

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 2018

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 Mr. N. Latham
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

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HARPENDEN MENCAP

EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018

The Executive Committee presents its report and audited financial statements for the year ended 31st March 2018. 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; and Mr N Latham (Treasurer).

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 £262,546 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. This deficit was offset by voluntary and investment income and income from other trading activities and accordingly, the charity reports a surplus for this year of £53,738 (2017- £14,190).

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. During the year we have held a number of successful fundraising events that included our annual golf day, Wesley's coffee mornings, the Farmer's Market and Harpenden Carnival. Total donations and grants of £118,349 (2017: £80,900) were received which were attributable to the Amenities Fund £19,943 (2017: £131); the Building Fund £640 (2017: £1,200); Vehicle Fund £Nil (2017: £1,000); Flat 6 refurbishment £30,600 (2017: £Nil); IT & Telecomms £23,280 (2017: £Nil) and others including Gift Aid of £43,886 (2017: £78,569, including a legacy of £50,000).

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 £1,808 (2017: £2,821), of which £79 (2017: £124) 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 2018

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.

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 eleven adults at Stairways and provide staff support under Supported Living for Flats 3 & 5 at Stairways. Following the completion of the conversion of the children's service accommodation into a flat for 3 of our existing residents with changing needs, we have been able to renovate the vacant flat to provide accommodation for 3 additional young adults to join our Supported Living Service. 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.

HARPENDEN MENCAP**EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2018****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.

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 to all our staff for all they do to further the aims of the charity.

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:

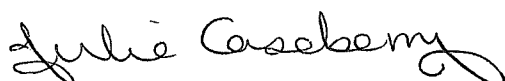
- So far as they are aware, there is no relevant audit information, information needed by the company's auditors in connection with preparing their report, of which the company's auditors are unaware; and
- That they have taken all the steps that they ought to have taken as the directors in order to 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 Monday, 16th July 2018 and signed on its behalf.



J Caseberry
Chairman of Executive Committee & Trustee



N Latham
Member of Executive Committee, Treasurer & Trustee

HARPENDEN MENCAP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARPENDEN MENCAP

Opinion

We have audited the financial statements of Harpenden Mencap (the Charity) for the year ended 31st March 2018 which comprise the Statement of Financial Activities (Including Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial 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 Charity's affairs as at 31st March 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity 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 the provisions available for small entities, in the circumstances set out in note 18 to the financial statements, and we have fulfilled out 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the executive committee members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the executive committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The executive committee members are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information except and to the extent otherwise explicitly stated in our report, we do not express and 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 this 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.

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 executive committee's report (incorporating the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the executive committee's report (incorporating the trustees' report) have been prepared in accordance with applicable legal requirements

HARPENDEN MENCAP**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARPENDEN MENCAP**
(continued)**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Executive Committee's Annual Report (incorporating the Trustees' Report).

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

- adequate accounting records have not been kept
- the financial statements are not in agreement with the accounting records
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not obtained all the information and explanations necessary for the purposes of our audit

Responsibilities of the executive committee members

As explained more fully in the executive committee members responsibilities statement (set out on page 4), the executive committee members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 executive committee members are responsible for assessing the Charity'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 executive committee members either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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.

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



Andrew Wiggett (Senior Statutory Auditor)

Andrew Wiggett Chartered Accountants and Statutory Auditors
Gainsborough House
15A High Street
Harpenden, Hertfordshire AL5 2RT

16th July 2018

HARPENDEN MENCAP**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 2018
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	<u>Notes</u>	<u>2018</u>		<u>Total</u>	<u>Total</u> <u>2017</u>
		<u>Unrestricted</u> <u>Funds</u>	<u>Restricted</u> <u>Funds</u>		
		£	£	£	£
INCOME					
Charitable activities					
Residential care	2	1,067,834	-	1,067,834	914,154
Supported living	2	242,407	-	242,407	265,834
Domiciliary services	2	464,982	-	464,982	469,735
Outreach/Children's services	2	6,489	-	6,489	38,785
Other activities	3	886	-	886	761
		<u>1,782,598</u>	<u>-</u>	<u>1,782,598</u>	<u>1,689,269</u>
Other trading activities					
Charity shop	4	90,242	-	90,242	85,088
Fundraising	4	10,565	-	10,565	17,841
Donations and legacies	4	43,886	74,463	118,349	80,900
Investments	4	1,808	-	1,808	2,821
Total income		<u>1,929,099</u>	<u>74,463</u>	<u>2,003,562</u>	<u>1,875,919</u>
EXPENDITURE					
Charitable activities					
Residential care	2	1,098,477	-	1,098,477	994,446
Supported living	2	293,329	-	293,329	289,942
Domiciliary services	2	436,665	-	436,665	424,359
Children's services	2	4,459	-	4,459	54,081
Residents amenities & grant expenditure	4	-	15,248	15,248	6,061
Other activities	3	33,069	-	33,069	36,855
		<u>1,865,999</u>	<u>15,248</u>	<u>1,881,247</u>	<u>1,805,744</u>
Other trading activities					
Charity shop	4	51,425	-	51,425	46,087
Fundraising	4	17,152	-	17,152	9,898
Total expenditure		<u>1,934,576</u>	<u>15,248</u>	<u>1,949,824</u>	<u>1,861,729</u>
NET INCOME/(EXPENDITURE)	6 and 7	(5,477)	59,215	53,738	14,190
Transfers between funds	17	30,237	(30,237)	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		<u>24,760</u>	<u>28,978</u>	<u>53,738</u>	<u>14,190</u>
TOTAL FUNDS at 1st April 2017		<u>2,339,753</u>	<u>26,141</u>	<u>2,365,894</u>	<u>2,351,704</u>
TOTAL FUNDS at 31st March 2018	17	£ <u>2,364,513</u>	£ <u>55,119</u>	£ <u>2,419,632</u>	£ <u>2,365,894</u>

The notes on pages 10 to 18 form part of these financial statements.

HARPENDEN MENCAP**BALANCE SHEET AS AT 31ST MARCH 2018**

(Company number 02903642)

		2018			Total
	Notes	Unrestricted	Restricted	Total	2017
		Funds	Funds	£	£
		£	£		
FIXED ASSETS					
Freehold property	11	3,187,330	-	3,187,330	3,187,330
Other tangible fixed assets	12	66,845	-	66,845	52,290
TOTAL FIXED ASSETS		3,254,175	-	3,254,175	3,239,620
CURRENT ASSETS					
Debtors and prepayments	13	65,517	53,280	118,797	72,536
Cash at bank and in hand		317,026	7,162	324,188	328,571
		382,543	60,442	442,985	401,107
CREDITORS: amounts falling due within one year	14	(151,984)	(5,323)	(157,307)	(112,057)
NET CURRENT ASSETS		230,559	55,119	285,678	289,050
TOTAL ASSETS LESS CURRENT LIABILITIES		3,484,734	55,119	3,539,853	3,528,670
CREDITORS: amounts falling due after more than one year	15	(1,120,221)	-	(1,120,221)	(1,162,776)
NET ASSETS	16	£ 2,364,513	£ 55,119	£ 2,419,632	£ 2,365,894
FUNDS					
Restricted	17				
Building		-	15,883	15,883	20,043
Amenities		-	17,329	17,329	5,231
Vehicle fund		-	-	-	867
Flat 6 refurbishment		-	1,851	1,851	-
IT & telecomms		-	20,056	20,056	-
Unrestricted	17				
Designated Building Fund		101,060	-	101,060	100,981
Designated Major Building Repairs Fund		38,390	-	38,390	25,329
General Fund		2,225,063	-	2,225,063	2,213,443
TOTAL CHARITY FUNDS	17	£ 2,364,513	£ 55,119	£ 2,419,632	£ 2,365,894

Approved by the Board on 16th July 2018 and signed on its behalf by:



J. Caseberry
Chairman of Executive Committee
and Trustee



N. Latham
Treasurer and Trustee

The notes on pages 10 to 18 form part of these financial statements.

HARPENDEN MENCAP**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2018**

	<u>2018</u> £	<u>2017</u> £
Reconciliation of net income (expenditure) to net cash flow from operating activities		
Net income (expenditure) for year (as per Statement of Financial Activities)	53,738	14,190
Adjustments for:		
Depreciation charges	30,442	51,487
Interest from cash and investments	(1,808)	(2,821)
Loss (Profit) on sale of fixed assets	881	338
Decrease in debtors	(46,261)	7,966
(Decrease) in creditors	43,659	(5,968)
Net cash generated from operating activities	<u>80,651</u>	<u>65,192</u>
Cash flows from investing activities		
Interest from cash and investments	1,808	2,821
Proceeds from sale of tangible fixed assets	-	119
Purchase of tangible fixed assets	(45,878)	(18,199)
Net cash used in investing activities	<u>(44,070)</u>	<u>(15,259)</u>
Cash flows from financing activities		
Repayment of loan	(40,964)	(43,217)
Net cash used in financing activities	<u>(40,964)</u>	<u>(43,217)</u>
Change in cash and cash equivalents in the reporting period	(4,383)	6,716
Cash and cash equivalents at 31st March 2017		
Cash at bank and in hand	328,571	321,855
Cash and cash equivalents at 31st March 2018		
Cash at bank and in hand	<u>£ 324,188</u>	<u>£ 328,571</u>

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018****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.

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.

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

(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 2018**
(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.

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(continued)

2. CHARITABLE ACTIVITIES - SERVICES

	<u>Residential</u> <u>Care for</u> <u>Adults</u> £	<u>Adults'</u> <u>Supported</u> <u>Living</u> £	<u>Adults'</u> <u>Domiciliary</u> <u>Services</u> £	<u>Children's</u> <u>Short Breaks</u> <u>& Outreach</u> £	<u>Total</u> <u>2018</u> £	<u>Total</u> <u>2017</u> £
Income						
Service charges	1,067,834	242,407	464,982	6,489	1,781,712	1,688,508
Expenditure						
Salaries, national insurance & pensions	918,288	233,421	308,209	3,464	1,463,382	1,403,909
Other staff costs	16,463	6,480	10,366	-	33,309	27,789
Depreciation	18,172	9,181	871	-	28,224	49,176
Equipment purchase & repairs	8,701	2,709	1,531	-	12,941	9,198
Premises repairs & maintenance	12,586	9,930	22,690	-	45,206	33,085
Residents' costs	40,245	114	799	548	41,706	45,862
Rent & Council Tax	2,678	4,707	10,410	-	17,795	16,775
Vehicles & travel	9,510	1,494	-	447	11,451	10,718
Electricity, gas, water & cleaning	14,625	6,597	8,934	-	30,156	28,578
Telephones	3,978	810	3,772	-	8,560	6,252
Stationery & office costs	8,237	2,583	3,938	-	14,758	11,687
Registration, legal & professional fees	6,143	2,600	4,847	-	13,590	14,827
Insurance	8,026	2,913	5,013	-	15,952	15,824
Mortgage interest payable	-	-	41,550	-	41,550	43,087
Other expenses	2,559	888	1,383	-	4,830	4,963
	1,070,211	284,427	424,313	4,459	1,783,410	1,721,730
Support costs (note 5)	22,527	7,095	9,844	-	39,466	31,946
Governance costs (note 5)	5,739	1,807	2,508	-	10,054	9,152
Total	1,098,477	293,329	436,665	4,459	1,832,930	1,762,828
Net (expenditure)/income for the year (note 6)	£ (30,643)	£ (50,922)	£ 28,317	£ 2,030	£ (51,218)	£ (74,320)

3. CHARITABLE ACTIVITIES - OTHER

	<u>Britannia</u> <u>Club</u> £	<u>Employment</u> <u>Scheme</u> £	<u>Other</u> <u>Activities</u> £	<u>Total</u> <u>2018</u> £	<u>Total</u> <u>2017</u> £
Income					
Service charges & other income	886	-	-	886	761
Expenditure					
Salaries, national insurance & pensions	1,562	27,854	-	29,416	33,525
Other staff costs	64	298	-	362	248
Depreciation, repairs & maintenance	6	84	-	90	71
Rent, council tax & utilities costs	2	29	-	31	36
Stationery and office costs	23	348	-	371	330
Insurance	14	211	-	225	254
Other expenses	280	199	-	479	363
Donations to associated groups	-	-	1,100	1,100	1,100
	1,951	29,023	1,100	32,074	35,927
Support costs (note 5)	49	744	-	793	721
Governance costs (note 5)	13	189	-	202	207
Total	2,013	29,956	1,100	33,069	36,855
Net (expenditure) for the year (note 6)	£ (1,127)	£ (29,956)	£ (1,100)	£ (32,183)	£ (36,094)

HARPENDEN MENCAP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018
(continued)

**4. OTHER TRADING ACTIVITIES AND OTHER
INCOME AND EXPENDITURE FOR YEAR**

	<u>Charity Shop</u>	<u>Other Fundraising</u>	<u>Subscriptions Donations & Legacies</u>	<u>Investment Income</u>	<u>Total 2018</u>	<u>Total 2017</u>
	£	£	£	£	£	£
Income						
Shop takings	82,425	-	-	-	82,425	77,288
Shop - Flat rent received	7,800	-	-	-	7,800	7,800
Events income	-	10,565	305	-	10,870	17,815
Membership subscriptions	-	-	545	-	545	580
Donations	-	-	59,585	-	59,585	30,340
Grants	-	-	53,280	-	53,280	-
Legacies	-	-	4,631	-	4,631	50,000
Bank interest (from UK deposits)	-	-	-	1,808	1,808	2,821
Other	17	-	3	-	20	6
Total	90,242	10,565	118,349	1,808	220,964	186,650
Expenditure						
Salary, national insurance & pension	15,616	12,336	-	-	27,952	18,274
Other staff costs	330	96	-	-	426	386
Depreciation	1,903	10	-	-	1,913	1,913
Equipment purchases & repairs	240	47	800	-	1,087	279
Premises repairs & maintenance	5,271	-	11,249	-	16,520	4,792
Rent and council tax	20,828	21	-	-	20,849	20,781
Electricity, gas, water & cleaning	1,895	13	-	-	1,908	1,500
Telephone	664	99	-	-	763	648
Stationery & office costs	1,944	95	-	-	2,039	2,177
Insurance	780	68	-	-	848	734
Newsletter and yearbook	-	-	-	-	-	-
Events costs	-	3,114	-	-	3,114	3,343
Residents' costs	29	8	-	-	37	397
Vehicles and travel	-	-	867	-	867	1,083
Residents' amenities	-	-	2,332	-	2,332	4,133
Other expenses	336	392	-	-	728	302
Professional fees	888	552	-	-	1,440	606
	50,724	16,851	15,248	-	82,823	61,348
Support costs (note 5)	559	240	-	-	799	542
Governance costs (note 5)	142	61	-	-	203	156
Total	51,425	17,152	15,248	-	83,825	62,046
Net income for the year (note 6)	£ 38,817	£ (6,587)	£ 103,101	£ 1,808	£ 137,139	£ 124,604

5. ANALYSIS OF SUPPORT COSTS

	<u>Charitable Activities -Services</u>	<u>Charitable Activities -Other</u>	<u>Trading Activities -Shop</u>	<u>Trading Activities -Other</u>	<u>Other income</u>	<u>Basis of Allocation</u>
	£	£	£	£	£	
Staff costs	26,810	538	380	163	-	head count
Premises and office	10,226	198	139	60	-	floor area
Registration, professional & finance	2,430	57	40	17	-	head count
Governance (note 5, page 14)	10,054	202	142	61	-	head count
	£ 49,520	£ 995	£ 701	£ 301	£ -	

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**
(continued)**5. ANALYSIS OF SUPPORT COSTS (continued)**

	<u>2018</u>	<u>2017</u>
	£	£
Governance costs comprise:		
Professional fees - Auditor's remuneration	5,520	4,800
Administrative salaries	2,848	2,639
Insurance - Trustee Indemnity cover	2,091	2,050
Other	-	26
	<u>£ 10,459</u>	<u>£ 9,515</u>

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

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		£	£
The net income/(expenditure) for the year arises as follows:			
Charitable activities - Services	2	(51,218)	(74,320)
Charitable activities - Other	3	(32,183)	(36,094)
Other trading activities	4	38,817	39,001
Donations, legacies and other fundraising	4	96,514	82,782
Investment income	4	1,808	2,821
		<u>£ 53,738</u>	<u>£ 14,190</u>
Net income/(expenditure) for the year			

7. NET INCOME/(EXPENDITURE) FOR THE YEAR

	<u>2018</u>	<u>2017</u>
	£	£
This is stated after charging :		
Staff costs (note 8)	1,586,585	1,511,051
Auditors' remuneration:		
Audit fee (note 5)	5,520	4,800
Other services (note 19)	-	-
Depreciation - owned assets (note 12)	<u>30,442</u>	<u>51,487</u>

8. STAFF COSTS

	<u>2018</u>	<u>2017</u>
	£	£
Salaries	1,219,266	1,235,880
Agency staff costs	181,395	99,532
Social security costs	93,232	90,494
Employer contributions to pension schemes	55,831	52,046
Pension management fees	1,000	750
Other employee benefits	10,916	9,144
Other employment costs	24,945	20,447
Redundancy costs	-	2,758
	<u>£ 1,586,585</u>	<u>£ 1,511,051</u>

No emoluments were paid to Trustees (2017: nil).

Total emoluments of £256,707 (2017: £249,148) were paid to 6 (2017: 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 57 (2017 - 60) employees. The amount outstanding at the balance sheet date, included in Other creditors in note 14, was £7,691 (2017 - £6,355).

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 2018**

(continued)

8. STAFF COSTS continued

The average employee head count during the year was 66 (2017: 73). The average monthly number of employees, calculated on the basis of full time equivalents, was as follows:

	<u>2018</u>	<u>2017</u>
Adult residential services	30.31	30.48
Adult supported living	9.55	9.95
Adult domiciliary living	13.24	12.84
Children's services	-	1.25
Employment opportunities and Clubs	1.07	1.23
Charity shop	0.75	0.66
Fundraising	0.32	0.26
	<u>55.24</u>	<u>56.67</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 (2017- None).

11. FREEHOLD PROPERTY

	<u>Freehold Property</u> (Pine Court)	<u>Freehold Property</u> (Stairways)	<u>Total</u>
Cost	£	£	£
At 1st April 2017	2,608,309	579,021	3,187,330
Additions	-	-	-
At 31st March 2018	<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. The building is wholly used for charitable purposes and is held to provide services to the charity's beneficiaries. Accordingly, the value in use comprises the present value of the asset's service potential which is best represented by depreciated replacement cost. This is greater than actual cost which therefore remains the appropriate carrying value in the accounts and, accordingly, no depreciation is required in accordance with accounting policy 1(c).

Freehold Property: 'Stairways'

The freehold property, known as 'Stairways' is situated in Douglas Road, Harpenden. The building is mainly used for charitable purposes and is held to provide services to the charity's beneficiaries. Given that the indicative current market value of the property and, accordingly, the probable residual value is in excess of £3,000,000 the appropriate carrying value in the accounts remains cost and no depreciation is required in accordance with accounting policy 1(c).

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 2018**

(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 2017	304,649	37,313	35,905	377,867
Additions	36,225	9,653	-	45,878
Disposals	(15,805)	(2,887)	-	(18,692)
At 31st March 2018	325,069	44,079	35,905	405,053
Depreciation				
At 1st April 2017	263,451	35,429	26,697	325,577
Charge for year	24,897	2,295	3,250	30,442
Disposals	(14,924)	(2,887)	-	(17,811)
At 31st March 2018	273,424	34,837	29,947	338,208
Net book value				
At 31st March 2018	£ 51,645	£ 9,242	£ 5,958	£ 66,845
At 31st March 2017	£ 41,198	£ 1,884	£ 9,208	£ 52,290

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

13. DEBTORS

	<u>2018</u> £	<u>2017</u> £
Residents' charges invoiced	12,959	6,002
Prepayments	36,017	36,750
Other debtors	69,821	29,784
	£ 118,797	£ 72,536

14. CREDITORS: Amounts falling due within one year

	<u>2018</u> £	<u>2017</u> £
Bank loan repayable within one year (note 15)	46,345	44,754
Income in advance from Local Authorities	2,028	4,073
Social Security and other taxes	24,233	-
Purchase ledger balances	37,981	32,048
Accruals	26,978	18,220
Other creditors	19,742	12,962
	£ 157,307	£ 112,057

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

	<u>2018</u> £	<u>2017</u> £
Bank loan repayable after more than one year	1,120,221	1,162,776
	£ 1,120,221	£ 1,162,776

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**
(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 35% 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>2018</u>	<u>2017</u>
	£	£
Within one year	46,345	44,754
Between one and two years	48,000	46,345
Between two and five years	154,475	149,175
After more than five years	917,746	967,256
	<u>1,120,221</u>	<u>1,162,776</u>
Total Bank Loan at 31st March 2018	£ 1,166,566	£ 1,207,530

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	-	-	3,254,175	3,254,175
Current assets	60,442	139,450	243,093	442,985
Current liabilities	(5,323)	-	(151,984)	(157,307)
Long term liabilities	-	-	(1,120,221)	(1,120,221)
Total net assets	£ <u>55,119</u>	£ <u>139,450</u>	£ <u>2,225,063</u>	£ <u>2,419,632</u>

17. MOVEMENTS IN FUNDS

	<u>At 01.04.17</u>	<u>Incoming resources</u>	<u>Outgoing resources</u>	<u>Transfers</u>	<u>At 31.03.18</u>
	£	£	£	£	£
Restricted funds					
Building	20,043	640	-	(4,800)	15,883
Flat 6 refurbishment	-	30,600	(10,437)	(18,312)	1,851
IT & Telecomms	-	23,280	-	(3,224)	20,056
Amenities	5,231	19,943	(3,944)	(3,901)	17,329
Vehicle fund	867	-	(867)	-	-
Total restricted funds	£ <u>26,141</u>	£ <u>74,463</u>	£ <u>(15,248)</u>	£ <u>(30,237)</u>	£ <u>55,119</u>
Unrestricted funds					
Designated - Building	100,981	79	-	-	101,060
Designated - Major Building Repairs	25,329	-	(11,939)	25,000	38,390
General fund	2,213,443	1,929,020	(1,922,637)	5,237	2,225,063
Total unrestricted funds	£ <u>2,339,753</u>	£ <u>1,929,099</u>	£ <u>(1,934,576)</u>	£ <u>30,237</u>	£ <u>2,364,513</u>
Total funds	£ <u>2,365,894</u>	£ <u>2,003,562</u>	£ <u>(1,949,824)</u>	£ <u>-</u>	£ <u>2,419,632</u>

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018**

(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 £640 were added to the fund. Two donors agreed to the release of funds towards the refurbishment of Flat 6, in the sum of £4,800. This leaves a balance carried forward of £15,883.

Flat 6 refurbishment Fund: Harpenden Mencap received a grant of £30,000, plus other funds of £600 for the project to refurbish the Residential Services accommodation. £33,549 was spent on a mix of capital and revenue items. After allowing for a transfer of funds from the Building fund, amounting to £4,800, there is a balance carried forward of £1,851 available to be spent.

IT & telecomms: two grants totalling £23,280 have been awarded towards the costs of updating and improving old computer and telephone equipment. At the end of the year only £3,224 had been spent on capital works, the remainder to be spent in early 2018/19. There is a balance on the fund at the year end of £20,056.

Amenities: The Amenities Fund balance brought forward of £5,231 was supplemented by a generous donation of £15,000 and other incoming resources of £4,943. Total outgoing resources of £7,845, including capital items of £3,901, were incurred to further enhance the lives of residents, leaving a balance carried forward of £17,329.

Vehicle fund: The balance brought forward of £867 was fully expended during the year.

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 2017/18, amounting to £79, leaving a balance carried forward and available for future projects of £101,060.

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 £25,000 has been made this year from the general fund. During the course of the year, £11,939 was expended in respect of major or exceptional repairs at Stairways, leaving a balance carried forward of £38,390.

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 2018 the balance on this fund was £2,225,063 of which £2,087,609 has been used to acquire functional fixed assets. The remaining balance of £137,454 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 £262,546 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 2018, the charity had committed to capital expenditure on IT and Telecomms upgrades, amounting to £29,355 (2017- £nil). In addition there were financial commitments under non-cancellable operating leases, as follows:

	<u>Land & Buildings</u>		<u>Equipment</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	£	£	£	£
Expiry date: Between one and five years	£ 19,000	£ 19,000	£ 6,624	£ 5,819

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 2018 they carried out an examination of residents' finances.

