J Horsman (resigned 4 April 2022)
G Jenkins
J Lanham
P Rolland
D Dragomir (appointed 27 September 2022, resigned 17 January 2023)
M Atherton (appointed 27 September 2022)

At 31 March 2023 MHM had 8 serving trustees, and at the date of signing this report MHM had 8 serving trustees.

b. Organisation

The Board of Trustees meets quarterly during the year in order to ensure that MHM achieves its charitable objectives. The board's role includes strategic oversight, and monitoring of quality and effectiveness of governance arrangements, operational performance and financial performance. Business plans, budgets, the schedule of delegation, and terms of reference for the sub-committees (Audit & Risk and Quality & Safeguarding) and the Executive Team are reviewed and agreed annually and monitored by the Board of Trustees.

The Audit & Risk Committee meets quarterly and seeks assurance over the organisation's financial and governance systems, including the annual financial auditing process and the corporate risk framework. The findings from the organisation's annual cycle of internal quality and assurance systems auditing are reported to this committee.

The Quality & Safeguarding Committee was established during the year and will meet quarterly. Its purpose is to support the Board of Trustees in discharging its responsibilities for the safe and effective delivery of services and to oversee the strive for excellence and continuous quality improvement.

Board of Trustees meetings are held either in person or using online platforms. Sub-committee meetings are generally held online.

A Chief Executive Officer is appointed by the trustees to manage the day-to-day operations of the charity. The Board of Trustees has systems in place for the delegation of authority to the Chief Executive Officer and the Executive Team.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management (continued)

c. Trustee induction and training

MHM's Board of Trustees is made up of individuals with the skills, competences and experience required to govern the organisation. The trustees keep these requirements under review in order to ensure that the organisation is effectively governed. Recruitment to the charity's Board of Trustees complies with the process detailed in its Articles of Association.

Each year the Board of Trustees, Chief Executive Officer and Executive Team meet with their charitable and company law legal advisor. The purpose of the meeting is to refresh their knowledge of the respective duties of trustees and employees, and also to update them on any key amendments in charity law and Charity Commission expectations, with a view to potential impact on the charity's governing framework.

The trustees have access to the MHM intranet and to a range of e-learning, including modules that are mandatory for trustees, covering a range of relevant content including organisation induction, mental health awareness, safeguarding, information governance, and health & safety.

d. Related parties and co-operation with other organisations

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

Two current trustees have connections with organisations that provide funding to MHM; the details are presented in note 26 on page 53. Where decisions are made by the Board of Trustees that relate to those organisations, the trustees concerned do not participate in the decision-making process.

MHM has continued to work with many NHS and third sector organisations during the year, and entered into contracts with several new commissioners. Our commissioners are listed on page 14.

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

e. Fundraising

MHM's primary source of funding is statutory funding, and the delivery of our services does not rely on donations or public fundraising. However, for the public, donating or fundraising is often seen as a positive way of supporting our services and as a way of expressing gratitude for the support received by themselves or a loved one. All funds received will be used to support our charitable objectives.

MHM is committed to best fundraising practice and compliance with appropriate guidance, and is registered with the Fundraising Regulator. Details of our approach to fundraising are available on our website: <https://www.mhm.org.uk/fundraising-statement>

Donations received during the year totalled £22,568 (2022: £44,551).

f. Pay policy for key management personnel

The trustees consider that key management is comprised of the Chief Executive Officer and Executive Team who are in charge of directing and controlling, running and operating the charity on a day-to-day basis.

The pay of the Executive Team is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the charity, the trustees benchmark against pay levels in other organisations of a similar size run on a voluntary basis. The ratio of the Chief Executive Officer's rate of pay to the average rate of pay for all employees in March 2023 was 2.9:1 (2022: 3.3:1).

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management (continued)

g. Gender pay gap

For MHM at April 2022 the mean gender pay gap was 1% (April 2021: -2%) and the median gender pay gap was 5% (April 2020: 8%). Policies and procedures ensure that employees in directly comparable roles are paid at the same rate. The mean gap is attributable to the fact that the management team at the time was predominantly female, and the median gap is attributable to the fact that male employees are more likely to be in higher paid roles than female employees at present. MHM is committed to providing equal opportunities in recruitment and in learning and development to male and female employees and prospective employees. MHM remains alert to barriers that might affect the balance of male and female employees in each type of role, and is committed to addressing those barriers if it has the power to do so.

h. Equality

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

i. Disabled employees

MHM's policy in relation to recruitment of disabled persons is to guarantee to interview anyone with a disability whose application for a post meets the minimum criteria for that post, and to always put in place any reasonable adjustments to ensure that applicants are treated fairly and safely within both the recruitment process and the working environment. Where employees become disabled during their employment, MHM will engage in consultation with them to determine whether any reasonable adjustments can be made and/or to consider any alternative roles available. This approach has been applied consistently throughout 2022/23.

j. Employee engagement

As an accredited Investor in People, MHM believes in recognising people's skills and knowledge, and in developing its employees through learning and development. All employees have an agreed personal development plan to ensure that their learning and development is appropriate to both their role and their personal circumstances.

MHM uses its staff intranet to be the source of all information regarding policy, procedure, news and other matters of concern to employees.

Staff are consulted by their managers on matters directly affecting their employment, and are consulted on an annual basis through an employee survey that enables them to give their views anonymously on matters ranging from leadership to rewards and benefits, in order to inform organisational development. An action plan ensures MHM acts on and responds to views received.

MHM agrees an annual business plan for the organisation that demonstrates how strategic objectives will be achieved, helps employees understand how their role and their team's role contributes, and leads to employees taking ownership of the personal contribution they make towards the charity's performance. This process, along with intranet updates and the reporting of key issues through regular manager meetings, service team meetings, and staff 1-1 meetings, ensures that a common awareness of financial and economic factors affecting performance is achieved.

Further development of employee engagement is a key focus within our 2022/25 strategy.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management (continued)

k. Response to Covid-19

Throughout the Covid-19 pandemic, the primary focus of the Board of Trustees, the Chief Executive Officer and the Executive Team was on balancing the absolute priority of the safety of our staff and service users with a desire to maintain effective service delivery.

MHM's ability to maintain services, secure new services and implement different ways of working during the pandemic gave MHM a strong foundation for 2021/22, 2022/23 and beyond. Through consultation and collaboration with staff, we introduced hybrid models of working that offered greater flexibility, whilst ensuring our service users had access to support in the best way for them.

Strategic report

Achievements and performance

a. Overview

MHM launched our new 3-year strategy from April 2023, with the Executive Team delivering roadshows to colleagues across the country, to ensure that there was collective understanding, ownership and implementation of the four pillars outline below:

- **Co-Produced High-Quality Services** – We will collaborate with experts by experience to deliver accessible, impactful, high quality and innovative service that meet the needs of individuals, their families, carers and communities.
- **Engaged and Ambitious Workforce** – We will develop a people culture, underpinned by our values that attracts, develops, rewards and retains a skilled, knowledgeable and diverse workforce.
- **Shaping Future Care and Support:** We will influence and drive the transformation of care and support through a holistic and place-based approach that delivers life changing impact.
- **Transforming How We Work** – We will ensure that our processes, tools and resources are efficient, simple and user friendly to increase our reach, maximise our impact and help more people to achieve meaningful lives.

In implementing the strategic delivery plan for 2022/23, MHM continued to deliver high quality services including: primary care psychological (talking) therapies; generic and mental-health-specific housing provision (from floating support through to registered care); recovery and employment services (including for people with mild to moderate anxiety disorders and/or depression, long term conditions, dual diagnoses and addictions); safe haven provision for people at risk of experiencing a mental health crisis; 365/24/7 telephone emotional support and tele-therapy services; and advocacy, user voice, advice and information services.

MHM continued to invest time and resource to retain and acquire new services across England, building on our strong brand for delivering high quality health and social care services alongside strategic partners. This has included implementing recommendations from independent reviews into our housing and employment services, responding to the changing needs of people in our communities by delivering evidence-based services and building trusted relationships with our service commissioners.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued)

Achievements and performance (continued)

b. Achievements and performance

MHM continues to be proud of the delivery of high-quality services focused on service users' recovery and wellbeing, and of successful bids for new services and the extension or renewal of existing services which allow MHM to expand its reach.

There have been many successes during the year, with contracts won to deliver new services and with many existing contracts extended. MHM's approach of devising bespoke delivery models suited to individual commissioners' requirements, bidding for funds to deliver services based on a combination of MHM's areas of specialism, and seeking funding to deliver services in new markets continues to prove effective.

MHM has further grown its networks and partnerships, raising MHM's profile and seeking to influence policy at a national level. These networks have been built with organisations across health and social care and within the charity sector. Directors have engaged with activity at national, regional and local levels, participating in opportunities to work with the new Integrated Care Systems and the transformation of local community mental health services.

Internally investment in our staff resources has continued, adding new posts to our organisational structure and focusing on the development of management skills.

During the year to March 2022:

- over 40,800 people accessed our talking therapy services;
- our 365/24/7 helpline service supported clients on over 54,400 calls and 6,600 web chat and text sessions;
- our employment services helped over 4,100 people to remain in work, find paid employment or access training, education and volunteering opportunities;
- our housing services helped 9 people to transition to more independent living;
- over 38,000 sessions of support were delivered to individuals by our out-of-hours safe haven services either in person, via telephone, text, or virtually; and
- we expanded our geographical reach into new areas.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued)

Achievements and performance (continued)

c. Quality and Operations in 2022/23

Community Support - Employment Services in 2022/23

We worked in partnership with Integrated Commissioning Boards (ICBs), NHS trusts, local authorities and voluntary sector organisations to deliver community-based employment support and Employment Advisors in Talking Therapy services (formerly IAPT (Improving Access to Psychological Therapies)).

Longstanding commissioners have continued to demonstrate their confidence in MHM's employment services by awarding contract extensions, and MHM has continued to show the value of our experience of both employment services and Talking Therapies in helping commissioners to deliver services to support clients with mild to moderate anxiety and/or depression with seamless, personalised employment support to help them remain in, return to or find paid employment.

We launched a new employment service as part of the Durham Mental Wellbeing Alliance. A collective of organisations driven by shared values and a commitment to supporting mental health, wellbeing and recovery in County Durham.

Employment services are well used, delivering positive outcomes in working with people. Outcomes include people moving from employment benefits into paid employment, maintaining current employment and avoiding periods of sick leave, returning to work following time off sick, looking for new or alternative employment, and undertaking training or voluntary work. In addition MHM has supported employers with retention and to have a greater understanding of mental health issues in the workplace.

4142 people were assisted to remain in work, find paid employment or access training, education and volunteering opportunities to help develop employability skills; 849 of these people moved into paid employment.

Community Support - Community Support and Personalised Services in 2022/23

In 2022/23 MHM's 24/7 emotional support helpline, which is accredited by the Helpline Partnership, expanded its range of contracts and continued to provide 24/7 wrap-around support to clients of MHM's talking therapies and recovery services. The helpline provided active listening and direct interventions to vulnerable callers. We also launched the Sunderland and South Tyneside Helpline service in year.

We continued to deliver community-based wellbeing services to over 737 clients during the year. This included services in Leicestershire, Staffordshire, Knowsley & Solihull, providing a variety of group interventions, advice and drop-in sessions as well as individual support.

Our Pathways group of services continued to offer excellent support, providing 261 people with advocacy, or advice and information about welfare benefits, debt, housing and employment issues.

Throughout the year our safe haven services in Coventry, Devon, Kent & Medway York and the North West Virtual Haven, continued to provide a safe place for people in acute distress or at risk of a mental health crisis.. We launched further safe haven services in Sunderland and South Tyneside (Virtual), East Berkshire, 5 sites in Leicestershire, Barnsley and Sheffield. These services offered support in a non-clinical setting to 8647 people experiencing anxiety or distress or at risk of self-harm or suicide.

As an illustration of impact, evaluation of the Devon service showed that the service had prevented 114 suicides and 130 incidents of self-harm in 2022/23.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued)

Achievements and performance (continued)

Community Support - Housing Services in 2022/23

The aim continues to be to ensure that wherever possible those accessing our housing services live as independently as they are able to, within their local community. During the year to March 2023, we continued to work with service users to support their recovery, providing accommodation and support.

Following an independent review of MHM's Housing provision, the decision was taken to focus on services where we feel we can have greatest impact, specifically our dispersed housing, floating support services and the development of crisis housing models. This decision led to the closure of two existing services within Newcastle and Teesside, with existing clients fully supported to find alternative accommodation to meet their support needs.

Talking Matters - Talking Therapies Services in 2022/23

Throughout 2022/23 MHM continued to be a large national provider of NHS Talking Therapy services, delivered both in partnership with NHS foundation trusts and as a lead contractor:

- NHS Northumberland Talking Therapies: MHM remains the prime contractor for this service, working with a sub-contractor Sunderland Counselling Service (providing step 2 therapy and counselling). In its eighth year of delivery, the service had over 6,120 people entering treatment, met the national 18 week waiting list target and by the year end, achieved the national recovery target of 50%.
- NHS Sefton Talking Therapies: MHM delivers this service as a sole provider, including therapy at steps 2-4. The service had over 4300 people entering treatment and met the national 18 week waiting list target throughout the year.
- NHS Warrington Talking Therapies: MHM, as prime contractor, delivered therapy at steps 2-4. MHM also sub-contracted additional provision on behalf of Warrington Clinical Commissioning Group through Making Space (for computerised cognitive behavioural therapy) and St Joseph's Family Centre (for counselling, couples' therapy and anger management). The service had over 3,500 people entering treatment, met the national 18 week waiting list target for waiting times, achieved the national recovery target of 50% and continued its involvement in the national programme of IAPT expansion into long term conditions and medically unexplained symptoms.
- NHS Staffordshire and Stoke-on-Trent Talking Therapies: In collaboration with lead provider Midlands Partnership University NHS Foundation Trust (MPFT) and other partners, MHM continued to deliver step 2 services in four localities. Over 14,400 people entered treatment in the year. The recovery rate for the service exceeded the national target.
- NHS Durham and Darlington Talking Therapies : MHM was a sub-contractor to Tees, Esk and Wear Valleys NHS Trust (TEWV) providing therapists, management and administration. Over 12,300 people entered treatment in the year. Waiting times for the service are within national targets and the achieved the national recovery rate target.

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TRUSTEES' REPORT (CONTINUED)
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Strategic report (continued)

Achievements and performance (continued)

d. Development in 2022/23

MHM's development team leads on the generation of new business opportunities through tendering for new contracts partnerships and strategic relationships and retention of existing contracts. The team also encompasses both internal and external communications, raising MHM's profile and ensuring we have a voice in relation to mental health national and regional policy and innovation.

During the year to March 2023:

- Following the engagement of our External Affairs and Policy Manager MHM were involved in the consultation on the Major Conditions Strategy early this year, we currently await any new strategy announcement by the Secretary of State. MHM also commented via our social media on the commitment in the spring budget statement to £10 million to tackle suicide prevention.
- Following the growth of our service in Solihull we became members of the Birmingham and Solihull VCSE Provider Collaborative.
- Continued positive local work in Leicester and Leicestershire led to the re-procurement of our Advice and Wellbeing Service and the introductions of 5 Crisis Café's across the area, including the development of a University model, supporting students in Leicester Uni, Loughborough and DeMontford. We are now active members of the Leicester, Leicestershire and Rutland VCSE Alliance.
- In February of 2023 following our own research we launched a campaign on University Mental Health Day to raise awareness of student mental health and the experience of those attending English Universities. Our findings showed that every year since the pandemic began the number of students reporting mental health conditions to their universities has increased, impacting more than 63,000 students in the last academic year. This awareness raising with University institutions continues.
- In addition to expansion in Solihull and Leicester we have launched a number of other services, expanding our models nationally, this includes: Sunderland and South Tyneside Virtual Haven, East Berkshire Safe Haven, Barnsley and Sheffield Support Hub and Knowsley Moving Forward Together.
- As an active member of The Association for Mental Health Providers, we continued to work closely with a range of members on a weekly basis to address various challenges and opportunities at a sector level. This has included sharing our perspectives in relation to future workforce requirements and planning, thereby informing NHS England & NHS Improvement, Health Education England, Association of Directors of Adult Social Services, Local Government Associations and the Department of Health and Social Care. It also allowed us to comment on and influence winter planning from the mental health needs perspective.
- Our Executive Team also helped to influence policy through membership of the Social Care for Mental Health and Wellbeing Policy & Oversight Group which reports to the Department of Health and Social Care. This work includes helping to inform priorities and the role of social care in the transformation of community mental health services.
- Horizon 2.0 was launched in 2022/23 with all MHM colleagues having access to an improved intranet system, easier access to training opportunities, job vacancies and information about services activities across the country.

The development team also designed a 3 year Business Strategy aligned to the organizational strategy, outlining our commitment to growth, retention, partnerships, collaboration and reducing the stigma associated with mental health. Alongside this and following the growth of our Marketing and Communication Team we agreed a 3 year Marketing Strategy outlining our commitment the external profile of MHM including how those who access our services get the right information at the right time in the right format for them. Our Internal communication strategy was developed based on feedback from our staff, ensuring all of our colleagues feel informed and consulted on matters that are important to them in the work they do and as colleagues within the organisation.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued)

Achievements and performance (continued)

e. Governance & Corporate Services in 2022/23

MHM central services provide an infrastructure and governance framework for the organisation. During the year the structure of these central functions was reviewed and re-aligned to better fit with the organisation's overall needs, and to better support the operations and services provided by MHM.

The central functions are now split into:-

- Finance
- People and Organisational Development
- IT
- Business Development
- Strategy and Performance

f. Commissioners, funders and customers

MHM gratefully acknowledges the funding provided for its 2022/23 services by the following commissioners, organisations and customers:

Combat Stress
Cornwall Partnership NHS Foundation Trust
Coventry & Warwickshire Partnership Foundation Trust
Middlesbrough Council
Middlesbrough College
Cumbria Northumberland Tyne
Devon Partnership NHS Trust
East Leicestershire & Rutland
East Midlands Shared Services
Gateshead Council
Health Education England
Herefordshire & Worcestershire
Hertfordshire Partnership NHS Foundation Trust
Hitachi Solutions
Home Group
Karbon Homes
Knowsley Council
Lincolnshire Partnership NHS
Livewell Southwest
Making Space
Mersey Care NHS Foundation Trust
Midlands Partnership NHS Foundation Trust
Newcastle City Council
NHS County Durham CCG
NHS Cheshire and Merseyside ICB
NHS Durham Dales Easington and Sedgefield CCG
NHS Coventry and Warwickshire
NHS Frimley ICB
NHS Kerit and Medway ICB
NHS Northumberland CCG

MENTAL HEALTH MATTERS
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued)

Achievements and performance (continued)

g. Risk Management

MHM has a comprehensive risk management framework in place, and the trustees and the executive team maintain a continuous review of the risks the charity may face and the systems and procedures to minimise any potential impact on the charity should those risks materialise.

MHM has reviewed the risks to achievement of its strategic objectives during the year to ensure they are fully integrated into the risk assessment, management and mitigation procedures. Risks are assessed within the following areas: strategic impact, market, commissioners, clients, third party reliance, legal/regulatory, reputation, financial, IT, information governance, and climate change/environmental.

The Audit & Risk Committee, comprising suitably qualified and experienced trustees, meets four times per year, and receives reports from senior management. The committee's remit is to provide assurance to the board that there are effective systems in place for financial and wider governance, including risk management and compliance with all aspects of the law, relevant regulations, and good practice. In addition, specific areas of risk to the charity are monitored by the full Board of Trustees, including consideration of the issues related to identification, mitigation and elimination of the risk.

The key risks facing the charity were monitored and appropriately mitigated during the year.

MENTAL HEALTH MATTERS
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued)

Principal Risks and Uncertainties

The changes underway to mental health commissioning, with the advent of Integrated Care Systems (as advocated by the NHS Long Term Plan in order to integrate services more comprehensively into the wider health system and to give better, more joined up care) and the transformation of community mental health services are intended to improve care for service users, but they also present risks which MHM must manage closely. MHM aims to continue to influence and shape future commissioning and available resource through our networking and advocacy at local and national levels, and anticipates being in a position to be responsive to the increased demand for mental health services and to the changes in commissioning.

The principal risks and uncertainties facing the charity are considered to be:

- Attraction, retention, and development of an inclusive and diverse workforce to ensure we have the right skills in the right place at the right time to deliver our strategy -
 - A Talent Acquisition Lead has been recruited to lead on MHM's approach to this risk.
 - A People strategy has been developed and will be implemented to establish MHM as an employer of choice: to attract and retain skilled and qualified staff; to engage, develop, motivate and empower our workforce; to ensure that staff wellbeing is at the forefront of decision making; and to promote workforce diversity.
 - MHM has increased flexible ways of working post-Covid 19, including hybrid workplace/home working where appropriate.
 - Additional resource within the People & Organisational Development team has been deployed to support implementation of the People strategy, and resource requirements are kept under constant review in order to best meet the recruitment challenges within the sector.

- Changes in the commissioning environment and the need to ensure that we continue to be able to fulfil our commissioner proposition and our service standards -
 - Our commissioner proposition and service standards are central to the contract mobilisation process, and specific risks are monitored initially through our assurance process for new contracts, then through contract management and monitoring of KPIs.
 - Ongoing development of our management, our workforce and our organisational infrastructure is focused on the need to continue to deliver consistency of contract management, and influence and respond to the transformation of community mental health services.
 - Our IT transformation programme includes a data workstream which aims to deliver more accurate & timely data to enhance both reporting to commissioners and ability to assess & respond to issues arising within services.

- Our obligations, duty of care and safeguarding responsibilities to clients and the importance of maintaining high quality, safe standards in our service delivery -
 - Our services have well-developed relationships with local agencies with responsibility for safeguarding and care; we have policies and procedures in place for safe and effective work with clients, and for reporting, recording and responding to incidents, including safeguarding incidents; and our staff are provided with induction, mandatory and role specific training, and ongoing staff development for the responsibilities of each post and our trustees receive appropriate refresher training.
 - A Quality & Safeguarding Committee has been established since the year end to provide board-level scrutiny of this risk, and this committee's work will be developed during 2022-23.
 - MHM have secured the involvement of an external subject matter expert to support the organisation in relation to its safeguarding responsibilities.
 - A Co-Production Strategy will be developed during 2022/23 to ensure sufficient client engagement and feedback.

MENTAL HEALTH MATTERS
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Strategic report (continued)

- Ensuring that IT systems and support are effective and do not compromise or disrupt the ability to deliver services safely and effectively, or prevent or delay the transformation of processes set out in 2022-25 strategy.
 - We have a third party managed service provider in place, with appropriate accreditation, ISO27001 and Cyber Essentials Plus, to ensure that our IT platforms are secure and resilient.
 - IT arrangements are covered by our Business Continuity Plan and Disaster Recovery Plan, and we have proven ability to accommodate remote working.
 - An IT audit and strategic review was carried out in late 2020, leading to the development of an IT Transformation Programme which has begun; this will review and improve current systems; support, document and embed best practice for MHM processes; enable access to the right data for the right people at the right time; and support a move to cloud systems.

Financial review

a. Financial review

MHM principal funding sources are shown in note 4 to the financial statements. There has been a 10% increase in incoming resources for the year, due to new services in talking therapies and community support and to expansion of existing employment and talking therapies services.

The £99,102 deficit generated for the year reflects:

- Costs of £410,050 being taken from previously designated funds for IT development, leaving an underlying surplus of £310,948;
- the continuing growth in incoming resources, largely on block-funded contracts;
- rigorous control of costs; and
- considerable staff cost savings as a result of recruitment challenges – however, vacancies lead to pressure on our colleagues to be able to deliver services effectively. Where applicable, we have engaged agency staff to fill some vacancies. The People strategy described above is intended to mitigate this challenge.

Included in the deficit generated in the year is unused funding categorised as restricted for use in accordance with the commissioner's intentions in future years. This amounts to £170,546.

Following the trustees' decision to leave the TPT Retirement Solutions pension scheme in the previous year, remaining estimated exit debts of £40,027 remain fully provided for within these accounts. There remains uncertainty about the final exit debt, due to a review of the application of rules by the administrator of this multi-employer scheme, for which the scheme trustee is seeking court direction. Possible additional costs cannot be calculated at this time. However MHM's advisors indicate that these will not be material.

Governance costs amount to less than 0.5% of expenditure.

Potential bad debts amounting to £5,396 were identified at 31 March 2023, and provision has been made for this amount. All other outstanding debts are considered recoverable.

The cash position has remained healthy throughout the year. The increase against the prior year is due to the expansion of services described above. Cash balances continue to be monitored to ensure that they are adequate to support the charity's aims and objectives, funds are held on notice deposits when not required for short term cashflow.

MHM's "overall business risk" is classified by a leading independent credit monitoring agency as low risk.

MENTAL HEALTH MATTERS
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Major factors likely to affect the financial position of the charity in 2023/24 are MHM's ability to design contemporary talking therapies and social care services that meet the requirements of commissioners and other customers; to develop and sustain strong relationships with commissioners, to continue to respond effectively to commissioning through provider collaboratives and alliances; and to continue to develop a diverse portfolio of funding in order to mitigate the impact of contracts at risk. The trustees are confident of MHM's ability to achieve these goals, supported by continued investment in robust staffing and infrastructure, and planning for a range of possible funding scenarios forms part of MHM's strategic planning in 2023/24 and beyond, particularly in light of current economic forecasting including inflation.

The trustees have assessed MHM's ability to continue as a going concern by reviewing budgets, reserves and cashflow forecasts, and the impact of a range of possible scenarios. This assessment demonstrated that in the worst-case scenario, MHM could sustain its status as a going concern over the next 12 months from the date of sign off of these financial statements. In support of this conclusion, financial performance in 2023/24 to date is ahead of budget, and our annual target for net business growth is on schedule.

b. Investment Powers and Policy

The trustees, having regard to the liquidity requirements of delivering the current services, and to the reserve policy set out below, have operated a policy of keeping available funds in interest-bearing accounts, and seek to diversify risk whilst achieving the highest possible return from investing in appropriate institutions. The invested funds held on deposit achieved an average of 0.96% during the year to 31 March 2023. At the balance sheet date £1.5m was held in notice deposits and consideration of further interest-bearing investments will be undertaken during the year ahead.

MENTAL HEALTH MATTERS
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

c. Reserves Policy and Going Concern

The Charity Commission expects trustees to decide, publish, implement and monitor their charity's reserves policy in order to comply with their legal duties to: act in the interests of their charity and its beneficiaries; protect and safeguard the assets of their charity; act with reasonable care and skill; and ensure their charity is accountable.

MHM trustees review MHM's policy on reserves held by the charity at least annually in order to ensure that it complies with these Charity Commission requirements, supports the achievement of MHM's strategic objectives, and remains appropriate for the economic environment, the health and social care sectors, and other relevant factors affecting MHM's activities.

The trustees recognise that reserves are required in order to:

- meet the continuing financial commitments of delivering commissioned services to beneficiaries, including the need for working capital so that liabilities incurred can be met as they fall due; and
- invest in the development of facilities, services and business processes as necessary to ensure that MHM is compliant with regulatory requirements, aspires to develop and embed best practice in its ways of working, and is able to respond to such new business opportunities as are identified.

The financial obligations associated with MHM's commissioned services tend to be aligned with the funding of those services. However it is important for MHM to hold reserves to cover financial obligations that are not directly funded, in order that those obligations can continue to be met if unforeseen circumstances lead to a reduction in incoming resources. The trustees believe that free reserves are required to cover six months of projected central and infrastructure costs, plus an additional allowance agreed annually in order to be in a position to fund development activity as the need arises, including investment in facilities and adoption of best practice systems and procedures within the fields of health and social care.

For the year 2023/24 the amount of free reserves required is assessed by the trustees as £2,100,000. This level of reserves allows for 6 months of central office costs (including enhanced central capacity to support organisational growth). It also allows for infrastructure development.

MHM total reserves at 31 March 2023 amount to £4,630,961 and consist of:

- restricted funds (subject to specific terms) of £720,355 (see note 18); and
- unrestricted funds of £3,910,606 (see note 18).

From unrestricted funds, the trustees have designated an amount of £400,280 to meet indicative future costs of the IT transformation programme.

General funds therefore amount to £3,420,326. After deducting fixed assets and investments totalling £123,934, the value of free reserves available is £3,296,392, exceeding the required value.

Compliance with this reserves policy will be monitored on an ongoing basis by the Audit & Risk Committee, which will report any non-compliance to the Board of Trustees in order that any corrective action required can be agreed.

The trustees have considered budgets to March 2024 and cashflow forecasts to December 2024. As noted above, MHM incoming resources have grown during the year. Costs remain under careful review, and the trustees believe that the level of reserves available for 2023/24 is sufficient, and the net current assets and cash flow of the charity are at such a level, that the charity is able to operate for the foreseeable future, and that the going concern basis is appropriate for these financial statements.

Close monitoring of reserves, along with relevant scenario planning, will continue in order to ensure that MHM's financial strength is maintained. The degree of certainty over future funding streams will be kept under review, and the trustees intend that MHM will continue to position itself as a provider and partner of choice, able to meet the opportunities presented by commissioners to meet the expected increased demand for mental health services, and to adapt delivery models to offer blended services which feature both digital and face-to-face delivery.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

d. Plans for future periods

As noted above, the trustees agreed to establish a new strategic plan for the three years commencing April 2022. MHM's priorities for 2022-2025, as set out in this new organisational strategy, are:

Co-produced High-Quality Services - We will collaborate with those with lived experience to deliver accessible, impactful, high quality and innovative services that meet the needs of individuals, their families, carers and communities.

Engaged & Ambitious Workforce - We will develop a people culture underpinned by our values, that attracts, develops, rewards and retains a skilled, knowledgeable and diverse workforce.

Shaping Future Care & Support - We will influence and drive the transformation of care and support, through a holistic and locally tailored approach that delivers life changing impact.

Transforming How We Work - We will ensure that our processes, tools and resources are efficient, simple and user-friendly, to increase our reach, maximise our impact and help more people to achieve meaningful lives.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

The auditor, Armstrong Watson Audit Limited, has indicated his willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees on 26/09/23 and signed on their behalf by:

Sally J Briggs

MENTAL HEALTH MATTERS
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2023

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report including the Strategic 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 . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by order of the members of the board of Trustees on 26/09/23 and signed on its behalf by:

Sally J. Brown

MENTAL HEALTH MATTERS
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH MATTERS

Opinion

We have audited the financial statements of Mental Health Matters (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, 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 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

MENTAL HEALTH MATTERS
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH MATTERS (CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees on page 21 (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.

MENTAL HEALTH MATTERS
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH MATTERS (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation and occupational health and employment legislation.
- We enquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.
- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We enquired of the directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition and management override of controls.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the directors and third-party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non detection of irregularities, as these may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non compliance with laws and regulations and cannot be expected to detect all fraud and non compliance with laws and regulations.

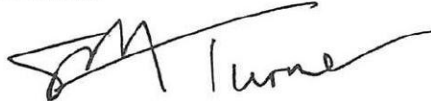
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

MENTAL HEALTH MATTERS
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENTAL HEALTH MATTERS (CONTINUED)

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Simon Turner', with a long horizontal flourish extending to the right.

Simon Turner (Senior statutory auditor)

for and on behalf of
Armstrong Watson Audit Limited

Chartered Accountants & Statutory Auditors

Newcastle upon Tyne

Date: 26 - 9 - 23

MENTAL HEALTH MATTERS
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023**

	Unrestricted funds 2023 £	Restricted funds 2023 £	Designated funds 2023 £	Total funds 2023 £	Total funds 2022 £
Note					
Income and endowments from:					
Donations and legacies	22,568	-	-	22,568	44,578
Charitable activities	4 22,598,532	884,351	-	23,482,883	21,461,199
Investments	5 42,783	-	-	42,783	2,341
Other income	19,720	-	-	19,720	-
Total income and endowments	22,683,603	884,351	-	23,567,954	21,508,118
Expenditure on:					
Charitable activities	6 22,543,201	713,805	410,050	23,667,056	20,551,750
Total expenditure	22,543,201	713,805	410,050	23,667,056	20,551,750
Net income/(expenditure)	140,402	170,546	(410,050)	(99,102)	956,368
Transfers between funds	17 (140,000)	-	140,000	-	-
Net movement in funds	402	170,546	(270,050)	(99,102)	956,368
Reconciliation of funds:					
Total funds brought forward	17 3,419,924	549,809	760,330	4,730,063	3,773,695
Net movement in funds	402	170,546	(270,050)	(99,102)	956,368
Total funds carried forward	3,420,326	720,355	490,280	4,630,961	4,730,063

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 28 to 50 form part of these financial statements.

MENTAL HEALTH MATTERS
(A company limited by guarantee)
REGISTERED NUMBER: 1786914

BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	12	33,969	46,280
Tangible assets	13	89,964	218,567
Investments	14	1	1
		123,934	264,848
Current assets			
Debtors	15	3,991,962	3,508,270
Cash at bank and in hand		4,068,300	4,784,743
		8,060,262	8,293,013
Creditors: amounts falling due within one year	16	(3,553,235)	(3,827,798)
Net current assets		4,507,027	4,465,215
Total assets less current liabilities		4,630,961	4,730,063
Total net assets		4,630,961	4,730,063
Charity funds			
Restricted funds	17	720,355	549,809
Unrestricted funds			
Designated funds		490,280	760,330
General funds		3,420,326	3,419,924
Total unrestricted funds	17	3,910,606	4,180,254
Total funds		4,630,961	4,730,063

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 26-9-23 and signed on their behalf by:

Sealy J. Burns

The notes on pages 28 to 50 form part of these financial statements.

MENTAL HEALTH MATTERS
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash used in operating activities	20	(760,815)	790,224
Cash flows from investing activities			
Disposal of tangible fixed assets		10,052	(95,216)
Purchase of intangible assets		(8,463)	(49,245)
Interest received		42,783	2,341
Net cash provided by/(used in) investing activities		44,372	(142,120)
Change in cash and cash equivalents in the year		(716,443)	648,104
Cash and cash equivalents at the beginning of the year		4,784,743	4,136,639
Cash and cash equivalents at the end of the year	21	4,068,300	4,784,743

The notes on pages 28 to 50 form part of these financial statements

MENTAL HEALTH MATTERS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. General information

Mental Health Matters (the 'charitable company') is a charitable company limited by guarantee, incorporated in England and Wales. The registered office is Avalon House, St Catherine's Court, Sunderland, Tyne and Wear, SR5 3XJ.

The charity exists for the benefit of the public through the provision of its services to any member of the public who has mental or physical health needs.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Mental Health Matters meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

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

These accounts set out the results of the charitable company only. The trustees consider that the charity's subsidiary is not material to the group and so no consolidation accounts have been prepared in accordance with exemption under section 405 of the Companies Act.

2.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company. The trustees are directors for the purposes of the Companies Act 2006. At 31 March 2023 there were eight members (2022: eight members).

2.3 Going concern

FRS 102 requires that, if appropriate, the charity's financial statements are prepared on the going concern basis, which means that the organisation is able to operate for the foreseeable future on the basis of known and reasonable projected resources. Cash flow forecasts have been prepared covering 12 months from the date of approval of the financial statements. Forecasts indicate that adequate cash and reserves will be available throughout the period under review, with no financing required. There are no material uncertainties in respect of the charity's ability to continue as a going concern. Consequently, the trustees believe that the charity is well placed to manage its risks successfully and thus have adopted the going concern basis.

MENTAL HEALTH MATTERS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.4 Income

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

Grants and contracted funding

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

Rental and support income

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

Interest receivable

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

2.5 Expenditure

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

Support costs comprise the central management and support services. They have been apportioned between charitable activities as shown in note 7, based on the proportion of income within each charitable activity.

Governance costs comprise all costs in connection with the strategic management of the charity and compliance with constitutional and statutory requirements. Specific costs on a particular charitable activity are included as such. Shared governance costs are apportioned based on time spent across each charitable activity. They have been apportioned between charitable activities as shown in note 7.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Company's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.6 Taxation

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.7 Intangible assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Computer software	- 25 % straight line
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2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Leasehold property improvements	- 20% to 33% straight line
Fixtures, furniture and equipment	- 20% to 33% straight line
Computer equipment	- 20% to 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of financial activities.

2.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.10 Debtors

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

2.11 Cash at bank and in hand

Cash at bank and 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.

2.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

MENTAL HEALTH MATTERS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.13 Financial instruments

The Company 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.

2.14 Operating leases

The charity as a lessee

Rentals paid under operating leases are charged to the Statement of financial activities on a straight-line basis over the lease term.

The charity as a lessor

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

2.15 Pensions

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

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

2.16 Fund accounting

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

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

MENTAL HEALTH MATTERS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3. Judgement in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgement and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Critical accounting estimates and assumptions:

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment and note 2.8 for the useful economic lives for each class of assets.

(ii) Determining the exit value for commitments to a defined benefit pension scheme liability

The calculation of the exit value for commitments to a defined benefit pension scheme liability is subjective, due to the estimation uncertainty associated with the choice of actuarial assumptions used to determine the overall defined benefit pension scheme liability. Management uses an external actuarial expert to perform the calculation.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Income from charitable activities

	Social Care	Employment Services	Housing Services	Talking Therapies	Total 2023	Total 2022
	£	£	£	£	£	£
Grants & contracted funding	5,197,837	2,088,177	175,274	15,472,218	22,933,506	20,110,796
Other income	-	-	564,223	(14,846)	549,377	1,350,403
	<u>5,197,837</u>	<u>2,088,177</u>	<u>739,497</u>	<u>15,457,372</u>	<u>23,482,883</u>	<u>21,461,199</u>

Analysis by fund

Unrestricted funds	4,313,486	2,088,177	739,497	15,457,372	22,598,532
Restricted funds	<u>884,351</u>	-	-	-	<u>884,351</u>
Total	<u>5,197,837</u>	<u>2,088,177</u>	<u>739,497</u>	<u>15,457,372</u>	<u>23,482,883</u>

For the year ended 31 March 2022

Unrestricted funds	3,749,734	2,268,381	1,039,489	13,515,045	20,572,649
Restricted funds	<u>732,424</u>	<u>28,502</u>	-	<u>127,624</u>	<u>888,550</u>
Total	<u>4,482,158</u>	<u>2,296,883</u>	<u>1,039,489</u>	<u>13,642,669</u>	<u>21,461,199</u>

Grants and contracted funding

	2023 £	2022 £
Local authority funding	1,000,949	1,149,862
Health authority and NHS trust funding	21,098,046	19,773,851
Other charities & trusts	775,718	457,056
Client direct payments	-	9,038
Housing associations	58,793	64,137
Central Government funding	-	7,255
	<u>22,933,506</u>	<u>21,461,199</u>

5. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Bank interest	42,783	42,783	2,341
	<u>42,783</u>	<u>42,783</u>	<u>2,341</u>

The income from investments was £42,783 (2022: £2,341).

MENTAL HEALTH MATTERS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Analysis of expenditure on charitable activities

	Social Care	Employment Services	Housing Services	Talking Therapies	Total 2023	Total 2022
	£	£	£	£	£	£
Staff salary costs	3,251,504	1,527,297	558,418	10,394,025	15,731,244	11,767,391
Other staff costs	150,125	25,645	4,994	139,989	320,753	1,980,434
Payments to subcontractors	7,002	16,285	-	1,235,737	1,259,024	1,536,443
Property costs	370,469	16,869	240,596	571,049	1,198,983	1,048,809
Other operating costs	331,976	37,718	66,796	879,789	1,316,279	1,178,069
Depreciation and amortisation	<u>16,297</u>	<u>264</u>	<u>2,368</u>	<u>50,318</u>	<u>69,247</u>	<u>65,503</u>
	4,127,373	1,624,078	873,172	13,270,907	19,895,530	17,576,649
Share of support costs (see note 7)	765,250	301,118	161,894	2,460,540	3,688,802	2,905,893
Share of governance costs (see note 7)	<u>17,161</u>	<u>6,753</u>	<u>3,631</u>	<u>55,179</u>	<u>82,724</u>	<u>69,208</u>
Total	<u>4,909,784</u>	<u>1,931,949</u>	<u>1,038,697</u>	<u>15,786,626</u>	<u>23,667,056</u>	<u>20,551,750</u>
Analysis by fund						
Unrestricted funds	4,195,979	1,931,949	1,038,697	15,786,626	22,953,251	
Restricted funds	<u>713,805</u>	-	-	-	<u>713,805</u>	
Total	<u>4,909,784</u>	<u>1,931,949</u>	<u>1,038,697</u>	<u>15,786,626</u>	<u>23,667,056</u>	
For the year ended 31 March 2022						
Unrestricted funds	3,234,505	1,737,024	1,329,361	13,520,946		19,821,836
Restricted funds	<u>574,875</u>	<u>27,415</u>	-	127,624		<u>729,914</u>
Total	<u>3,809,380</u>	<u>1,764,439</u>	<u>1,329,361</u>	<u>13,648,570</u>		<u>20,551,750</u>

MENTAL HEALTH MATTERS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Support costs

	Support costs	Governance costs	2023	2022
	£	£	£	£
Staff salary costs	1,911,929	-	1,911,929	1,457,222
Other staff costs	294,711	-	294,711	466,640
Property costs	71,446	-	71,446	81,179
Other operating costs	1,348,896	-	1,348,896	831,924
Depreciation and amortisation	20,288	-	20,288	41,774
Legal fees	41,531	-	41,531	27,154
Staff costs	-	59,986	59,986	43,104
Professional fees	-	13,995	13,995	19,155
Office costs	-	8,500	8,500	6,030
Trustee meetings	-	242	242	920
	<u>3,688,801</u>	<u>82,723</u>	<u>3,771,524</u>	<u>2,975,102</u>
Analysed as				
Charitable activities	<u>3,688,801</u>	<u>82,723</u>	<u>3,771,524</u>	<u>2,975,102</u>

8. Net movement in funds

Net movement in funds is stated after charging/(crediting):

	2023	2022
	£	£
Depreciation of owned tangible fixed assets	68,804	102,025
Amortisation of intangible assets	20,774	2,965
Operating lease charges - equipment	-	9,642
Operating lease charges - land and buildings	817,098	614,909

9. Auditor's remuneration

	2023	2022
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13,995	13,995
Fees payable to the Company's auditor in respect of:		
All non-audit services not included above	<u>3,750</u>	<u>3,750</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Staff costs

	2023 £	2022 £
Wages and salaries	14,296,436	11,483,181
Social security costs	1,453,020	1,083,853
Contribution to defined contribution pension schemes	525,673	700,682
	<u>16,275,129</u>	<u>13,267,716</u>

The average number of persons employed by the Company during the year was as follows:

	2023 No.	2022 No.
Employment services	49	47
Community support and personalised services	162	121
Housing services	12	18
Talking therapies services	253	233
Administration and support	49	35
	<u>525</u>	<u>454</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2023 No.	2022 No.
In the band £60,001 - £70,000	3	3
In the band £80,001 - £90,000	1	1

The key management personnel of the charity comprise the chief executive officer and the executive team. The remuneration of key management personnel is as follows:

	2023 £	2022 £
Aggregate compensation	<u>532,642</u>	<u>480,132</u>

MENTAL HEALTH MATTERS
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NOTES TO THE FINANCIAL STATEMENTS
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11. Trustees' remuneration and expenses

The Trustees received no remuneration during the year (2022: £nil) and no Trustees received payment for professional or other services supplied to the charity (2022: £nil).

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 March 2023, travel expenses totalling £242 were reimbursed or paid directly to 2 Trustees (2022 - £NIL).

12. Intangible assets

	Computer software £
Cost	
At 1 April 2022	572,641
Additions	8,463
	581,104
At 31 March 2023	581,104
Amortisation	
At 1 April 2022	526,361
Charge for the year	20,774
	547,135
At 31 March 2023	547,135
Net book value	
At 31 March 2023	33,969
At 31 March 2022	46,280

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

There are no contractual commitments to acquire intangible assets at 31 March 2023 (2022: £nil).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 April 2022	43,746	370,758	810,471	1,224,975
Disposals	-	(46,743)	(13,099)	(59,842)
At 31 March 2023	<u>43,746</u>	<u>324,015</u>	<u>797,372</u>	<u>1,165,133</u>
Depreciation				
At 1 April 2022	42,167	315,120	649,121	1,006,408
Charge for the year	601	28,004	89,946	118,551
On disposals	-	(44,104)	(5,686)	(49,790)
At 31 March 2023	<u>42,768</u>	<u>299,020</u>	<u>733,381</u>	<u>1,075,169</u>
Net book value				
At 31 March 2023	<u>978</u>	<u>24,995</u>	<u>63,991</u>	<u>89,964</u>
At 31 March 2022	<u>1,579</u>	<u>55,638</u>	<u>161,350</u>	<u>218,567</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2022	1
At 31 March 2023	1
Net book value	
At 31 March 2023	1
At 31 March 2022	1

Principal subsidiaries

The following was a subsidiary undertaking of the Company:

Name	Principal activity	Holding
Moorpark Limited	Dormant company	100%

15. Debtors

	2023 £	2022 £
Due within one year		
Trade debtors	2,113,634	2,545,140
Amounts owed by group undertakings	2,727	2,727
Other debtors	5,677	15,157
Prepayments and accrued income	1,860,185	926,686
Other debtor arrears	9,739	18,560
	3,991,962	3,508,270

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	318,458	432,800
Other taxation and social security	308,520	291,798
Deferred income	1,466,655	2,050,178
Other creditor arrears	1,472	16,910
Other creditors and accruals	1,333,727	561,949
Provision for pension contributions	124,403	474,163
	3,553,235	3,827,798
	3,553,235	3,827,798
	2023	2022
	£	£
Deferred income at 1 April	2,050,178	2,407,767
Resources deferred during the year	813,234	1,926,137
Amounts released from previous periods	(1,396,757)	(2,283,726)
	1,466,655	2,050,178
Deferred income at 31 March	1,466,655	2,050,178

MENTAL HEALTH MATTERS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

17. Statement of funds

Statement of funds - current year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
Unrestricted funds					
Designated funds					
Designated funds	760,330	-	(410,050)	140,000	490,280
General funds					
General funds	3,419,924	22,683,603	(22,543,201)	(140,000)	3,420,326
Total Unrestricted funds	4,180,254	22,683,603	(22,953,251)	-	3,910,606
Restricted funds					
Central	125,032	-	-	-	125,032
Employment services	82,272	-	-	-	82,272
Community support and personalised services	342,505	884,351	(713,805)	-	513,051
Talking therapies services	-	-	-	-	-
	549,809	884,351	(713,805)	-	720,355
Total of funds	4,730,063	23,567,954	(23,667,056)	-	4,630,961

During the year management determined that separate disclosure of designated funds on the face of the Statement of Financial Activities provided the user of the accounts with a clearer and true and fair view of the activities and performance of the Charity. They have amended the presentation of the Statement of Financial Activities to reflect that in this financial year. Management will annually consider the appropriateness of this presentation and make similar presentational changes in future periods.

MENTAL HEALTH MATTERS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 April 2021</i> £	<i>Income</i> £	<i>Expenditure</i> £	<i>Transfers in/out</i> £	<i>Balance at 31 March 2022</i> £
Unrestricted funds					
Designated funds					
Designated funds	638,343	-	-	121,987	760,330
General funds					
General funds	2,631,065	20,619,568	(19,821,836)	(8,873)	3,419,924
Total Unrestricted funds	3,269,408	20,619,568	(19,821,836)	113,114	4,180,254
Restricted funds					
Central	137,773	-	-	(12,741)	125,032
Employment services	81,185	28,502	(27,415)	-	82,272
Community support and personalised services	184,956	732,124	(574,875)	-	342,505
Talking therapies services	100,373	127,624	(127,624)	(100,373)	-
	<u>504,287</u>	<u>888,550</u>	<u>(729,914)</u>	<u>(113,114)</u>	<u>549,809</u>
Total of funds	<u>3,773,695</u>	<u>21,508,118</u>	<u>(20,551,750)</u>	<u>-</u>	<u>4,730,063</u>

MENTAL HEALTH MATTERS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

18. Summary of funds

Summary of funds - current year

	Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
Designated funds	760,330	-	(410,050)	140,000	490,280
General funds	3,419,924	22,683,603	(22,543,201)	(140,000)	3,420,326
Restricted funds	549,809	884,351	(713,805)	-	720,355
	<u>4,730,063</u>	<u>23,567,954</u>	<u>(23,667,056)</u>	<u>-</u>	<u>4,630,961</u>

Summary of funds - prior year

	<i>Balance at</i> <i>1 April 2021</i> £	<i>Income</i> £	<i>Expenditure</i> £	<i>Transfers</i> <i>in/out</i> £	<i>Balance at</i> <i>31 March</i> <i>2022</i> £
Designated funds	638,343	-	-	121,987	760,330
General funds	2,631,065	20,619,568	(19,821,836)	(8,873)	3,419,924
Restricted funds	504,287	888,550	(729,914)	(113,114)	549,809
	<u>3,773,695</u>	<u>21,508,118</u>	<u>(20,551,750)</u>	<u>-</u>	<u>4,730,063</u>

MENTAL HEALTH MATTERS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	89,964	-	89,964
Intangible fixed assets	33,969	-	33,969
Fixed asset investments	1	-	1
Current assets	7,339,907	720,355	8,060,262
Creditors due within one year	(3,553,235)	-	(3,553,235)
Total	3,910,606	720,355	4,630,961

Included within Unrestricted Funds is the Designated Fund which has been disclosed separately in the SOFA.

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Tangible fixed assets	218,567	-	218,567
Intangible fixed assets	46,280	-	46,280
Fixed asset investments	1	-	1
Current assets	7,743,204	549,809	8,293,013
Creditors due within one year	(3,827,798)	-	(3,827,798)
Total	4,180,254	549,809	4,730,063

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

	2023 £	2022 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(99,102)	956,368
Adjustments for:		
Depreciation and impairment of tangible fixed assets	118,551	102,025
Amortisation and impairment of intangible assets	20,774	2,965
Investment income recognised in statement of financial activities	(42,783)	(2,341)
(Increase) in debtors	(483,692)	(200,073)
Increase in creditors	308,960	288,869
(Decrease) in deferred income	(583,523)	(357,589)
Net cash provided by/(used in) operating activities	(700,015)	790,224

21. Analysis of cash and cash equivalents

	2023 £	2022 £
Cash in hand	4,068,300	4,784,743
Total cash and cash equivalents	4,068,300	4,784,743

22. Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	4,784,743	(716,443)	4,068,300

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23. Pension commitments

Defined contribution scheme

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £376,167 (2022: £302,927). Contributions of £66,800 (2022: £19,619) were payable to the fund at the balance sheet date and are included in creditors.

Defined benefit schemes

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

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

	2023	2022
	£	£
The Growth Plan	-	1,708
NHS Pension Scheme	135,179	160,723
	135,179	162,431
	135,179	162,431

Expenditure on pensions is allocated to service line according to staff time. Costs are split between restricted and unrestricted based upon project specific cost accounting. Contributions totalling £17,229 (2022: £54,200) were payable to the funds at the year end and are included in creditors.

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NHS Pension Scheme

The NHS Pension Scheme ('the scheme') is an unfunded, multi-employer defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable participating bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the charity of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period. At the balance sheet date there were 33 active members of the Scheme employed by the charity. The Scheme is not open to new employees unless they are transferred under TUPE agreements from an NHS Foundation Trust.

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

Members of the 1995 section normally receive a lump sum on retirement of three times their annual pension. Members of the 2008 and 2015 sections receive a lump sum which may be a maximum of 25% of the value of their pension at retirement, their choice subsequently affecting the level of annual pension due. In all cases, the lump sum available is subject to a maximum amount permitted under HMRC rules. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in the Consumer Price Index in the twelve months ending 30 September in the previous calendar year.

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

The Scheme is subject to a full actuarial valuation every four years, and an FRS102 accounting valuation every year. At the conclusion of the 2016 full valuation the Scheme actuary reported that employer contributions should increase to 20.6% from 14.3% from April 2019. In addition, employers are required to pay a scheme administration levy of 0.08% of pensionable pay. For the 2019 - 20, 2020 - 21 and 2021 - 22 scheme years, employers were responsible for paying 14.38% of contributions, with the remaining 6.3% being funded centrally.

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

TPT Retirement Solutions' Growth Plan

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

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Therefore,

the Plan is accounted for as if it were a defined contribution scheme: the cost to the charity of participating in the Plan is taken as equal to the contributions payable to the Plan for the accounting period.

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

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

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

During 2021/22 the trustees carefully considered the pros and cons of opting to withdraw from the TPT Retirement Solutions' Growth Plan scheme and decided to do so with effect from 30 September 2021. At the balance sheet date there were 0 active members of the Plan employed by the charity. The charity no longer offers membership of the Plan to its employees.

The charity has been notified by TPT Retirement Solutions of the estimated employer debt as a result of the decision to withdraw from the Plan. based on the financial position of the Plan as at 30 September 2021. Based on this information, the estimated employer debt of the charity at 30 September 2021 is £400,268. This amount has been provided in full at 31 March 2022 and is included in creditors.

There are potential additional liabilities associated with an ongoing review of the way in which changes to benefits have been implemented. The Scheme Trustee is seeking court directions on how to interpret the rules. Until this matter is resolved, it is not possible to assess with any degree of certainty the likelihood or value of additional liabilities. However, the trustees do not expect these to be material.

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24. Operating lease commitments

The charity as a lessee:

At 31 March 2023 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £	2022 £
Within 1 year	332,763	312,721
Between 1 and 5 years	98,627	245,328
	431,390	558,049

The charity as a lessor:

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

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

25. Related party transactions

During the year the Charity entered into transactions with the following related parties:

- P Rolland, trustee, who is employed as a programme lead for Health Education England, which provides funding for clinical trainees in talking therapy services, and
- J Langam, trustee, whose husband is employed by Combat Stress UK, with whom the charity has a contract for community support services.

Neither related party has had any involvement in the delivery of the services nor have they had any involvement in decision making in relation to the contracts in question.

The income generated by MHM in the year from each of these contractual arrangements with related parties is as follows:

	2023 £	2022 £
Health Education England	350,743	143,489
Combat Stress	777,075	249,992
	1,127,818	393,481