

COMPANY NUMBER 02903642
(England and Wales)

CHARITY NUMBER 1035252

HARPENDEN MENCAP
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

ANDREW WIGGETT
Chartered Accountants
and Statutory Auditors

HARPENDEN MENCAP**REFERENCE AND ADMINISTRATIVE INFORMATION**

Trustees, Directors & Members of Executive Committee	Dr. D. Bird Mrs. J. Caseberry Mr. P. Fisher Mr. F. Gee Mrs. A. Hignell Mrs. M. Latham (resigned 20th October 2015) Mr. P. Warren
Director of Services	Mrs. K. Stafford
Company number	02903642 (England and Wales)
Charity number	1035252
Operational name	Harpenden Mencap
Registered office and operational address	Stairways, 19 Douglas Road, Harpenden, Hertfordshire, AL5 2EN
Bankers	Triodos Bank NV, Deanery Road, Bristol, BS1 5AS
Solicitors	Taylor Walton, TW House, Station Approach, Harpenden, Hertfordshire, AL5 4SP
Independent auditors	Andrew Wiggett, Chartered Accountants and Statutory Auditors, Gainsborough House, 15 High Street, Harpenden, Hertfordshire, AL5 2RT

CONTENTS

Pages	1	Reference and administrative information
	2 - 4	Executive Committee's Report
	5	Independent Auditors' Report
	6	Statement of Financial Activities
	7	Balance Sheet as at 31st March 2016
	8	Statement of Cash Flows
	9 - 17	Notes forming part of the Financial Statements

HARPENDEN MENCAP

EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2016

The Executive Committee presents its report and audited financial statements for the year ended 31st March 2016. The reference and administrative information relating to the charity is set out on Page 1.

REFERENCE AND ADMINISTRATIVE DETAILS, TRUSTEES AND ADVISERS

Executive Committee Members: The members of the Executive Committee who served during the year were:

Dr D Bird; Mrs J Caseberry (Chairman); Mr P Fisher; Mr F Gee; Mrs A Hignell; Mrs M Latham (Treasurer) (Retired 20th October 2015) and Mr P Warren.

Advisers: Bank: Triodos Bank. Solicitors: Taylor Walton and Neves. Auditors: Andrew Wiggett.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document: The local charity, which is affiliated to Royal Mencap, was founded in 1959, and has been on the current site since 1980. The organisation is a charitable company limited by guarantee, incorporated on 2nd March 1994 and registered as a charity under Registered Charity number 1035252. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

Structure: The charity has an Executive Committee of up to 12 members who meet monthly and are responsible for the strategic direction and policy of the charity. All of the members of the Executive Committee are Directors of the company and are also Trustees of the charity and there are no other Trustees. Each member's appointment is confirmed by the charity's members at the Annual General Meeting.

Trustees: Most Trustees are already familiar with the practical work of the charity. Additionally, new Trustees are invited and encouraged to attend Executive Committee meetings prior to final commitment to familiarise themselves with the charity and the context within which it operates. There is an Induction Pack with a set of guidelines for the Trustees on their duties and responsibilities.

FINANCIAL REVIEW

Reserves: The charity requires reserves, generally, for financial security and, in particular, to provide for the financial effects of a potential reduction in occupancy and for possible changes in the payment policies of its main funding agencies. The Executive Committee has reviewed the financial impact of a range of possible changes in both factors and, in their opinion, the present minimum cash reserve requirement is £400,000. As explained in note 17, there is a reserve shortfall in the General Fund of approximately £236,517 as at the year end. The position will be monitored closely by the Trustees, who regularly review the minimum cash requirement.

Surplus/Deficit: The provision of residential accommodation and short break care services is by far the most financially significant of the charity's activities. A deficit arose on these activities this year together with a deficit on activities funded by the charity. The deficit was mitigated in part by voluntary income and income from other activities. Accordingly, the charity reports a deficit this year of £151,587 (2015: deficit of £79,501).

Donations and Fundraising: During the year we have received donations from many donors who have contributed and are too numerous to name individually. However each and every one of them is greatly appreciated, and they provide a vital income source for the charity's activities. Total donations and grants of £45,132 (2015: £71,652) were received which were allocated to the Amenities Fund £738 (2015: £5,386); the Building Fund £1,200 (2015: £25,142); Flat 5 Fund £nil (2015: £3,750); BBC Children in Need and the Neighbourly Charitable Trust for the Children's Services Spotlight Drama Group – grant repayment of £nil (2015: £2,297); Vehicles £22,440 (2015: £Nil) and others including Gift Aid of £20,754 (2015: £39,671).

Funds Available: In the Trustees' opinion, there are sufficient funds available to ensure the continuation of the charity's various activities and to finance the immediate plans set out above and thus continue to fulfil the charity's main objectives.

Investment Policy: The Executive Committee has considered the most appropriate policy for investing funds. Due to the volatility of the Stock Market and in view of the fact that significant reserves may be needed at short notice to fund accommodation projects, Trustees consider that they must be kept in short to medium term deposits. Interest received during the year amounted to £4,994 (2015: £8,061), of which £201 (2015: £328) is attributable to the Building Fund.

Risk Management: The Executive Committee has given consideration to the major risks to which the charity is exposed and is satisfied that systems and procedures are established in order to manage those risks.

HARPENDEN MENCAP

EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2016

PLANS FOR FUTURE PERIODS

Extending Services: The charity continues to seek ways of extending its services in support of people with learning disabilities and their families and to this end is active in liaising with Hertfordshire County Council, local builders, Housing Associations and other groups in the area, notably Passport to Leisure, Harpenden Gateway Club and Faith and Light.

Our Property: Our housing objective is to replace all of the existing accommodation and administrative offices at Stairways with new developments in conformity with modern standards. Our eleven flat facility (Pine Court) has been open since November 2012. The difficulty of finding suitable sites within the Harpenden area makes it impossible to predict where and when further developments will happen.

Vacant Flats: There are no vacant flats, however there have been some vacancies and one vacancy in Flat 1 is proving difficult to fill at this time

ADMINISTRATION INFORMATION

Executive Committee Appointments: The Executive Committee has overall control of the charity. It is responsible for the day to day activities of the charity and supports campaigning, publicity and other activities as and when required. The committee members are Directors of the company and Trustees of the charity. All members of these committees give their time voluntarily and receive no benefits from the charity other than the incidental benefit of being closer to the care being offered to some of their offspring. The day to day running of the charity is the responsibility of the Director of Services - Karen Stafford.

Related Parties: The charity works with Hertfordshire County Council and other Local Authorities which, together with various different government agencies, provides substantially all the revenue funding necessary to manage the long and short term care services.

OBJECTIVES AND ACTIVITIES

Objectives: The charity's purposes as set out in the objects contained in the company's Memorandum of Association are:

- The relief of people with a learning disability in particular by the provision of help and support for them and their families, dependents and carers, and to prevent learning disabilities for the public benefit; and
- To provide or assist in the provision of facilities for the recreation or leisure time occupation for people who have need thereof by reason of improving their conditions of life.

Public Benefit: The Trustees have complied with the duty in section 4 of the 2006 Charities Act to have regard to guidance published by the Charity Commission, including public benefit guidance. They have referred to the Charity Commission's guidance on public benefit when reviewing the aims and objectives and in planning future activities. In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set.

People We Help: The charity is established for the relief of people with learning and related disabilities within Harpenden and its surrounding areas. We have a registered care home providing long term residential care to twelve adults at Stairways and provide staff support under Supported Living for Flats 3 & 5 at Stairways. Also under Domiciliary Care we support fifteen people at Pine Court and in the community. The charity also provides short breaks for a number of children and young adults between the ages of 14 and 19. In addition, the charity provides leisure activities for the young people and support for the families of the children and adults for which it has responsibilities.

Activities: Referral to the charity can be self referral, referral from a family member or carer, referral from the community learning disability social work team, or referral from any other professional such as GPs and community nurses. The systems of funding will depend on the route the referral is made. There are four options available to fund access to the charity's services: (1) Self-funding; funding a service out of their own monies; (2) Directly commissioned service; the local authority will assist with the funding of a service; (3) Direct payments; where the local authority pays for an individual's service; (4) Individual budgets; where a service user is given a budget to fund their chosen support.

ACHIEVEMENTS AND PERFORMANCE

Inspections: The Adult Residential Services, the Adult Supported Living Services and the Adult Domiciliary Care Services all received a "Good" rating under the Care Quality Commission's new Care Standards. This is a reflection of the hard work and commitment of all three Managers and their staff teams.

Employment Opportunities: Harpenden Mencap's charity shop enables and supports people with a learning disability to gain confidence and develop skills in retail in a safe environment.

HARPENDEN MENCAP

EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2016

ACHIEVEMENTS AND PERFORMANCE continued

Children's Short Break Services: The Children's Short Break Services received an "Outstanding" rating from Ofsted once again. This is the highest award that can be achieved – the Manager and small staff team have offered high quality services to the young people consistently throughout the year. This has included holidays, trips and developing independent skills.

Staff Team: The charity is fortunate in having a team of dedicated and able staff working in all departments. The Trustees wish to place on record their gratitude for all they do to further the aims of the charity, increasingly in the challenging conditions we are facing during the present round of budget cuts and wage restraints.

STATEMENT OF THE EXECUTIVE COMMITTEE MEMBERS' RESPONSIBILITIES

The Executive Committee members as Directors and Trustees are responsible for preparing their Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Executive Committee members to prepare financial statements for each financial year. Under that law the Executive Committee members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Executive Committee members 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 charity and of its surplus for that year. In preparing these financial statements, the Executive Committee members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Executive Committee members are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The Executive Committee members as Directors who hold office at the date of the approval of this annual report confirm that:

- So far as they are aware, there is no relevant audit information, information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware; and
- That they have taken all the steps that they ought to have taken as the directors in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

AUDITORS

A resolution proposing Andrew Wiggett be re-appointed as auditors of the charity will be put to the Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

Approved by the Executive Committee on 19th September 2016 and signed on its behalf.



J Caseberry
Chairman of Executive Committee & Trustee



P Warren
Member of Executive Committee & Trustee

HARPENDEN MENCAP**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HARPENDEN MENCAP**

We have audited the financial statements of Harpenden Mencap for the year ended 31st March 2016, on pages 6 to 15, which comprise the Statement of Financial Activities including the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Executive Committee members responsibilities statement (set out on page 4), the Executive Committee members as Trustees (who are also directors of the charitable company for the purposes of company law), are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Smaller Entities, in the circumstances set out in note 19 to the financial statements.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Committee members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Executive Committee members Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Executive Committee members Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Executive Committee members remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Executive Committee members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Executive Committee members Annual Report.

Andrew Wiggett

ANDREW WIGGETT (Senior Statutory Auditor)

For and on behalf of

ANDREW WIGGETT

Chartered Accountants and Statutory Auditors,

Date: 19th September 2016

Gainsborough House, 15 High Street,
Harpenden, Hertfordshire, AL5 2RT

HARPENDEN MENCAP**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 2016**
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

		2016			Total
	Notes	Unrestricted	Restricted	Total	2015
		Funds	Funds	Funds	Funds
		£	£	£	£
INCOME					
Charitable activities					
Residential care	2	883,471	-	883,471	797,872
Supported living	2	297,065	-	297,065	243,347
Domiciliary services	2	450,275	-	450,275	433,826
Children's services	2	61,063	-	61,063	148,940
Other activities	3	1,693	-	1,693	915
		<u>1,693,567</u>	<u>-</u>	<u>1,693,567</u>	<u>1,624,900</u>
Other trading activities					
Charity shop	4	87,178	-	87,178	86,240
Fundraising	4	21,347	-	21,347	16,683
Donations and legacies	4	22,054	24,378	46,432	72,844
Investments	4	4,994	-	4,994	8,061
		<u>1,829,140</u>	<u>24,378</u>	<u>1,853,518</u>	<u>1,808,728</u>
Total income					
EXPENDITURE					
Charitable activities					
Residential care	2	1,097,102	-	1,097,102	949,101
Supported living	2	281,907	-	281,907	226,662
Domiciliary services	2	417,373	-	417,373	383,861
Children's services	2	91,385	-	91,385	212,160
Residents amenities & grant expenditure	4	-	11,532	11,532	20,139
Other activities	3	39,071	-	39,071	39,896
		<u>1,926,838</u>	<u>11,532</u>	<u>1,938,370</u>	<u>1,831,819</u>
Other trading activities					
Charity shop	4	44,575	-	44,575	40,629
Fundraising	4	19,941	2,219	22,160	15,781
		<u>1,991,354</u>	<u>13,751</u>	<u>2,005,105</u>	<u>1,888,229</u>
Total expenditure					
NET (EXPENDITURE)/INCOME	6 and 7	(162,214)	10,627	(151,587)	(79,501)
Transfers between funds	17	20,244	(20,244)	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		(141,970)	(9,617)	(151,587)	(79,501)
TOTAL FUNDS at 1st April 2015		2,455,611	47,680	2,503,291	2,582,792
TOTAL FUNDS at 31st March 2016	17	£ 2,313,641	£ 38,063	£ 2,351,704	£ 2,503,291

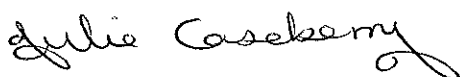
The notes on pages 9 to 17 form part of these financial statements.

HARPENDEN MENCAP**BALANCE SHEET AS AT 31ST MARCH 2016**

(Company number 02903642)

		2016			
	Notes	Unrestricted Funds £	Restricted Funds £	Total £	Total 2015 £
FIXED ASSETS					
Freehold property	11	3,187,330	-	3,187,330	3,187,330
Other tangible fixed assets	12	86,035	-	86,035	106,059
TOTAL FIXED ASSETS		3,273,365	-	3,273,365	3,293,389
CURRENT ASSETS					
Debtors and prepayments	13	80,502	-	80,502	81,815
Cash at bank and in hand		283,792	38,063	321,855	500,691
		364,294	38,063	402,357	582,506
CREDITORS: amounts falling due within one year	14	(116,488)	-	(116,488)	(121,857)
NET CURRENT ASSETS		247,806	38,063	285,869	460,649
TOTAL ASSETS LESS CURRENT LIABILITIES		3,521,171	38,063	3,559,234	3,754,038
CREDITORS: amounts falling due after more than one year	15	(1,207,530)	-	(1,207,530)	(1,250,747)
NET ASSETS	16	£ 2,313,641	£ 38,063	£ 2,351,704	£ 2,503,291
FUNDS					
Restricted	17				
Building		-	18,843	18,843	17,643
Flat 1 Stairways		-	-	-	7,891
Pine Court - greenhouse			105	105	-
Amenities		-	12,690	12,690	18,558
Children's Services		-	1,433	1,433	3,588
Vehicle fund - Kia			4,042	4,042	-
Vehicle fund - Peugeot			950	950	-
Unrestricted	17				
Designated Building Fund		100,857	-	100,857	100,656
Designated Major Building Repairs Fund		26,683	-	26,683	33,172
General Fund		2,186,101	-	2,186,101	2,321,783
TOTAL CHARITY FUNDS	17	£ 2,313,641	£ 38,063	£ 2,351,704	£ 2,503,291

Approved by the Board on 19th September 2016 and signed on its behalf by:



J. Caseberry
Chairman of Executive Committee
and Trustee



P. Warren
Member of Executive Committee
and Trustee

The notes on pages 9 to 17 form part of these financial statements.

HARPENDEN MENCAP**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2016**

	<u>2016</u> £	<u>2015</u> £
Reconciliation of net (expenditure) to net cash flow from operating activities		
Net (expenditure) for year (as per Statement of Financial Activities)	(151,587)	(79,501)
Adjustments for:		
Depreciation charges	52,611	49,153
Interest from cash and investments	(4,994)	(8,061)
(Profit) on sale of fixed assets	(5,762)	126
Decrease in debtors	1,313	9,170
(Decrease) in creditors	(6,854)	(39,434)
Net cash used in operating activities	<u>(115,273)</u>	<u>(68,547)</u>
Cash flows from investing activities		
Interest from cash and investments	4,994	8,061
Proceeds from sale of tangible fixed assets	5,762	-
Purchase of tangible fixed assets	(32,587)	(37,962)
Net cash used in investing activities	<u>(21,831)</u>	<u>(29,901)</u>
Cash flows from financing activities		
Repayment of loan	(41,732)	(40,299)
Net cash used in financing activities	<u>(41,732)</u>	<u>(40,299)</u>
Change in cash and cash equivalents in the reporting period	<u>(178,836)</u>	<u>(138,747)</u>
Cash and cash equivalents at 31st March 2015		
Cash at bank and in hand	500,691	639,438
Cash and cash equivalents at 31st March 2016		
Cash at bank and in hand	<u>£ 321,855</u>	<u>£ 500,691</u>

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016****1. ACCOUNTING POLICIES****(a) Basis of accounting**

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 (FRS 102) (effective 1st January 2015) - (Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and the Companies Act 2006. The charity is a public benefit entity under FRS 102.

(b) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity. Designated funds are unrestricted funds earmarked by the Executive Committee for particular purposes. Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

(c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £300 are not capitalised.

Properties under construction are stated at cost. Cost comprises site acquisition costs, professional fees, building and construction costs and finance costs, including interest. Interest charged is capitalised from loan drawdown until physical construction is complete and the building is brought into use.

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 land	- Nil
Properties under construction	- Nil
Freehold buildings	- 2%
Vehicles, furniture and equipment	- 25% - 33 1/3% on cost

(d) Income

All incoming resources are included in the statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Charges for residents are included in the financial statements on the basis of amounts receivable in the year. Donations, Subscriptions, Charity shop and other fund raising income is accounted for as received by the Charity.

The value of services provided by volunteers has not been included in these accounts.

Legacies are included when the Charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Clothing and other items donated for resale through the Charity Shop are included as incoming resources within activities for generating funds when they are sold.

Investment income is included when receivable.

(e) Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the Charity Shop.

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on appropriate bases, comprising per capita and estimated usage.

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**
(continued)**1. ACCOUNTING POLICIES continued****(f) Pensions**

The Charity provides a defined contribution personal pension scheme arrangement for its employees. The assets are held separately from those of the charity in independently administered insurance company funds. The pension charge in the accounts represents the amounts payable by the charity to the funds in respect of the year for employee members.

(g) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the accounts as incurred.

(h) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable and payable within one year are recorded at transaction price.

(i) Financial Instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(j) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in paragraph 1 schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

(k) Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

(l) Reconciliation with previous Generally Accepted Accounting Practice

The charity adopted FRS 102 in the current year. In preparing the accounts the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP 102 a restatement of comparative items was needed and confirmed that no restatements were required.

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**
(continued)**2. CHARITABLE ACTIVITIES - SERVICES**

	<u>Residential Care for Adults</u> £	<u>Adults' Supported Living</u> £	<u>Adults' Domiciliary Services</u> £	<u>Children's Short Breaks & Outreach</u> £	<u>Total 2016</u> £	<u>Total 2015</u> £
Income						
Service charges	883,471	297,065	450,275	61,063	1,691,874	1,623,985
Expenditure						
Salaries, national insurance & pensions	913,807	232,594	272,603	73,609	1,492,613	1,368,317
Other staff costs	20,072	7,756	10,179	829	38,836	45,145
Depreciation	19,262	8,602	21,975	855	50,694	48,243
Equipment purchase & repairs	9,479	1,453	2,106	844	13,882	12,334
Premises repairs & maintenance	9,728	4,703	20,809	2,579	37,819	32,061
Residents' costs	44,224	138	442	1,709	46,513	48,794
Rent & Council Tax	2,780	1,854	10,639	-	15,273	14,950
Vehicles & travel	7,771	774	446	1,482	10,473	14,387
Electricity, gas, water & cleaning	12,884	5,563	9,186	2,964	30,597	30,821
Telephones	2,348	1,096	2,336	482	6,262	6,122
Stationery & office costs	7,566	2,297	3,440	472	13,775	16,222
Registration, legal & professional fees	6,429	1,809	2,819	2,005	13,062	11,994
Insurance	10,235	3,592	5,175	1,034	20,036	23,826
Mortgage interest payable	-	-	44,571	-	44,571	46,005
Other expenses	2,628	938	1,037	857	5,460	4,543
	1,069,213	273,169	407,763	89,721	1,839,866	1,723,764
Support costs (note 5)	21,635	6,779	7,455	1,291	37,160	37,371
Governance costs (note 5)	6,254	1,959	2,155	373	10,741	10,648
Total	1,097,102	281,907	417,373	91,385	1,887,767	1,771,783
Net (expenditure)/income for the year (note 6)	£ (213,631)	£ 15,158	£ 32,902	£ (30,322)	£ (195,893)	£ (147,798)

3. CHARITABLE ACTIVITIES - OTHER

	<u>Britannia Club</u> £	<u>Employment Scheme</u> £	<u>Other Activities</u> £	<u>Total 2016</u> £	<u>Total 2015</u> £
Income					
Service charges & other income	1,078	-	615	1,693	915
Expenditure					
Salaries, national insurance & pensions	1,825	33,367	-	35,192	35,338
Other staff costs	19	290	-	309	432
Depreciation, repairs & maintenance	7	101	-	108	88
Rent, council tax & utilities costs	360	40	-	400	421
Stationery and office costs	23	343	-	366	450
Insurance	20	304	-	324	387
Other expenses	14	200	-	214	254
Donations to associated groups	-	-	1,100	1,100	1,390
	2,268	34,645	1,100	38,013	38,760
Support costs (note 5)	51	770	-	821	885
Governance costs (note 5)	15	222	-	237	252
Total	2,334	35,637	1,100	39,071	39,897
Net (expenditure) for the year (note 6)	£ (1,256)	£ (35,637)	£ (485)	£ (37,378)	£ (38,982)

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**
(continued)**4. OTHER TRADING ACTIVITIES AND OTHER
INCOME AND EXPENDITURE FOR YEAR**

	<u>Roundabout</u> <u>Charity</u> <u>Shop</u> £	<u>Other</u> <u>Fundraising</u> £	<u>Subscriptions</u> <u>Donations &</u> <u>Legacies</u> £	<u>Investment</u> <u>Income</u> £	<u>Total</u> <u>2016</u> £	<u>Total</u> <u>2015</u> £
Income						
Shop takings	79,378	-	-	-	79,378	78,440
Shop - Flat rent received	7,800	-	-	-	7,800	7,800
Events income	-	14,097	7,685	-	21,782	16,683
Membership subscriptions	-	-	615	-	615	968
Donations	-	7,250	37,882	-	45,132	73,449
Grants	-	-	-	-	-	(1,797)
Legacies	-	-	250	-	250	-
Bank interest (from UK deposits)	-	-	-	4,994	4,994	8,061
Other	-	-	-	-	-	224
Total	87,178	21,347	46,432	4,994	159,951	183,828
Expenditure						
Salary, national insurance & pension	11,740	7,972	1,068	-	20,780	17,425
Other staff costs	251	514	-	-	765	433
Depreciation	1,204	16	-	-	1,220	168
Equipment purchases & repairs	647	11	279	-	937	1,404
Premises repairs & maintenance	5,017	1	2,355	-	7,373	17,246
Rent and council tax	19,641	55	-	-	19,696	20,509
Electricity, gas, water & cleaning	1,280	9	-	-	1,289	1,881
Telephone	619	23	-	-	642	684
Stationery & office costs	2,536	110	48	-	2,694	2,208
Insurance	711	529	-	-	1,240	1,456
Newsletter and yearbook	-	2,162	-	-	2,162	2,170
Events costs	-	4,496	2,219	-	6,715	3,526
Residents' costs	69	3	1,246	-	1,318	77
Vehicles and travel	-	-	2,229	-	2,229	-
Residents' amenities	-	-	3,856	-	3,856	5,195
Other expenses	298	3,229	451	-	3,978	724
Professional fees	64	535	-	-	599	793
	44,077	19,665	13,751	-	77,493	75,899
Support costs (note 5)	386	214	-	-	600	504
Governance costs (note 5)	112	62	-	-	174	146
Total	44,575	19,941	13,751	-	78,267	76,549
Net income for the year (note 6)	£ 42,603	£ 1,406	£ 32,681	£ 4,994	£ 81,684	£ 107,279

5. ANALYSIS OF SUPPORT COSTS

	<u>Charitable</u> <u>Activities</u> <u>-Services</u> £	<u>Charitable</u> <u>Activities</u> <u>-Other</u> £	<u>Trading</u> <u>Activities</u> <u>-Shop</u> £	<u>Trading</u> <u>Activities</u> <u>-Other</u> £	<u>Other</u> <u>income</u> £	<u>Basis of</u> <u>Allocation</u>
Staff costs	26,682	590	278	153	-	head count
Premises and office	7,395	164	76	43	-	floor area
Registration, professional & finance	3,083	67	32	18	-	head count
Governance (note 5, page 13)	10,741	237	112	62	-	head count
	£ 47,901	£ 1,058	£ 498	£ 276	£ -	

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**
(continued)**5. ANALYSIS OF SUPPORT COSTS (continued)**

	<u>2016</u>	<u>2015</u>
	£	£
Governance costs comprise:		
Professional fees - Auditor's remuneration	4,800	4,800
Administrative salaries	4,226	4,232
Insurance - Trustee Indemnity cover	2,086	2,014
Other	40	-
	<u>£ 11,152</u>	<u>£ 11,046</u>

6. NET (EXPENDITURE)/INCOME FOR THE YEAR
- RECONCILIATION OF ANALYSIS BY ACTIVITY

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
		£	£
The net (expenditure)/income for the year arises as follows:			
Charitable activities - Services	2	(195,893)	(147,798)
Charitable activities - Other	3	(37,378)	(38,982)
Other trading activities	4	44,009	46,513
Donations, legacies and other fundraising	4	32,681	52,705
Investment income	4	4,994	8,061
		<u>£ (151,587)</u>	<u>£ (79,501)</u>
Net (expenditure)/income for the year			

7. NET (EXPENDITURE)/INCOME FOR THE YEAR

	<u>2016</u>	<u>2015</u>
	£	£
This is stated after charging :		
Staff costs (note 8)	1,621,424	1,498,779
Auditors' remuneration:		
Audit fee (note 5)	4,800	4,800
Other services (note 19)	-	288
Depreciation - owned assets (note 12)	<u>52,611</u>	<u>49,153</u>

8. STAFF COSTS

	<u>2016</u>	<u>2015</u>
	£	£
Salaries	1,309,005	1,253,038
Agency staff costs	118,997	49,774
Social security costs	96,289	97,046
Employer contributions to pension schemes	54,683	44,612
Pension management fees	1,000	1,000
Other employee benefits	10,831	13,769
Other employment costs	30,619	34,388
Redundancy costs	-	5,152
	<u>£ 1,621,424</u>	<u>£ 1,498,779</u>

No emoluments were paid to Trustees (2015: nil).

Total emoluments of £278,067 (2015: £283,944) were paid to 7 (2015: 7) key management personnel.

No employee received emoluments of more than £60,000.

As described in note 1(f), the charity provides a defined contribution pension arrangement for its eligible employees. The pension contributions made in the year, disclosed above, are in respect of 54 (2015 - 47) employees. The amount outstanding at the balance sheet date, included in Other creditors in note 14, was £7,174 (2015 - £6,770). Agency staff are used to provide cover for the permanent employees.

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**
(continued)**8. STAFF COSTS continued**

The average employee head count during the year was 78 (2015: 83). The average monthly number of employees, calculated on the basis of full time equivalents, was as follows:

	<u>2016</u>	<u>2015</u>
Adult residential services	34.04	30.48
Adult supported living	10.67	7.86
Adult domiciliary living	11.73	11.04
Children's services	2.03	6.26
Employment opportunities and Clubs	1.29	1.32
Charity shop	0.61	0.52
Fundraising	0.34	0.24
	<u>60.71</u>	<u>57.72</u>

9. TRUSTEE REMUNERATION & RELATED PARTY TRANSACTIONS

No member of the Executive Committee received any remuneration for this year and no relevant expenses were reimbursed to Trustees for this year.

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year except in connection with the provision of services by the charity in the normal course of its operations and on its standard terms.

10. TAXATION

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied in furtherance of its charitable objects. No charges to taxation have arisen on the Charity in the year (2015- None).

11. FREEHOLD PROPERTY

	<u>Freehold Property</u> (Pine Court)	<u>Freehold Property</u> (Stairways)	<u>Total</u>
Cost	£	£	£
At 1st April 2015	2,608,309	579,021	3,187,330
Additions	-	-	-
At 31st March 2016	<u>£ 2,608,309</u>	<u>£ 579,021</u>	<u>£ 3,187,330</u>
Cost comprises:			
Cost of purchase	803,917	56,779	860,696
Original conversion costs	-	80,986	80,986
Extension and refurbishment	-	441,256	441,256
Building, Construction and related professional fee costs	1,724,602	-	1,724,602
Finance costs including interest	79,790	-	79,790
	<u>£ 2,608,309</u>	<u>£ 579,021</u>	<u>£ 3,187,330</u>

Freehold Property: 'Pine Court'

The freehold property known as 'Pine Court' is situated in Carlton Road, Harpenden. No depreciation charge has been made on the building which was completed and opened in November 2012. Given that the building is new and fully occupied the balance sheet carrying value at 31st March 2016, at cost, fairly reflects the value in use as measured by the intrinsic worth of the service delivery to residents and accordingly, in the opinion of the Trustees, no provision for depreciation is required to be made in accordance with accounting policy 1(c). The property is wholly used for charitable purposes.

Freehold Property: 'Stairways'

The freehold property, known as 'Stairways' is situated in Douglas Road, Harpenden. No depreciation charge has been made on the cost of the building this year as following a review of the physical and economic life of the building, which is maintained in a good state of repair and, given the property's probable residual value no provision is required to be made in accordance with accounting policy 1(c). In the opinion of the Trustees, the market value of 'Stairways' is in the region of £3,000,000. The property is used wholly for charitable purposes.

The application of the buildings depreciation policy 1(c) is reviewed annually by the Executive Committee and depreciation will be provided for at the point in time when amortisation of cost is recognised as being required.

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**
(continued)**12. OTHER TANGIBLE FIXED ASSETS**

	<u>Property furniture & equipment</u> £	<u>Office furniture & equipment</u> £	<u>Motor vehicles</u> £	<u>Total</u> £
Cost				
At 1st April 2015	297,360	35,365	44,605	377,330
Additions	18,104	1,483	13,000	32,587
Disposals	(8,189)	-	(21,700)	(29,889)
At 31st March 2016	307,275	36,848	35,905	380,028
Depreciation				
At 1st April 2015	200,819	26,197	44,255	271,271
Charge for year	46,909	4,810	892	52,611
Disposals	(8,189)	-	(21,700)	(29,889)
At 31st March 2016	239,539	31,007	23,447	293,993
Net book value				
At 31st March 2016	£ 67,736	£ 5,841	£ 12,458	£ 86,035
At 31st March 2015	£ 96,541	£ 9,168	£ 350	£ 106,059

The property and office furniture and equipment and the motor vehicles are all used wholly for charitable purposes.

13. DEBTORS

	<u>2016</u> £	<u>2015</u> £
Residents' charges invoiced	13,743	23,446
Prepayments	35,536	37,102
Other debtors	31,223	21,267
	£ 80,502	£ 81,815

14. CREDITORS: Amounts falling due within one year

	<u>2016</u> £	<u>2015</u> £
Bank loan repayable within one year (note 15)	43,217	41,732
Income in advance from Local Authorities	5,705	5,021
Social Security and other taxes	25,579	24,828
Purchase ledger balances	11,686	18,456
Accruals	15,808	19,115
Other creditors	14,493	12,705
	£ 116,488	£ 121,857

15. CREDITORS: Amounts falling due after more than one year

	<u>2016</u> £	<u>2015</u> £
Bank loan repayable after more than one year	1,207,530	1,250,747
	£ 1,207,530	£ 1,250,747

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**
(continued)**15. CREDITORS: Amounts falling due after more than one year (continued)**

The bank loan is a non-residential mortgage agreement with the Charity's bankers, Triodos Bank NV, for a total sum of £1,400,000, which was raised to part finance the purchase and construction of Pine Court, Carlton Road, Harpenden (see note 11). The loan is secured on the Charity's freehold property 'Stairways' and at the balance sheet date comprised approximately 42% of its estimated market value. The loan is repayable in monthly instalments over 25 years commencing in July 2012, with interest charged at base rate plus 2.5% with a minimum rate of 3.5%, as follows:

	<u>2016</u>	<u>2015</u>
	£	£
Within one year	43,217	41,732
Between one and two years	44,754	43,217
Between two and five years	144,040	139,093
After more than five years	1,018,736	1,068,437
	1,207,530	1,250,747
Total Bank Loan at 31st March 2016	£ 1,250,747	£ 1,292,479

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Restricted funds</u>	<u>Designated funds</u>	<u>General fund</u>	<u>Total funds</u>
	£	£	£	£
Tangible fixed assets	-	-	3,273,365	3,273,365
Current assets	38,063	147,540	216,754	402,957
Current liabilities	-	-	(116,488)	(117,088)
Long term liabilities	-	-	(1,207,530)	(1,207,530)
Total net assets	£ 38,063	£ 147,540	£ 2,166,101	£ 2,351,704

17. MOVEMENTS IN FUNDS

	<u>At 01.04.15</u>	<u>Incoming resources</u>	<u>Outgoing resources</u>	<u>Transfers</u>	<u>At 31.03.16</u>
	£	£	£	£	£
Restricted funds					
Building	17,643	1,200	-	-	18,843
Flat 1 Stairways	7,891	-	(897)	(6,994)	-
Pine Court - greenhouse	-	313	(208)	-	105
Amenities	18,558	425	(6,043)	(250)	12,690
Children's Services - equipment	3,588	-	(2,155)	-	1,433
Vehicle fund - Kia	-	8,340	(4,298)	-	4,042
Vehicle fund - Peugeot	-	14,100	(150)	(13,000)	950
Total restricted funds	£ 47,680	£ 24,378	£ (13,751)	£ (20,244)	£ 38,063
Unrestricted funds					
Designated - Building	100,656	201	-	-	100,857
Designated - Major Building Repairs	33,172	-	(11,489)	5,000	26,683
General fund	2,321,783	1,828,939	(1,979,865)	15,244	2,186,101
Total unrestricted funds	£ 2,455,611	£ 1,829,140	£ (1,991,354)	£ 20,244	£ 2,313,641
Total funds	£ 2,503,291	£ 1,853,518	£ (2,005,105)	£ -	£ 2,351,704

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**
(continued)**17. MOVEMENTS IN FUNDS (continued)****Purpose of restricted funds**

Building Fund: This fund is for donations and other monies received, including grants, as specified by the donors. Regular donations of £1,200 were added to the fund, to leave a balance carried forward of £18,843.

Flat 1, Stairways: A balance of £7,891 was brought forward from 2015 and fully expended during the year, mostly on contributions to capital works in the flat.

Pine Court - greenhouse: Contributions of £313 were received during the year towards the costs of a greenhouse at Pine Court. £208 was expended in the year leaving a balance of £105.

Amenities: The Amenities Fund balance brought forward of £18,558 was supplemented by incoming resources of the year of £425. Total outgoing resources of £6,293, including capital items of £250, were incurred to further enhance the lives of the Residents, leaving a balance carried forward of £12,690.

Children's Services Equipment Fund: An original donation of £14,189 from the UPS Foundation stipulated that the money be used towards providing sensory and play equipment for children. Of the balance brought forward of £3,588, an amount of £2,155 was expended in the year, leaving a residual balance of the grant available for future spending amounting to £1,433.

Vehicle fund - Kia: Fundraising and donations during the year raised £8,340 towards the cost of a new vehicle. A Kia has been acquired on a lease contract and costs of £4,298 have been spent from this fund, leaving a balance of £4,042 carried forward.

Vehicle fund - Peugeot: Two donations were received in the year, providing £14,100 for the purposes of acquiring and insuring a new vehicle. A Peugeot Partner was purchased and £13,150 costs have been expended from the funds, leaving £950 carried forward.

Purpose of designated funds

Building fund: The Executive Committee designated a fund of £100,000 to be retained for future building projects and to which a share of bank interest is accumulated annually. The incoming resources for the year represent the fund's share of interest receivable in 2015/16, amounting to £201, leaving a balance carried forward and available for future projects of £100,857.

Major Building Repairs fund: In the light of the Charity's investment in freehold property, the Executive Committee considered it appropriate, in 2013/14, to set up a designated fund to cover major repairs. A further transfer of £5,000 has been made this year from the general fund. During the course of the year, £11,489 was expended in respect of major or exceptional repairs at Stairways, leaving a balance carried forward of £26,683.

Purpose of the general fund

General fund: The unrestricted general fund is available for use in fulfilling the general objects of the charity. At 31st March 2016 the balance on this fund was £2,186,101 of which £2,022,618 has been used to acquire functional fixed assets. The remaining balance of £163,483 is available to be applied towards meeting the charity's currently assessed reserve requirement of £400,000. In view of the apparent funding shortfall of £236,517 at the year end, the Executive Committee continue to monitor both the reserves level requirement and the funds available in the current year.

18. OTHER COMMITMENTS

At 31st March 2016, the charity had no contingencies or other capital or financial commitments contracted for but not provided for (2015- None), except under non-cancellable operating leases, as follows:

	<u>Land & Buildings</u>		<u>Equipment</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	£	£	£	£
Expiry date: Between one and five years	£ 19,000	£ 19,000	£ 5,819	£ 2,728

19. NON-AUDIT SERVICES

In common with many other businesses of our size and nature we use our auditors to assist us with the provision of other services from time to time. During the year ended 31st March 2016 they carried out an examination of residents' finances.