



Mental Health Concern

Trustees' report and financial statements

Period ending 30 September 2022



Company registration number 2073465
Charity number 519332





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| | | |
|-----------------|-----------------|-------------------------------------------|
| Trustees | Ms R Granger | Chair |
| | Mr G Puntis | Vice Chair |
| | Dr A Walsh | (Resigned 23/08/21) |
| | Mr D Arthur | (Resigned 20/12/21) |
| | Mr R McEvoy | (Resigned 28/04/22) |
| | Mrs S Medcalf | (Resigned 28/04/22) |
| | Mrs H Thompson | (Appointed 28/06/22, resigned 04/10/222) |
| | Dr W Kaiser | |
| | Mr S Bainbridge | (Appointed 29/06/22) |
| | Mr C Gibbons | (Appointed 28/06/21, resigned 21/10/2022) |
| | Mr H Kakad | |
| | Mr P Wait | (Appointed 28/04/22) |
| | Mrs H Baker | (Appointed 28/04/22) |
| | | (Appointed 28/04/22) |

Company registered number 2073465

Charity registered number 519332

Registered office
Sir Bobby Robson
House
1st Floor, 2 Esh Plaza
Sir Bobby Robson Way
Great Park, Gosforth
Newcastle upon Tyne
NE13 9BA

| | | |
|-----------------------|----------------|--------------------------|
| Executive team | Adam Crampsie | Chief Executive |
| | Emily Evans | Chief Commercial Officer |
| | Andy Wright | Chief Operating Officer |
| | Sahreen Safdar | Chief Finance Officer |
| | Sarah Dewar | Chief People Officer |

Independent Internal Auditors
Audit One
Kirkstone Villa
Lanchester Road
Hospital
Durham
DH1 5RD

External Auditors
Haines Watts North East
Audit LLP
17 Queens Lane
Newcastle
NE1 1RN

Mental Health Concern (A company limited by guarantee)

Reference and administrative details
Period ended 30 September 2022



| | | | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| Bankers | Lloyds Bank plc High Street Gosforth Tyne and Wear NE3 1JQ | Santander 112-118 Northumberland St Newcastle Upon Tyne NE1 7DG | NatWest 16 Northumberland St Newcastle Upon Tyne NE1 7EL |
| Solicitors | PGS Law Law Court Chamber Waterloo Square South Shields NE33 1AW Womble Bond Dickinson Helix, The Spark Draymus Way Newcastle upon Tyne NE4 5DE | Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF | Gordons LLP Riverside West Whitehall Road Leeds LS1 4AW |
| Investment Advisors | Brewin Dolphin Time Central 32 Gallowgate Newcastle upon Tyne NE1 4SR | Rathbones Earl Grey House 75-85 Grey Street Newcastle upon Tyne NE1 6EF | Eden Tree 24 Monument Street London EC3R 8AJ |



The Trustees (who are also Directors of the Charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Mental Health Concern (the company and the Group) for the period ended 30 September 2022.

The Trustees confirm that the annual report and financial statements of the company and the Group comply with the current statutory requirements; the requirements of the company and the Group's governing document; and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Public Benefit

The trustees have considered the Charity Commission's guidance on public benefit. The services we offer in the areas we are commissioned are available free of charge to those who need our support. Our work not only benefits individuals and their families, but also the wider community by reducing the impact and cost of ill-health to society.

Objectives and activities

Mental Health Concern was born of the NHS in 1986. From a single dementia care home, we have grown to provide a range of specialist, NHS-commissioned mental health services, including dementia care services, 24-hour specialist adult care, supported housing, crisis and community wellbeing services.

Our subsidiary, Insight IAPT, provides talking therapies nationally. Together, we support over 70,000 people across England every year.

We're now turning to the future, and the changing landscape of community mental health care. We are fully aware of the challenges facing the health and social care system. Increased demand, limited funding, strained capacity, and the aftermath of the Covid-19 pandemic are having a profound effect on the nation's mental and physical health.

During 2021/22 we launched our new organisational strategy entitled "Shaping our Future". This ambitious strategy will see Mental Health Concern provide high-quality integrated health and wellbeing services, placing people and communities at the heart of everything we do. Through this strategy we aim to become the VCSE provider of choice for the NHS, partnering with other charities and providers to deliver high-quality outcomes in an integrated manner.



The year was not without its challenges. Easing of Coronavirus restrictions saw our teams return to face-to-face work, whilst still maintaining remote interventions for those that required it. This hybrid way of working allows us to reach more people and deliver great outcomes, but it also puts strain on the system.

We now work to a strong set of organisational values, and we uphold these in all the work we do. We value:

- Innovation
- Compassion
- Accountability
- Respect
- Excellence

We continually strive to maintain, consolidate and develop our position as a key not-for-profit provider of NHS, local authority, and grant-funded services, supporting people with a wide range of mental health conditions. We specialise in:

- Community mental health crisis services
- Housing and 24-hour adult nursing care
- Dementia services
- Improving Access to Psychological Therapies (IAPT)

We continue in our endeavours to improve our service provision, policy, and practice, in order to keep pace with the ever-changing demands of health and social care. We work alongside other providers and statutory commissioners to develop and maintain joined-up, person-centred services. Our position as a key provider of NHS-funded services continues.

Our services continue to comply with, and often exceed, national monitoring standards and performance monitoring expectations set by our commissioners.

Review of Mental Health Concern activities

Mental Health Concern and its trading subsidiary Insight Healthcare deliver care and support across four areas:

- Dementia services
- Housing and 24-hour adult nursing care
- Community mental health and crisis services
- Improving Access to Psychological Therapies (IAPT) & Employment Services (through Insight Healthcare)



Dementia Services

Mental Health Concern offers specialist personalised care for people with complex dementia and their families, bridging secondary care and the traditional social care system.

We believe passionately in providing good care to people with dementia and their families. We also believe that it is entirely possible for a person with dementia to live a good quality and meaningful life. We have provided specialist dementia services for over 30 years. All of our dementia services and staff work to a strong set of values that have a clear person-centred focus.

Sometimes we care for people who, because of their dementia, behave in ways that can be challenging or hard to understand. Our main focus is on getting to know the person as well as we can, so that we can meet their needs in ways that improve wellbeing. This is because we know that a person with dementia is just that – a person. In Gateshead, we provide four types of dementia services:



- 24-hour specialist nursing care
- Respite care
- Short-term assessment (as an alternative to hospital admission)
- Community challenging behaviour support
- 24-hour Specialist Older Adult Care

The people who use our specialist older adult service are generally aged 65 or over, but we look at each person's case individually based on need, not age, so we sometimes support people under 65.

Our main purpose is to help older adults with complex mental health issues to live well and independently in the community. We work with people to understand and manage their mental health condition, as well as to develop and practice the skills which are important to live independently. We focus on 'recovery', wellbeing, and good physical health.

This year we realigned our dementia service offer across our three main sites so that our core disciplines are delivered in the same location. This has led to improved quality outcomes and service user satisfaction. Alongside this we have delivered a large-scale refurbishment of our three care facilities at Alderwood, Briarwood and Pinetree Lodge. This refurbishment work is set to be completed in April 2023. We have worked hard to maintain our 'Good' CQC rating across all of our dementia services. A clear focus for our dementia services has been around the re-contracting with local commissioners. By realigning our models, we have cemented our place in the system as the NHS partner of choice for high-acuity sub-acute dementia care on behalf of the NHS.

Housing and 24-hour nursing care

Mental Health Concern provides homes for people with complex mental health conditions, as part of their journey towards living independently in the community.

We work flexibly to provide specialist support when it's needed, whilst allowing each person to gain their independence in a safe, supportive environment.

Our housing services support people with complex mental health issues to take up tenancies in the community. Our focus is helping people to have independence and to take control over their own lives and we provide a wide range of help, from quite intensive bespoke packages, right through to low-level, day-to-day support and advice.

We have four specific services which focus on promoting relapse prevention, employment and increased employability, access to education, living skills, conditions management and positive move on within one to three years.

These services are delivered across two 24-hour nurse-led facilities at Coalway Lane and Jubilee Mews and through a portfolio of owned and leased properties where people live independently in the community with a package of support. This year we launched a new crisis house service in partnership with the NHS. Through this service people in crisis are housed and supported by our clinical teams to prevent hospital admissions. We also delivered a large number of refurbishments to our owned properties to enhance the experience of our service users.

We are delighted to have maintained our 'Good' CQC rating at Jubilee Mews and Coalway Lane.

82% of families would recommend

60 specialist dementia beds in North East

91% of people felt listened to

25 homes
for people with supported housing needs

Promoting positive move-on within
1 to 3 years

51 specialist 24/7 functional mental health beds across 3 sites



Community mental health and crisis services

We provide support in the community to improve the wellbeing of people who are struggling with issues or crisis in their day-to-day life.

Our community mental health and crisis services operate across four key areas

- Mental Health Link Workers
- Community Treatment Team Waiting List Services
- Community Crisis Services
- Recovery Colleges

Across the year we responded to the needs of the NHS by launching many new community mental health services. We now employ over 96 link workers who are working in partnership with NHS Trusts and GPs to deliver life-changing support to people with mental ill-health.

Our mental health link workers and peer support workers provide valuable help to those that need it in the community. Connecting medical and clinical treatment with practical and emotional support so individuals can feel empowered and resilient.

Our Community Crisis Services grew significantly this year as a result of the impact of Covid and the cost-of-living crisis. We saw a 30% increase in referrals during the year and as a result increased our service offer. We also developed new and innovative ways of working which allowed us to deliver more on behalf of the NHS, reaching a greater number of people.

Our community crisis services (TIAC – Together in a Crisis) provide wrap-around support to people experiencing crisis because of social and practical circumstances. Working alongside community crisis teams and home treatment teams, we help a significant proportion of people that historically would have been part of the statutory team caseload. Individuals access the service via referral from NHS teams and in some areas there are options to self-refer.

People typically access the TIAC services for 12 weeks. Support is provided both remotely and in face-to-face meetings. Our crisis link workers ensure that anyone experiencing crisis gets the level of help they need -from sourcing food packages to finding accommodation or dealing with financial issues.

We were proud to launch the Distress Brief Intervention Service in partnership with the NHS, the first of its kind in the country.

Improving Access to Psychological Therapies (IAPT) & Employment Services

Insight Healthcare is the leading not-for-profit provider of NHS funded talking therapies as part of the national IAPT programme. We had a very strong year across 21/22, receiving 83,520 referrals.

Investment in a new leadership structure and operating model has led to significant quality improvements across all services. All our services are now exceeding NHS targets across the country.

Across the year we embarked on a large-scale project to renegotiate all our IAPT contracts to make them commercially viable. This involved exiting some contracts that were not operationally or financially viable. This commercial activity vastly improved the financial and quality performance of the contracts.

67% increased WEMWBS score for those working with Community Mental Health Link Workers

Over 3,300 people supported in 2021

Delivering Link Worker services for **over 10 years**

96 Link workers employed across our Community & Wellbeing and Crisis services.

“There is no other service that offers what TiaC does or has such capacity to reduce our work in an immediate and compassionate, collaborative manner.”

Over 2,500 people helped in 2022

providing crisis support across **6** locality areas





The increased demand for IAPT services has been a challenge for the organisation as it is coupled with a national workforce shortage which is impacting all providers. To help combat this we have invested in digital technologies such as Artificial Intelligence and our data and insights programme to deliver greater impact with our resources. We have also launched a national IAPT webinar service that allows us to deliver low-intensity treatments to more people.

The launch of our standard operating procedures and 'brilliant basics' programme has led to a dramatic improvement in all quality measures. Through investment in the centralisation of all administration and clinical risk, we were able to improve the availability of our clinicians, leading to more treatments being offered with improved outcomes.



Feedback from clients, carers, and service users

We encourage feedback so that all feel able to give full and candid details of their experience. We use this feedback to continuously improve our services to best meet service user needs.

Coalway Lane (24hr specialist adult nursing)

"Thank you so much, your support has been invaluable."

Together in a Crisis (community crisis support)

"I honestly don't know what I'd do without you. I thank you from the bottom of my heart for everything you have done for me"

"Before working with your service, I had no idea how to complete forms and my mental health would stop me being independent, I now feel able to do important forms on my own. I'm really grateful for all your support"

Moving On Tyne & Wear (employment support)

"I am on top of the world and it's all thanks to my Navigator, who lifted me when I was down and kept helping me to be more positive and forward thinking, couldn't have done it without her. Also thank you for putting myself and my Navigator together, it has been a great fit. You are all a fantastic team and thank you so much."

"I never in a million years thought I would have had the confidence to get a job. It's all thanks to my Navigator, who made me believe I could do it. I am so happy, I can't thank her enough."

Northumberland Recovery College

"The session leader does the most amazing job of delivering these powerful sessions; encouraging a non-judgmental and safe space to explore expression and empowerment through movement. Life-changing stuff! Thank you."

Primary care and IAPT services

"I was extremely nervous about my appointment, but my therapist was understanding, patient, helpful and listened to what I had to say throughout. Thank you."

"My therapist was absolutely amazing. She listened and provided great advice and techniques. She helped me find the best techniques for me to help with PTSD and break down all the surrounding issues. I could not fault her."

"From beginning to end I found your service excellent and very useful. My therapist made me feel at ease and I'd like to thank her again for her help, sensitivity and practical help. She helped me realise that I can get through this."

Financial review

Financial performance

As mentioned in our prior year Statutory Accounts, we took the decision to move our financial year end to 30 September and are therefore reporting on an 18-month period to 30 September 2022. We made this decision for a number of reasons that would benefit the organisation. The main driver for change was to allow the organisation to better budget and forecast, based on the NHS commissioning cycles.

| Summary of Performance | 18 months to September 2022 | 12 months to March 2021 |
|-----------------------------------------|--------------------------------|----------------------------|
| Income | £52.46m | £34.06m |
| Charitable Expenditure | £51.42m | £30.00m |
| Workforce – Average number of employees | 871 | 835 |
| Net Surplus before Gift Aid Paid | £4.25m | £5.47m |
| <i>Net Surplus as % of Income</i> | <i>8.1%</i> | <i>16.1%</i> |
| Gift aid paid (relating to prior year) | (£2.96m) | (£1.36m) |
| Other recognised gains/(losses) | - | (£0.99m) |
| Consolidated Movement in Funds | £1.29m | £3.13m |
| Total funds carried forward | £15.57m | £14.28m |

We are pleased to report another strong financial performance period of 18 month generating a surplus of £4.25m before the payment of gift aid of £2.96m.

With additional investment in our Commercial function, we exited a small number of contracts which were no longer financially viable or aligned with our strategic vision. This enabled a renewed focus on renegotiating key contracts, gaining material uplifts, alongside working with new strategic partners for innovative delivery of our strategic priorities.

Our annualised operating costs were 5% higher than prior year, with staffing costs responsible for 85% of the total; compared to 79% of total costs in prior year. This investment in staffing was as a result of right-sizing the organisation to deliver services at scale across the country.

While recruitment challenges have continued to dominate the sector, our People Strategy focused on attracting and retaining colleagues during this period, as seen by our 4.3% growth in average headcount since March 2021. We introduced a number of initiatives to support our colleague investment including expanding our range of wellbeing benefits; becoming a National Living Wage employer and supporting a 5% salary uplift over the period. Finally, we expanded our Affiliate support and invested in Agency staff to support the capacity issues of our clinical and professional colleagues. This has had a profound effect on our clinical delivery with all our contracts now exceeding national NHS quality measures.



The cash and cash equivalents are £9.6m at the end of the period, 21% higher than prior year. As part of our commitment to ensure our physical environments are fit for purpose, we have started our multi-million-pound investment in our three dementia care schemes, with the first being Alderwood. This large-scale refurbishment programme will be complete in April 2023. We also invested in moving our Head Office and achieved the vision of an open and friendly environment for all colleagues.

Going concern

After making appropriate enquiries, the trustees are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis as the basis for the preparation of the accounts.

Financial risk management objectives and policies

Within the Strategic Risk Register, which is reviewed quarterly by the trustees, the most significant financial risk facing Mental Health Concern and Insight IAPT is the reliance on commissioned public contracts in a continuing period of economic austerity, and the impact of inflation risk. To mitigate this risk, we have invested in our commercial function so that we are closely managing the contract life cycle, along with a compelling business plan that will diversify revenues over the coming years.

Trustees review liquidity through regular reports including income and expenditure accounts, balance sheets and cash flow forecasts. To date, our liquid assets have been sufficient to mitigate the impact of quarterly funding from the NHS and the impact of payments in arrears for relevant IAPT services. All our services are subject to the risk of increases in purchase price of supplies. As a result of our ongoing review of central costs, we have seen efficiency savings in our central purchasing. We will continue to target key areas of significant spend across the Group in 2022/23. Where practical, prices are agreed in advance through supplier quotations and tendering, focusing on key areas within the year to gain economies of scale. Our budgeting and forecasting processes are designed to alert management and trustees to potential problems.

We do not make charges to individuals for the services we provide, and as such have no exposure to credit risk in relation to service users and beneficiaries. Funding from the NHS and local authorities is based on commissioned services under standard public sector contracts. As this funding is derived from government-related public bodies, it is considered that credit risk is minimal.

Each of our organisations have interest-bearing assets, in the form of cash deposits, which are subject to changes in interest rates. Significant levels of cash are needed for operating funds, to meet liquidity risk. The poor levels of interest have been recognised in our investment policy and, as a result, we have moved cash into fixed deposit accounts maturing over 3, 6, 9 and 12-month cycles to mitigate risk and ensure we are working our funds as best we can.



Principal risks and uncertainties

We have an extensive range of policies and procedures in place coupled with the requisite training, clinical supervision, and support to mitigate potential risks.

A strategic risk register is maintained, reviewed, and updated by the executive team, the Governance Committee, and then the Board. The controls in place provide reasonable, but not absolute, assurance that risks have been adequately mitigated.

We have 14 open strategic risks on the register which are managed closely by the executive team and Board. The principal risks highlighted by our review and monitoring are:

- Our services are commissioned by the NHS which is undergoing a significant reorganisation along with continued political uncertainty. We recognise the financial pressures on public funded services, as well as the constantly changing commissioning environment. The executive team work closely with all commissioning groups to ensure that these risks to the charity are minimised. All new services and re-tenders are subject to financial and operational review, to ensure our standards of delivery are financially viable and clinically sound.
- Our back office and clinical systems require significant investment over the coming years to ensure we deliver safe and effective services. The development of a digital strategy and investment plan will see these systems replaced with a system architecture that is best in class.
- National workforce challenges with clinical staff leading to shortages in the market for nurses and clinical IAPT staff. Our strong investment in people is setting us apart in the market, along with new approaches to recruitment. Investment in digital technologies mean we can support our clinicians better to deliver their roles.
- A greater need to develop and deliver contracts in partnership with other providers as the size and scale of contracts increase in line with NHS system-based approaches to commissioning. We have invested in a new approach to partnership management and community engagement, along with a new robust set of sub-contracting agreements.

Free Reserves policy

The trustees consider a risk-based reserves policy on an annual basis, considering the risks raised by the strategic risk register, which in turn feeds into the investment policy. The reserves policy was reviewed this year, and the trustees agreed to reduce the target reserves to £2.3m. The trustees considered the risks facing the group and agreed that a significant amount of work had taken place over the last 18 months in securing and stabilising contracts. This, combined with the level of investment in key areas of the business, has allowed for further financial stability and therefore has reduced the financial risk to the Group.

Mental Health Concern and Insight IAPT made a consolidated surplus of £4.25m over the 18-month period before the payment of prior year gift aid. The trustees continue to commit to the investment required to secure the future of the Group and have therefore agreed a number of areas which require further investment over the next 12-24 months to protect the charity from risk, and to deliver on the strategic priorities set over the next two years. The following funds have been designated to take forward:



| Designated Funds | Total C/F |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Property Fund To fund unexpected property maintenance costs or dilapidations that may arise. | 894,979 |
| Back Office Systems & Processes Investment in simplifying our central support services | 356,000 |
| Older Person's Strategy Estates investment in our 3 care schemes | 1,473,655 |
| Delivery of strategic objectives Fund to support the delivery of our strategic objectives in line with our agreed strategic priorities | 716,800 |
| Investment in People Fund to support investment in our people to create high-performing teams | 500,000 |
| Innovation Fund Fund to support added value activities which further enhance the experience of the people who use our services | 20,237 |
| Digital Strategy Fund Investment to support Digital Transformation across the organisation | 400,000 |
| Total | 4,361,671 |

During 2021/22 we spent £1.5m of our designated funds set aside in the previous year, this resulted in huge improvement to our Estates portfolio, as well as investment in back office and infrastructure and the launch of our Data warehouse.

In 2021/22, we have increased our free reserves to achieve our revised target of £2.3m. We will continue to review our free reserves on annual basis and ensure our targeted amount is reflective of our risk-based assessment linked to our strategic risk register.



Investment policy and performance

The trustees have the power to invest and deal with the monies of the Charity not immediately required for the purpose of its business, in investments or securities and in such manner as may from time to time be determined. The trustees have held investments, other than investments in property for the use of operational services, as cash on deposit and with a number of investment managers. Following a tender process, three investment managers were appointed in 2021. We invested £0.6m into three long-term investment funds to spread the risk of exposure. Understandably, these investments diminished marginally due to the unstable economic climate but are expected to recover in the longer term. Given the current economic constraints and the need for further internal investment the trustees decided not to increase investment in this area this year.

Fundraising

Due to a refocus of our commercial activities in line with our 3-year business plan, we are no longer actively fundraising. Our efforts are fully focussed on our commissioned income from the NHS and Local Government. Our business plan has seen us recommission contracts on better financial terms, along with new long-term contracts. Growth in reach and income will be achieved through delivery of our business plan focussing on NHS contracts.

Plans for future periods

As we enter the second year of the 'Shaping our Future' strategy we have set 19 strategic objectives for the organisation. These objectives align with advancing the Charity's purpose through innovation, reach, outcomes and social value. Our strategic objectives are designated as either fix, grow or differentiate activities. Investment in a Project Management Office (PMO) will allow us to deliver these strategic objectives with clear focus and reporting to the Board.

Two key strategic projects delivered through the PMO will be Project Impact and Project Place.

Project Impact will deliver social value and sustainability policies and reporting, patient experience reporting and co-creation strategies, and impacting reporting on our services and communities we serve. Through this project we will be able to clearly demonstrate the measurable impact of the Charity's actions, allowing us to further the Charity's aims through increased numbers of contracts.

Project Place will develop and deliver an estates strategy for all our services across the country so that our people and service users have the best environment to receive their care.

Sitting alongside this is a newly launched 3-year business plan that will see significant growth for the Charity in both revenue and number of lives we touch each year. Over the next three years we will focus on public sector contracts to cement our position as the innovative, go-to VCSE provider of community mental health services. To do this we will focus on three clear growth propositions working in partnership with the NHS. We will also maximise our current contracts to increase our reach and outcomes.

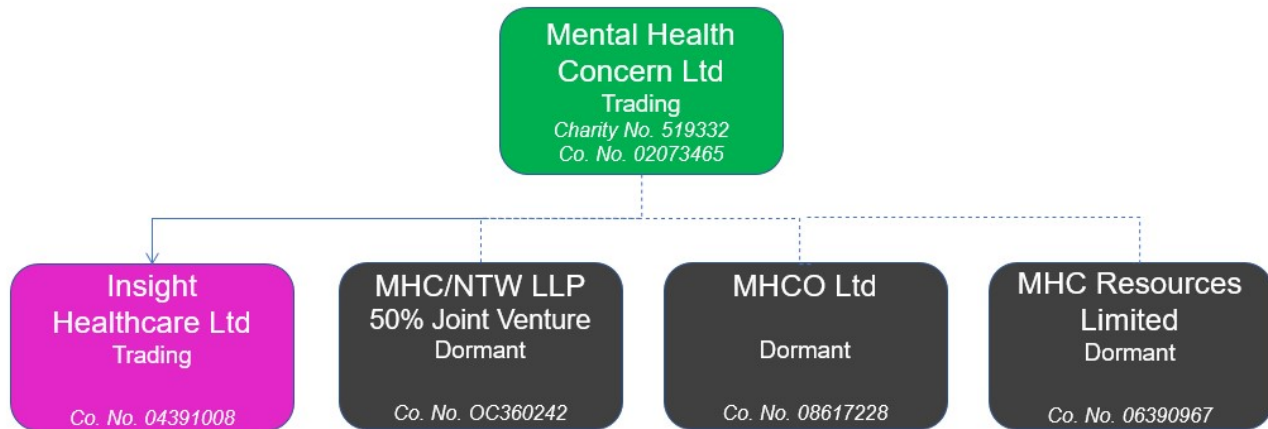
This fix, grow and differentiate plan will see the Group revenues increase significantly over the next 3 years, delivering continued financial sustainability and high-quality outcomes.

Structure, governance, and management

Constitution

Mental Health Concern is a company limited by guarantee number 2073465, incorporated on 12 November 1986 and is governed by its articles and memorandum. It is a registered charity with the number 519332.

Reference details for Mental Health Concern and its subsidiaries are set out below:



Mental Health Concern and Insight Healthcare Limited are governed by a Board of Trustees (who are also Directors of the Charity for the purposes of the Companies Act).

Mental Health Concern promotes, improves, and advances health in general and mental health in particular, including the prevention and treatment of mental ill-health via a wide range of commissioned services. It provides treatments and interventions, social housing and support, without distinction as to an individual's age, race, gender, sexual orientation, political, religious, or other persuasion. The charity actively promotes service improvement and development in the field of mental health and emotional wellbeing. The charity's business mission statement upholds that as a responsive and enabling organisation, we will endeavour to provide distinctive and effective services.

Method of appointment or election of trustees

The management of the company and its subsidiaries is the responsibility of the trustees, who are elected and co-opted under the terms of the Articles of Association. Terms of office for trusteeship have previously been established requiring re-appointment every three years, with two members reappointed during the year.

Each Trustee shall be appointed for a three-year term and may be reappointed at the end of their three-year term for up to two further terms of three years. No Trustee shall serve in office for more than nine consecutive years provided that a Trustee may be reappointed annually thereafter if there are exceptional circumstances, and the trustees unanimously resolve that they be reappointed as it is in the best interests of the Charity for that person to serve an extended term. Otherwise, a Trustee may not be reappointed beyond their maximum term until they have been out of office for at least two years.



Policies adopted for the induction and training of trustees

In 2022 we developed a new induction programme for trustees. On our learning hub, all trustees undergo a thorough induction on the organisation and also the role of a trustee. We work in conjunction with NCVO to deliver their training courses for trustees on roles and responsibilities.

Pay policy for senior staff

All employees of Mental Health Concern and Insight IAPT, including all senior staff, are remunerated in accordance with an approved pay structure, with all roles subject to job evaluation at creation or when changes in responsibilities are required of the post holder.

Employees are appointed to a salary band, which includes a range of salaries to reflect the experience and skills highlighted in the job evaluation. The range of salaries allows employees to incrementally increase their earnings towards the top of their salary band subject to performance. Employees undertake regular performance reviews with their line managers. Any proposed pay awards are presented to the trustees for approval at regular intervals, this financial period is outlined above (total of 5% uplift).

Our Remuneration Committee meets annually to consider the wider pay awards for staff, as well as senior management salaries above £90,000. A benchmarking exercise for senior staff was undertaken in the period, and senior staff salaries were aligned with the sector as a result.

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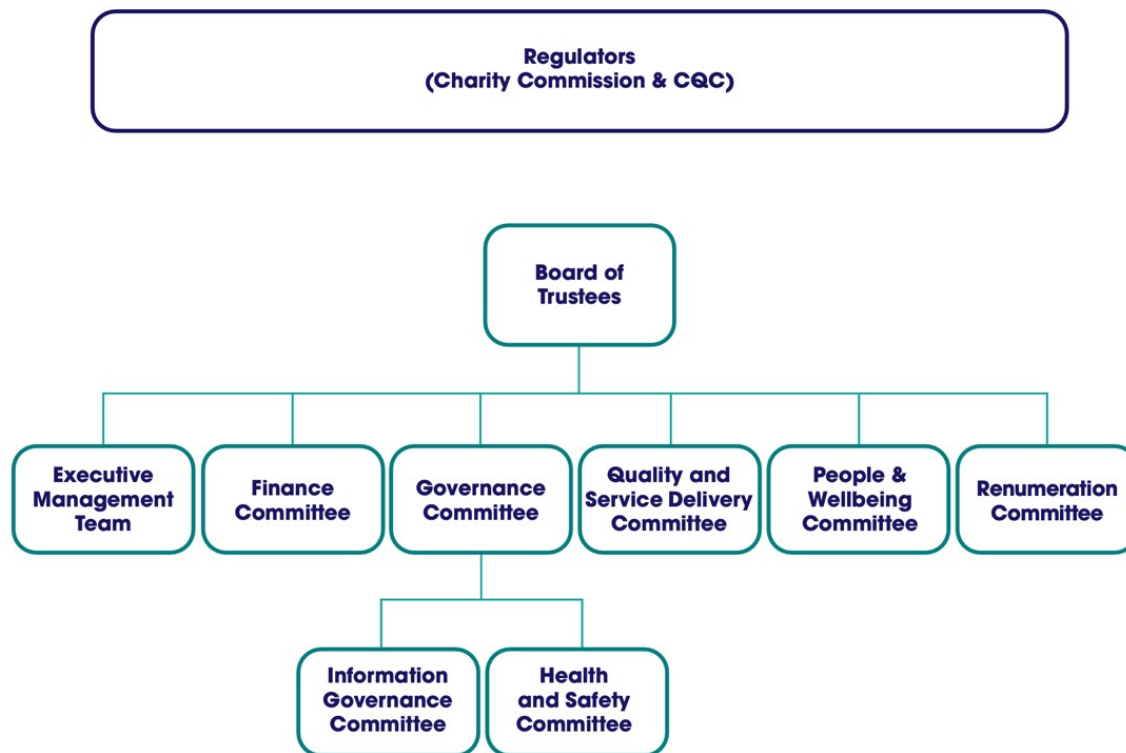
Organisation structure and decision-making

The governing body of the charity is the board of trustees, which has met formally six times this year, with additional informal meetings when required and a full-day meeting to specifically discuss the strategy and business plan and to review the effectiveness of the board.

The stated purpose of the board is to:

“Provide leadership to the charity within a framework of prudent and effective controls, which enable risk to be assessed and managed appropriately. It oversees strategy, reviews performance, and is ultimately responsible for safeguarding the charity’s assets. The board is responsible for promoting its collective vision of the organisation’s purpose, its culture, its values, and the behaviours it wishes to promote both internally and externally.”

The board of trustees has formally adopted the Charity Code of Governance for larger charities and is actively involved in regular evaluation of its effectiveness. An external board effectiveness review was commissioned in 2022 and a clear action plan has been developed by the Chair of the Board. This action plan will be completed over the next 12 months with the trustees and executive team.



The Board of trustees delivers its duties through 5 sub-committees which meet on a bi-monthly basis.

- Quality and service delivery
- Finance
- People & wellbeing
- Governance
- Remuneration



Information is provided by requisite managers to support committee members and the board in their role to provide oversight, governance, and advice to the organisation. Every trustee is a member of at least one committee. The governance committee has a membership of the chair and the chairs of the three other committees.

Working with the executive team the trustees set the strategy of the organisation along with the annual strategic planning cycle. The delivery of this strategy and all operational activity is delegated to the executive team.

The Chief Executive is responsible for advising and informing the board on the implementation of agreed organisational strategy, service development and delivery, as well as any requisite changes to the policy, and practice. They are supported by the executive team, which is responsible and accountable for the day-to-day management of clinical services, corporate and financial affairs, HR, and business development.

The Chief Executive meets monthly with the Chair of the Board of trustees and provides full details of any significant issues as they may arise between the formal meetings.

Risk management

The trustees have assessed the major risks to which the company and its subsidiaries are exposed, those related to the operations and finances, and are satisfied that the systems and procedures are in place to mitigate our exposure to the major risks.

We delivered a robust internal audit process throughout 21/22 with our audit partner, Audit One. A total of six internal audits were completed on behalf of the board.

In 2021 we invested in a new digital risk register, 4Risk. This new risk register has been fully implemented for strategic and operational risks. The executive team and trustees review this strategic risk register on a quarterly basis.

Safeguarding

Our safeguarding systems and processes follow statutory guidance to ensure risk is management to protect both people who use our services and people who work in our services from harm, this includes:

- Appropriate policies for safeguarding Adults and Children, these include guidance for referring safeguarding concerns
- Training and resources, linking in with local authority provision to ensure staff are aware of their responsibilities
- Safe recruitment practices including DBS checks
- Organisational structure to respond to concerns and ensure appropriate actions are carried out including investigations.
- Whistleblowing and Freedom to Speak Up process in place
- Process to escalate risks which may need managing through risk register system

Funds held as custodian on behalf of others

The charity works with other organisations in pursuit of its charitable objectives and holds funds as custodian on behalf of others.

During the year, Mental Health Concern has administered funds on behalf of partner agencies and committees, in order to 'host' and develop projects whose objectives are mental health care-related. These functions are part of Mental Health Concern's role as an enabling organisation within the local mental health arena.

Our service users are sometimes unable to take full control of their own financial affairs and we are asked to receive their welfare benefits on their behalf. We hold residents' money separately from those of the charity and account to



the residents and their carers for our actions. The funds are included within our cash deposits and the amounts owed to residents are held within creditors.

Members' liability

The members of the company and its subsidiaries guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

Equality Diversity & Inclusion and Employee involvement

Mental Health Concern is committed to equal opportunities for all and gives full and fair consideration to job applications from people with disabilities. Colleagues who are disabled are treated as equal to other colleagues, with regards to continuing employment, training, career development, and promotion. Across 2021/22 we worked with an external specialist consultant to develop our EDI strategy. This is now in the delivery phase for all areas of the organisation. Our work on this led to us receiving an award for being an inclusive employer in autumn 2022.

We now have three colleague network groups:

- LGBTQ+
- Emphasis
- Neurodiversity

These network groups are shaping how we interact with our colleagues and those that use our services. We are broadening our learning offer with the introduction of a new EDI learning product, along with a series of "in conversation with" sessions where we highlight the real-life stories of our colleagues. Topics have included racial inclusion, ADHD and dyslexia.

We are committed to open and full engagement with colleagues. All new colleagues receive a comprehensive induction, regular supervision, and ongoing appraisal/coaching discussions. All members of staff have access to the company website and intranet and receive appropriate organisational and statutory training. Senior managers and the Chief Executive make regular visits to all the company's locations as part of their roles.

Mental Health Concern conducts an annual colleague survey and holds regular colleague forum meetings, where representatives from all parts of the organisation meet to discuss key organisational developments and can raise issues affecting colleagues. As a result of feedback from our colleagues, the following has been implemented during the year:

- New monthly 'Executive Team Stand-Up' sessions hosted by the executive team virtually – this serves as an update on important messages and an opportunity for questions.
- Online Learning Hub launched including all compliance-related learning, induction, and a wellbeing hub.
- Agile working policy and support for home working, including contributions towards home desks.
- The colleague forum will be enhanced further and colleague surveying will move to bi-annual and to include a wellbeing pulse check.
- Investment in our internal communications function to increase colleague engagement.
- New policy development, including menopause and pregnancy loss.

Auditors

In accordance with the Companies Act 2006 a resolution proposing the appointment of external auditors for the year ending 30 September 2023 will be put to the members.



Statement of trustees' responsibilities

The trustees (who are directors of Mental Health Concern for the purposes of company law) are responsible for preparing the Directors' Annual Report, the Strategic Report, and the financial statements in accordance with applicable law and regulations.

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term
- b) the interests of the company's employees
- c) the need to foster the company's business relationships with suppliers, customers and others
- d) the impact of the company's operations on the community and the environment
- e) the desirability of the company maintaining a reputation for high standards of business conduct
- f) the need to act fairly as between members of the company.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Accounting Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 charitable company and its subsidiaries, and of the incoming resources and application of resources, including the income and expenditure for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the charitable company, ensuring that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and its subsidiaries, hence taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for ensuring the assets of the charitable company are properly applied in accordance with charity law.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

The trustees adopted the Charity Governance Code for larger charities at the board meeting held on the 23 August 2021.



This report was approved by the trustees on 20/12/2022 and signed on their behalf by:

A handwritten signature in black ink, appearing to read "R C Granger".

Ms R Granger
Chair

Opinion

We have audited the financial statements of Mental Health Concern (the 'parent charitable company') and its subsidiary (the 'group') for the period ending 30 September 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 30 September 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the period 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group's or parent 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.

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Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- sufficient accounting records have not been kept; or
- the parent charity's financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' 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 set out on page 19, the trustees are responsible for the preparation of the financial statements which 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 group and parent 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 group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the companies Act 2006 and we report in accordance with this Act.

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 the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Charities Act 2011, Companies Act 2006, UK GAAP (FRS102) and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- confirming with the trustees and management whether they have any knowledge or suspicion of fraud;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries;
- confirmation received from the banks to verify the balance as on the last day of the accounting year;
- reviewing minutes of meetings of those charged with governance; and
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Our audit did not identify any key audit matters relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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.

Use of our report

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



Donna Bulmer BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts North East LLP

25 January 2023

Statutory Auditors

17 Queens Lane
Newcastle upon Tyne
NE1 1RN

| | Notes | Unrestricted Funds 2022 £000 | Restricted Funds 2022 £000 | Total Funds 2022 £000 | Total Funds 2021 £000 |
|-------------------------------------------|-------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Income and endowments from: | | | | | |
| Donations and legacies | 4 | 20 | - | 20 | 246 |
| Charitable activities: | 5 | | | | |
| Mental Health activities | | 18,448 | 2,661 | 21,109 | 12,654 |
| IAPT services | | 31,257 | - | 31,257 | 21,091 |
| Other trading activities | | 39 | - | 39 | 25 |
| Investments | 6 | 7 | - | 7 | 2 |
| Other income | | 28 | - | 28 | 46 |
| Total income | | 49,799 | 2,661 | 52,460 | 34,064 |
| Expenditure on: | | | | | |
| Raising funds | | 21 | - | 21 | 21 |
| Charitable activities | 7 | 48,936 | 2,461 | 51,397 | 30,002 |
| Total expenditure | | 48,957 | 2,461 | 51,418 | 30,023 |
| Net income before investment gains | | 842 | 200 | 1,042 | 4,041 |
| Share of profit/loss in joint venture | | 249 | - | 249 | 74 |
| Other recognised gains/(losses) | | | | | |
| Loss on revaluation of properties | | - | - | - | (966) |
| Loss of disposal of investment | | - | - | - | (21) |
| Net movement in funds | | 1,091 | 200 | 1,291 | 3,128 |
| Reconciliation of funds: | | | | | |
| Total fund brought forward | | 13,731 | 551 | 14,282 | 11,154 |
| Total funds carried forward | | 14,822 | 751 | 15,573 | 14,282 |

Consolidated Balance Sheet
As at 30 September 2022

| | Notes | £000 | 2022 £000 | £000 | 2021 £000 |
|----------------------------------------------------------------|-------|-----------|--------------|-----------|--------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | 187 | | 283 |
| Tangible assets | 14 | | 7,296 | | 7,697 |
| Investments | 15 | 539 | | - | |
| Investments in joint ventures | 15 | | | | |
| - Share of gross assets | | 377 | | 409 | |
| - Share of gross liabilities | | (1) | | (282) | |
| Share of net assets | | | 915 | | 127 |
| Investments in associates | 15 | | - | | - |
| | | | 8,398 | | 8,107 |
| Current assets | | | | | |
| Stocks | 16 | - | | 117 | |
| Debtors | 17 | 3,525 | | 2,981 | |
| Cash at bank and in hand | | 9,579 | | 7,904 | |
| | | 13,104 | | 11,002 | |
| Creditors: amounts falling due within one year | 18 | (5,747) | | (4,734) | |
| Net current assets | | | 7,357 | | 6,268 |
| Total assets less current liabilities | | | 15,755 | | 14,375 |
| Creditors: amounts falling due after more than one year | 19 | | (68) | | (83) |
| Provisions for Liabilities | 21 | | (114) | | (10) |
| Net assets | | | 15,573 | | 14,282 |
| Charity Funds | | | | | |
| Restricted funds | | | 751 | | 551 |
| Unrestricted funds | | | 6,079 | | 5,407 |
| Designated funds | | | 4,360 | | 3,732 |
| Revaluation on reserve | | | 4,383 | | 4,592 |
| Total funds | 22 | | 15,573 | | 14,282 |

The financial statements were approved and authorised for issue by the trustees on 22 Dec 2022 and signed on their behalf by:

..... *R. C. Granger*

Ms R Granger
Chair

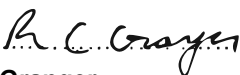
The notes on pages 29 and 53 form part of these financial statements

Registered company number: 2073465

Company Balance Sheet
As at 30 September 2022

| | Note | £000 | 2022 £000 | £000 | 2021 £000 |
|----------------------------------------------------------------|------|-----------|--------------|-----------|--------------|
| Fixed assets | | | | | |
| Tangible assets | 14 | | 7,253 | | 7,606 |
| Investments | 15 | | 960 | | 422 |
| | | | 8,213 | | 8,028 |
| Current assets | | | | | |
| Debtors | 17 | 1,273 | | 1,275 | |
| Cash at bank | | 7,722 | | 4,010 | |
| | | 8,995 | | 5,285 | |
| Creditors: amounts falling due within one year | 18 | (3,777) | | (1,928) | |
| Net current assets | | | 5,218 | | 3,357 |
| Total assets less current liabilities | | | 13,431 | | 11,385 |
| Creditors: amounts falling due after more than one year | 19 | | (68) | | (83) |
| Provisions for Liabilities | 21 | | (60) | | - |
| Net assets | | | 13,303 | | 11,302 |
| Charity Funds | | | | | |
| Restricted funds | | | 751 | | 551 |
| Unrestricted funds | | | 3,400 | | 2,427 |
| Designated funds | | | 4,770 | | 3,732 |
| Revaluation on reserve | | | 4,382 | | 4,592 |
| Total funds | | | 13,303 | | 11,302 |

The financial statements were approved and authorised for issue by the trustees on 22 Dec 2022 and signed on their behalf by:



Ms R Granger
Chair

The notes on pages 29 and 53 form part of these financial statements

Registered company number: 2073465

Consolidated statement of cash flows
Year period 30 September 2022

| | Note | 2022 £000 | 2021 £000 |
|--------------------------------------------------------|------|----------------|----------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 24 | 2,292 | 5,206 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 8 | 2 |
| Purchase of intangible fixed asset | | (79) | (283) |
| Purchase of tangible fixed assets | | (89) | (247) |
| Receipts for investments | | - | 9 |
| Proceeds on sale of tangible fixed assets | | 52 | - |
| Payments to acquire investments | | (539) | - |
| Net cash used in investing activities | | (647) | (519) |
| Cash flows from financing activities: | | | |
| Repayments of borrowings | | (15) | (9) |
| Advance of new bank loan | | 45 | - |
| Net cash used in financing activities | | 30 | (9) |
| Change in cash and cash equivalents in the year | | 1,675 | 4,678 |
| Cash and cash equivalents brought forward | | 7,904 | 3,226 |
| Cash and cash equivalents carried forward | | 9,579 | 7,904 |
| Cash and cash equivalents consist of: | | | |
| Cash in hand | | 9,579 | 7,904 |

1. Accounting Policies

The company is a company limited by guarantee and incorporated in England and Wales. 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.

1.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

Mental Health Concern meets the definition of a public benefit under FRS 102. The financial statements are prepared under the historical cost convention or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are prepared in Sterling which is the functional currency of the charity and rounded to the nearest £'000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The amounts shown for the current year are for the 18 month period ending 30 September 2022, while the comparative balances are for the 12 month period ending 31 March 2021.

1.2 Basis of consolidation

The financial statements consolidate the results of the charity and its wholly owned subsidiary Insight Healthcare Ltd on a line-by-line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

1.3 Going concern

After making appropriate enquiries, the trustees are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis as the basis for the preparation of the accounts.

1.4 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 cost 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.

1.5 Income

All incoming resources are included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned. Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with reasonable certainty. Income received to deliver services over a specific period covering more than one financial year is accounted for over the specific period; related expenditure is accounted when incurred.

Investment income is interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company, this is normally upon notification of the interest paid or payable by the bank.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report.

1.6 Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

1.7 Intangible fixed assets and amortisation

Intangible assets costing £5,000 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 and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible assets so as to write off the costs of an asset over its estimated useful life as follows:

| | |
|----------------------------|-------------------|
| Software development costs | 33% straight line |
|----------------------------|-------------------|

1.8 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised.

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

| | |
|---------------------------------|-----------------------------------|
| Freehold property | 50 years to residual value |
| Leasehold property improvements | shorter of lease term or 50 years |
| Fixtures and fittings | 1 – 10 years straight line |
| Office equipment | 4 years straight line |

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other recognised gains and losses and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in net income/(expenditure) or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in net income/(expenditure) for the year.

1.9 Fixed asset investments

In the company balance sheet, investments in subsidiary undertakings and joint ventures are measured at costs less accumulated impairment losses.

Investments in joint ventures are stated at the charitable company’s share of net assets. The charitable company’s share in the profit and loss of the joint venture is included in the consolidated statement of financial activities using the equity based method.

1.10 Impairment of assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.11 Stocks and work in progress

Stocks and work in progress are valued at the lower cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Work in progress is valued on the basis of costs incurred on IAPT (Improving Access to Psychological Therapies) referrals which are ongoing at the year end. No element of incoming gains is included in the valuation of work in progress. Referrals relate to individuals’ case files that have been opened and are in the process of being dealt with by staff of Concern group.

1.12 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.

1.13 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.

1.14 Creditors and provisions

Liabilities are recognised when there is an obligation at the balance sheet 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 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 risk specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.15 Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principle capital amounts outstanding at the period end. Issue costs related to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

1.16 Deferred taxation

Deferred tax represents the future tax consequences of transactions and event recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which are they recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets is measured using the rates and allowance that apply to the sale of the asset.

1.17 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year. The group participated in the NHS defined contribution pension scheme. The scheme is a multi-employer scheme where it is not possible, in the normal case of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, as required by FRS102 the group accounts for this scheme as if it was a defined contribution scheme. The amount charged to the statement of financial activities represents contributions payable to the scheme in respect of the accounting period.

1.17 Taxation

The company is considered to pass the tests set out in paragraph 1 Schedule 6 of the Finance Act 2010 and therefore 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.

1.18 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The following estimates are included within the financial statements;

Accrued income

The group enters into contracts with customers with varying contract periods. Management consider that the main judgement and source of estimation arises from the estimation of progress within the specified services for amounts held as accrued income, and the assessment of the level of profitability around key contracts.

2. Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the wholly owned subsidiary. The summary financial performance of the charity alone is;

| | 2022 | 2021 |
|-----------------------------------|---------------|---------------|
| | £000 | £000 |
| Income | 21,270 | 12,864 |
| Gift aid from subsidiary company | 2,957 | 1,356 |
| | <u>24,227</u> | <u>14,220</u> |
| Expenditure | (22,225) | (11,834) |
| Gain on revaluation of properties | - | (966) |
| Loss on investment | - | (21) |
| | <u>2,002</u> | <u>1,399</u> |
| Net income/(expenditure) | 2,002 | 1,399 |

3. Statement of financial activities for the prior year

| | Notes | Unrestricted Funds £000 | Restricted Funds £000 | Total Funds £000 |
|-------------------------------------------|-------|-------------------------------|-----------------------------|------------------------|
| Income and endowments from: | | | | |
| Donations and legacies | 4 | 246 | - | 246 |
| Charitable activities: | 5 | | | |
| Mental Health activities | | 10,691 | 1,963 | 12,654 |
| IAPT services | | 21,092 | - | 21,092 |
| Other trading activities | | 25 | - | 25 |
| Investments | 6 | 2 | - | 1 |
| Other income | | 46 | - | 46 |
| Total income | | 32,102 | 1,963 | 34,065 |
| Expenditure on: | | | | |
| Raising funds | | 22 | - | 22 |
| Charitable activities | 7 | 28,477 | 1,525 | 30,002 |
| Total expenditure | | 28,499 | 1,525 | 30,004 |
| Net income before investment gains | | 3,603 | 438 | 4,041 |
| Share of profit/loss in joint venture | | 74 | - | 74 |
| Other Recognised gains/ (losses) | | | | |
| Loss on revaluation of properties | | (966) | - | (966) |
| Loss of disposal of investment | | (21) | - | (21) |
| Net movement in funds: | | 2,690 | 438 | 3,128 |
| Reconciliation of funds: | | | | |
| Total fund brought forward | | 11,041 | 113 | 11,154 |
| Total funds carried forward | | 13,731 | 551 | 14,282 |

4. Income from donations

| | 2022 | 2021 |
|------------------------------------------|-------------|-------------|
| | £000 | £000 |
| Donations | 20 | 7 |
| Government grants (HMRC furlough claims) | - | 239 |
| | <u>20</u> | <u>246</u> |

5. Income from charitable activities

| | 2022 | 2021 |
|-----------------------------------------------------|---------------|---------------|
| | £000 | £000 |
| Dementia Care, rehabilitation and recover services | 10,427 | 6,947 |
| IAPT services provided under Insight Healthcare Ltd | 31,258 | 21,091 |
| Supported housing services | 1,002 | 916 |
| Community and wellbeing services | 9,515 | 4,646 |
| Other mental health services | 164 | 145 |
| | <u>52,366</u> | <u>33,745</u> |

6. Investment income

Investment income of £7,000 (2021: £2,000) relates to interest earned on deposit accounts.

7. Analysis of expenditure by activities

| | Activities Undertaken Directly £000 | Support costs £000 | Total 2022 £000 | Total 2021 £000 |
|-----------------------------------------------------|--------------------------------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| Dementia Care, rehabilitation and recovery services | 8,729 | 1,324 | 10,053 | 6,736 |
| IAPT services | 24,313 | 5,061 | 29,374 | 18,253 |
| Supported housing services | 983 | 138 | 1,121 | 706 |
| Wellbeing services | 7,813 | 820 | 8,633 | 4,230 |
| Other mental health activities | 2,206 | 10 | 2,216 | 77 |
| | <u>44,044</u> | <u>7,353</u> | <u>51,397</u> | <u>30,002</u> |

8. Support costs

| | Mental Health Services £000 | IAPT services £000 | Supported housing £000 | Wellbeing services £000 |
|--------------------|------------------------------------------------|---------------------------------------------|---------------------------------------|----------------------------------------|
| Wages and salaries | 811 | 3,098 | 84 | 502 |
| Office costs | 42 | 162 | 4 | 26 |
| Governance costs | 61 | 234 | 6 | 38 |
| Other costs | 411 | 1,567 | 43 | 254 |
| | 1,325 | 5,061 | 137 | 820 |
| | | Other Mental Health £000 | Total 2022 £000 | Total 2021 £000 |
| Wages and salaries | | 6 | 4,501 | 2,075 |
| Office costs | | 1 | 235 | 141 |
| Governance costs | | 1 | 340 | 189 |
| Other costs | | 2 | 2,277 | 1,418 |
| | | 10 | 7,353 | 3,823 |

9. Governance

| | 2022 £000 | 2021 £000 |
|-----------------------------|----------------------|----------------------|
| Wages & salaries | 254 | 158 |
| Audit fee | 19 | 10 |
| Trustee liability insurance | 1 | 1 |
| Other | 65 | 20 |
| | 339 | 189 |

10. Net income/(expenditure)

This is stated after charging/(crediting):

| | 2022 £000 | 2021 £000 |
|------------------------------------------------------------------|----------------------|----------------------|
| Depreciation of tangible fixed assets: owner by charitable group | 438 | 284 |
| Amortisation of intangible fixed assets | 175 | - |
| Loss on disposals of investment | - | 21 |
| Operating lease rentals | 534 | 547 |
| Bank loan interest | 4 | 4 |
| | 1,151 | 856 |

11. Auditors' remuneration

| | 2022 | 2021 |
|--------------------------------------------------------------------------------------------------|-------------------|-------------------|
| | £000 | £000 |
| Fees payable to the charity's auditor for the audit of the charity's annual accounts | 13 | 10 |
| Fees payable to the charity's auditor for other services: Audit of the charity's subsidiaries | 9 | 5 |
| | <u> </u> | <u> </u> |

12. Staff costs

| Staff costs were as follows: | 2022 | 2021 |
|------------------------------|---------------|---------------|
| | £000 | £000 |
| Wages and salaries | 29,340 | 19,844 |
| Social security costs | 2,453 | 1,450 |
| Other pension costs | 1,379 | 915 |
| | <u>33,172</u> | <u>22,209</u> |

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

| | 2022 | 2021 |
|----------------------------------------------------|-------------------|-------------------|
| | No. | No. |
| Nursing, therapy, support and administrative staff | 871 | 835 |
| | <u> </u> | <u> </u> |

The number of higher paid employees was:

| | 2022 | 2021 |
|---------------------------------|-------------------|-------------------|
| | No. | No. |
| In the band £60,001 - £70,000 | - | 1 |
| In the band £70,001 - £80,000 | 1 | 1 |
| In the band £80,001 - £90,000 | 3 | 1 |
| In the band £90,001 - £100,000 | - | - |
| In the band £100,001 - £110,000 | - | - |
| In the band £110,001 - £120,000 | - | - |
| In the band £120,001 - £130,000 | - | - |
| In the band £130,001 - £140,000 | - | 1 |
| In the band £140,001 - £150,000 | - | - |
| In the band £150,001 - £160,000 | 1 | - |
| In the band £160,001 - £170,000 | - | - |
| | <u> </u> | <u> </u> |

Key management personnel are deemed to be those having authority and responsibility, delegated to them by trustees for planning, directing and controlling the activities of the charity, as listed on page 1. During the 18 month period their total remuneration, including employees benefits, amounted to £833,270 (2021 - £528,507).

13. Intangible fixed assets

| Group | Software Development £000 | Goodwill £000 | Total £000 |
|-------------------------|---------------------------------|------------------|------------------------------------------|
| Cost | | | |
| At 1 April 2021 | 572 | 507 | 1,079 |
| Additions | 79 | - | 79 |
| As at 30 September 2022 | 651 | 507 | 1,158 |
| Amortisation | | | |
| At 1 April 2021 | 289 | 507 | 796 |
| Charge for the year | 175 | - | 175 |
| At 30 September 2022 | 464 | 507 | 971 |
| Carrying amount | | | |
| At 30 September 2022 | 187 | - | 187 |
| At 31 March 2021 | 283 | - | 283 |
| Company | | | Software Development £000 |
| Cost | | | |
| At 1 April 2021 | | | 107 |
| Additions | | | - |
| At 30 September 2022 | | | 107 |
| Amortisation | | | |
| At 1 April 2021 | | | 107 |
| Charge for the year | | | - |
| At 30 September 2022 | | | 107 |
| Carrying amount | | | |
| At 30 September 2022 | | | - |
| At 31 March 2021 | | | - |

14. Tangible fixed assets

| Group | Freehold property £000 | Long-term leasehold property £000 | Fixture & Fittings £000 | Office Equipment £000 | Total £000 |
|-----------------------|------------------------------|--------------------------------------------|-------------------------------|-----------------------------|---------------|
| Cost | | | | | |
| At 1 April 2021 | 7,567 | 903 | 33 | 466 | 8,969 |
| Additions | 11 | 32 | 12 | 34 | 89 |
| Disposals | - | - | - | (52) | (52) |
| Revaluation | - | - | - | - | - |
| At 30 September 2022 | 7,578 | 935 | 45 | 448 | 9,006 |
| Depreciation | | | | | |
| At 1 April 2021 | 847 | 197 | 10 | 218 | 1,272 |
| Charge for year | 237 | 58 | 8 | 180 | 483 |
| Disposals | - | - | - | (45) | (45) |
| At 30 September 2022 | 1,084 | 255 | 18 | 353 | 1,710 |
| Net book value | | | | | |
| At 30 September 2022 | 6,494 | 680 | 27 | 95 | 7,296 |
| At 31 March 2021 | 6,720 | 706 | 23 | 248 | 7,697 |

14. Tangible fixed assets (Continued)

| Company | Freehold property £000 | Long-term leasehold property £000 | Fixture & Fittings £000 | Office Equipment £000 | Total £000 |
|-------------------------|------------------------------|--------------------------------------------|-------------------------------|-----------------------------|---------------|
| Cost | | | | | |
| At 1 April 2021 | 7,567 | 887 | 33 | 337 | 8,824 |
| Additions | 11 | 32 | 12 | 28 | 83 |
| Disposals | - | - | - | (45) | (45) |
| Revaluation | - | - | - | - | - |
| At 30 September 2022 | 7,578 | 919 | 45 | 320 | 8,862 |
| Depreciation | | | | | |
| At 1 April 2021 | 847 | 183 | 10 | 178 | 1,218 |
| Charge for the year | 237 | 55 | 8 | 136 | 436 |
| Elimination on disposal | - | - | - | (45) | (45) |
| At 30 September 2022 | 1,084 | 238 | 18 | 269 | 1,609 |
| Net book value | | | | | |
| At 30 September 2022 | 6,494 | 681 | 27 | 51 | 7,253 |
| At 31 March 2021 | 6,720 | 704 | 23 | 159 | 7,606 |

The charity's freehold and leasehold property was revalued in February 2021 on an existing use basis by independent valuers, Sanderson Weatherall Chartered Surveyors, and incorporated into the financial statements as at that date

14. Tangible fixed assets (Continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

| | |
|-------------------------|-------------|
| Cost | £000 |
| At 1 April 2021 | 2,308 |
| Additions | 11 |
| | <hr/> |
| As at 30 September 2022 | 2,319 |
| | <hr/> |
| Depreciation | |
| At 1 April 2021 | 232 |
| Charge for the year | 46 |
| | <hr/> |
| As at 30 September 2022 | 278 |
| | <hr/> |
| Net book value | |
| At 30 September 2022 | 2,041 |
| | <hr/> |
| At 31 March 2021 | 2,076 |
| | <hr/> <hr/> |

15. Investments

| | 2022 | 2021 |
|------------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Listed Investments | 504 | - |
| Cash funds held with investment managers | 34 | - |
| | <hr/> | <hr/> |
| | 538 | - |
| | <hr/> | <hr/> |

Listed Investments

| | |
|--------------------------------|--------------|
| Market Value | £'000 |
| At 1 April 2021 | - |
| Additions | 604 |
| Disposals | (37) |
| Management fees | (5) |
| Dividends | 8 |
| Unrealised loss on investments | (32) |
| | <hr/> |
| | 538 |
| | <hr/> |
| Historical cost | 599 |
| | <hr/> <hr/> |

Equity investments that are traded on a quoted market are held at fair value determined by reference to the quoted price for identical assets in an active market at the balance sheet date.

15. Investments (Continued)

| Group | Group 2022 £000 | Company 2021 £000 | Company 2022 £000 | 2021 £000 |
|--------------------------------------------------------|-----------------------|-------------------------|-------------------------|--------------|
| Investment in wholly owned subsidiary companies | | | | |
| Insight Healthcare Limited | - | - | 422 | 422 |
| Investment in joint venture | | | | |
| MHC/NTW LLP | 376 | 127 | - | - |
| Total investments | <u>376</u> | <u>127</u> | <u>422</u> | <u>422</u> |

Subsidiaries

The charity has two wholly owned subsidiaries which are registered in England and Wales; MHC Resource Limited (company number 06390967) which is dormant and Insight Healthcare Limited (company number 04391008).

Insight Healthcare Limited

Insight Healthcare Limited is a leading provider of Improving Access to Psychological Therapies services across England. A summary of the trading results is shown below. Audited financial statements will be filed with the Registrar of Companies.

Profit & loss account

| | 2022 £000 | 2021 £000 |
|-------------------------------------------|--------------|--------------|
| Turnover | 31,258 | 21,092 |
| Cost of sales and administration expenses | (29,295) | (18,243) |
| Other income | - | 161 |
| Net profit | <u>1,997</u> | <u>3,010</u> |
| Amount gifted to charity under gift aid | <u>2,957</u> | <u>1,356</u> |

A summary of the Balance Sheet is shown below:

| | | |
|---------------------|--------------|--------------|
| Fixed assets | 230 | 373 |
| Current assets | 4,663 | 6,262 |
| Current liabilities | (2,524) | (3,350) |
| Provisions | (54) | (10) |
| Net assets | <u>2,315</u> | <u>3,275</u> |

15. Investments (Continued)

Principle joint ventures

| Company name | Country | Percentage Shareholding | Description |
|--------------|----------------|-------------------------|----------------------------------------------------------------------|
| MHN/NTW LLP | United Kingdom | 50% | Joint venture with Northumberland Tyne and Wear NHS Foundation Trust |

Analysis of share of joint venture and associate results

| | MHC/NTW LLP | |
|--------------------------------|--------------|--------------|
| | 2022 £000 | 2021 £000 |
| Balance sheet | | |
| Share of current assets | 377 | 409 |
| Share of gross liabilities | (1) | (282) |
| | 376 | 127 |
| Profit and loss account | | |
| Share of income | 1,641 | 681 |
| Share of expenditure | (1,391) | (608) |
| Share of profit/(loss) | 250 | 73 |

16. Stocks

| | Group | | Company | |
|------------------|--------------|--------------|--------------|--------------|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Work in progress | - | 117 | - | - |

In the 18 month period to the 30 September 2022 work in progress has been reclassified to accrued income to reflect the nature of the underlying agreements.

17. Debtors

| | Group | | Company | |
|------------------------------------|--------------|--------------|----------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £000 | £000 | £000 | £000 |
| Trade debtors | 1,192 | 1,804 | 239 | 325 |
| Amounts owed by group undertakings | - | - | 553 | 544 |
| Other debtors | 122 | 98 | 92 | 65 |
| Prepayments and accrued income | 2,211 | 1,079 | 389 | 341 |
| VAT | - | - | - | - |
| | <u>3,525</u> | <u>2,981</u> | <u>1,273</u> | <u>1,275</u> |

18. Creditors: amounts falling due within one year

| | Group | | Company | |
|------------------------------------|--------------|--------------|----------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £000 | £000 | £000 | £000 |
| Bank loan and overdrafts | 54 | 9 | 9 | 9 |
| Trade creditors | 686 | 1,425 | 382 | 594 |
| Corporation tax | - | - | - | - |
| Other taxation and social security | 624 | 951 | 229 | 179 |
| Other creditors | 503 | 528 | 406 | 425 |
| Accruals and deferred income | 3,880 | 1,821 | 2,751 | 721 |
| | <u>5,747</u> | <u>4,734</u> | <u>3,777</u> | <u>1,928</u> |

| | Group | | Company | |
|--------------------------------------|--------------|-------------|----------------|-------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £000 | £000 | £000 | £000 |
| Deferred income | | | | |
| Deferred income at 1 April 2021 | 820 | 2,340 | 180 | 2,001 |
| Resources deferred during the year | 2,476 | 820 | 1,712 | 180 |
| Amounts released from previous years | (820) | (2,340) | (180) | (2,001) |
| Deferred income at 30 September 2022 | <u>2,476</u> | <u>820</u> | <u>1,712</u> | <u>180</u> |

Deferred income comprises CCG core funding and IAPT service receipts relating to future accounting periods.

19. Creditors: amounts falling due after more than one year

| | Group | | Company | |
|------------|--------------|--------------|--------------|--------------|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Bank loans | 68 | 83 | 68 | 83 |

Included within the above amounts falling due as follows:

| | Group | | Company | |
|----------------------------|--------------|--------------|--------------|--------------|
| | 2022 £000 | 2021 £000 | 2022 £000 | 2021 £000 |
| Between one and two years | 54 | 9 | 9 | 9 |
| Between two and five years | 45 | 45 | 45 | 45 |
| Due more than five years | 23 | 38 | 23 | 38 |

The bank borrowings are secured by fixed and floating charges over the current and future assets of Mental Health Concern.

The bank loan bears interest at a rate of 4.57% and is due to be repaid in March 2029.

20. Financial instruments

| | 2022 £000 | 2021 £000 |
|--------------------------------------------------|--------------|--------------|
| Financial assets measured at amortised cost | 2,875 | 2,149 |
| Financial liabilities measured at amortised cost | 2,716 | 3,799 |

Financial assets measured at amortised cost comprise trade and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade and other creditors and accruals.

21. Provisions

Group

| | Other £000 | Total £000 |
|-----------------------|-----------------------|-----------------------|
| At 1 April 2021 | 10 | 10 |
| Amounts used/released | 104 | 104 |
| At 30 September 2022 | 114 | 114 |

Company

| | Other £000 | Total £000 |
|-----------------------|-----------------------|-----------------------|
| At 1 April 2021 | - | - |
| Amounts used/released | 60 | 60 |
| At 30 September 2022 | 60 | 60 |

22. Statement of funds

For the period ended 30 September 2022

| | Balance at 1 April 2021 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (losses) £000 | Balance at 30 Sep 2022 £000 |
|------------------------------------------------|---------------------------------------|----------------|---------------------|-----------------------------|----------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General unrestricted funds | 5,407 | 49,799 | (46,605) | (2,771) | 249 | 6,079 |
| Revaluation reserves | 4,592 | - | (132) | (77) | - | 4,383 |
| Designated funds | | | | | | |
| Property maintenance fund | 1,536 | - | (476) | (166) | - | 894 |
| Innovation fund | 21 | - | (6) | 5 | - | 20 |
| Data warehouse fund | 225 | - | (242) | 17 | - | - |
| Back office systems & processes | 500 | - | (259) | 115 | - | 356 |
| Older person's strategy | 1,000 | - | (768) | 1,241 | - | 1,473 |
| Delivery of strategic objectives | 100 | - | (136) | 753 | - | 717 |
| Investment in people | 250 | - | - | 250 | - | 500 |
| Clinical management system Development Fund | 100 | - | (33) | (67) | - | - |
| New Office Move | - | - | (300) | 300 | - | - |
| Digital Strategy Fund | - | - | - | 400 | - | 400 |
| | 3,732 | - | (2,220) | 2,848 | - | 4,360 |
| Total unrestricted funds | 13,731 | 49,799 | (48,957) | - | 249 | 14,822 |
| Restricted funds | | | | | | |
| Building Better Opportunities | 56 | 2,042 | (1,946) | - | - | 152 |
| Community services | 490 | 619 | (510) | - | - | 599 |
| Older People services | 5 | - | (5) | - | - | - |
| | 551 | 2,661 | (2,461) | - | - | 751 |
| Total funds | 14,282 | 52,460 | (51,418) | - | 249 | 15,573 |

22. Statement of funds (Continued)

For the year ended 31 March 2021

| | Balance at 1 April 2020 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (losses) £000 | Balance at 31 March 2021 £000 |
|------------------------------------------------|---------------------------------------|----------------|---------------------|-----------------------------|----------------------------|----------------------------------------|
| Unrestricted funds | | | | | | |
| General unrestricted funds | 4,905 | 32,102 | (28,376) | (3,249) | 25 | 5,407 |
| Revaluation reserves | 5,705 | - | (123) | (52) | (938) | 4,592 |
| Designated funds | | | | | | |
| Property maintenance fund | 410 | - | - | 410 | - | 1,536 |
| Innovation fund | 21 | - | - | - | - | 21 |
| Clinical Management System development fund | - | - | - | 100 | - | 100 |
| Data warehouse fund | - | - | - | 225 | - | 225 |
| Back office systems and processes | - | - | - | 500 | - | 500 |
| Older person strategy | - | - | - | 1,000 | - | 1,000 |
| Shaping our future | - | - | - | 100 | - | 100 |
| Investment in people | - | - | - | 250 | - | 250 |
| | 431 | - | - | 3,301 | (913) | 3,732 |
| Total unrestricted funds | 11,041 | 32,102 | (28,499) | - | (913) | 13,731 |
| Restricted funds | | | | | | |
| Building Better Opportunities | 69 | 1,370 | (1,383) | - | - | 56 |
| Community services | 39 | 593 | (142) | - | - | 490 |
| Older People services | 5 | - | - | - | - | 5 |
| | 113 | 1,963 | (1,525) | - | - | 551 |
| Total funds | 11,154 | 34,065 | (30,024) | - | (913) | 14,282 |

Designated funds

Property maintenance fund

To fund unexpected property maintenance costs or dilapidations that may arise.

Innovation fund (previously Going the extra mile fund)

To support added value activities which further enhance the experience of the people who use our services.

Clinical management system development fund

The trustees recognise the need to invest in our system to develop the functionality needed to realise the full benefits of the recent transformation programme delivered across Insight Healthcare.

Data warehouse fund

This is the capital investment required to set up a data warehouse and move towards becoming a data-informed organisation. We are committed to using data and insights to improve joined-up decision making.

22. Statement of funds (*Continued*)

Back office systems & processes

This fund has been set aside to allow us to improve and implement new joined up back office systems and processes. The aim is to simplify our organisation and become more efficient in what we do.

Older person's strategy

The trustees recognise the need to invest further funds to improve the environments of our Older People's Services, and the potential level of investment required to do so. A full assessment is being undertaken next year and this fund has been set aside to kickstart the investment potentially required. Further funds will be raised through several approaches, including but not limited to the sale of assets, grants, current funders, etc.

Shaping our future

The fund relates to several costs required to the roll-out of the strategic plan.

Investment in people

We would like to reward our staff for the efforts they have made in the year of the pandemic and have set this fund aside to invest in our people to create a high-performing organisation.

New office move

Office move from Buttress House to the current office premises.

Digital strategy fund

Investment to support digital transformation.

Restricted funds

Building Better Opportunities

A local employability programme to help people in Tyne and Wear who are unemployed and have a health barrier, disability, additional learning need or autism get into employment, training or volunteering.

Community services

Funds received to help people to rebuild their social support networks and develop friendships.

Older people services

Fund received to support the two kinds of services for older people: caring for those with dementia, and supportive rehabilitation for those who have other complex mental health problems.

23. Analysis of net assets between funds

For the period ended 30 September 2022

| | Unrestricted funds £000 | Restricted funds £000 | Total funds £000 |
|----------------------------------------|----------------------------------------|--------------------------------------|---------------------------------|
| Intangible fixed assets | 187 | - | 187 |
| Tangible fixed assets | 7,296 | - | 7,296 |
| Fixed asset investments | 915 | - | 915 |
| Current assets | 12,353 | 751 | 13,104 |
| Creditors due within one year | (5,747) | - | (5,747) |
| Creditors due in more than one year | (68) | - | (68) |
| Provisions for liabilities and charges | (114) | - | (114) |
| | 14,822 | 751 | 15,573 |
| | 14,822 | 751 | 15,573 |

For the year ended 31 March 2021

| | Unrestricted funds £000 | Restricted funds £000 | Total funds £000 |
|----------------------------------------|----------------------------------------|--------------------------------------|---------------------------------|
| Intangible fixed assets | 283 | - | 283 |
| Tangible fixed assets | 7,697 | - | 7,697 |
| Fixed asset investments | 127 | - | 127 |
| Current assets | 10,451 | 551 | 11,002 |
| Creditors due within one year | (4,734) | - | (4,734) |
| Creditors due in more than one year | (83) | - | (83) |
| Provisions for liabilities and charges | (10) | - | (10) |
| | 13,731 | 551 | 14,282 |
| | 13,731 | 551 | 14,282 |

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

| | 2022 | 2021 |
|--------------------------------------------------------------------|--------------|--------------|
| | £000 | £000 |
| Net income for the year (as per Statement of Financial Activities) | 1,291 | 3,128 |
| Adjustment for: | | |
| Share of results of a joint venture | (249) | (74) |
| Investment income | (8) | (2) |
| Loss on revaluation | - | 966 |
| Amortisation of intangible assets | 175 | - |
| Depreciation charges | 438 | 284 |
| Loss on disposal | - | 21 |
| Decrease in work in progress | 117 | 12 |
| (Increase)/decrease in debtors | (544) | 1,837 |
| Decrease/(increase) in creditors | 968 | (966) |
| Movement in provisions | 104 | - |
| Net cash provided by/(used in) operating activities | 2,292 | 5,206 |

25. Analysis of changes in net debt

| | 1 Apr | Cash | 30 Sep |
|----------------------------|--------------|--------------|---------------|
| | 2021 | flows | 2022 |
| | £000 | £000 | £000 |
| Short term cash borrowings | (9) | (45) | (54) |
| Long term cash borrowings | (83) | 15 | (68) |
| Total liabilities | (92) | 30 | (122) |
| Cash and cash equivalents | 7,904 | 1,675 | 9,579 |
| Total net debt | 7,812 | 1,705 | 9,457 |

26. Pension commitments

The group operates various defined contributions 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 £1,378,891 (2021 - £917,725). Contributions totalling £170,106 (2021 - £166,004) were payable to the fund at the balance sheet date and are included in creditors.

27. Operating lease commitments

At 30 September 2022 the total of the group's future minimum payments under non-cancellable operating leases was:

| | 2022 | 2021 |
|---------------------------|--------------|-------------|
| | £000 | £000 |
| Group | | |
| Land and buildings | | |
| Within 1 year | 344 | 337 |
| Between 1 and 5 years | 698 | 279 |
| After more than 5 years | 84 | - |
| Total | <u>1,126</u> | <u>616</u> |
| Other | | |
| Within 1 year | 66 | 28 |
| Between 1 and 5 years | 29 | 43 |
| After more than 5 years | - | - |
| Total | <u>95</u> | <u>71</u> |

At 30 September 2022 the company had annual commitments under non-cancellable operating leases as follows:

| | | |
|---------------------------|------------|------------|
| Company | | |
| Land and buildings | | |
| Within 1 year | 169 | 147 |
| Between 1 and 5 years | 520 | 123 |
| After more than 5 years | 84 | - |
| Total | <u>773</u> | <u>270</u> |
| Other | | |
| Within 1 year | 22 | 20 |
| Between 1 and 5 years | - | 40 |
| After more than 5 years | - | - |
| Total | <u>22</u> | <u>60</u> |

28. Trustees' benefits: advances, credit and guarantees

The charity paid directors' and officers' liability insurance amounting to £892 (2021 - £861).

The charity trustees were not paid or received any other benefits from employment in the year (2021 - £nil). No charity trustee received payment for professional or other services supplied to the charity (2021 - £nil). No trustee was reimbursed expenses. (2021 – nil).

29. Related party transactions

The charity has taken exemption contained within FRS 102 for disclosing any transactions with entities which are part of the Mental Health Concern Group as consolidated financial statements are prepared.

There are no other related party transactions during the year (2021 – none).

30. Controlling party

The ultimate control of the charity rests with the board of trustees.