

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 2020

ANDREW WIGGETT
Chartered Accountants
and Statutory Auditors

HARPENDEN MENCAPREFERENCE AND ADMINISTRATIVE INFORMATION

Trustees, Directors & Members of Executive Committee	Mrs. J. Caseberry Mrs. A. Hignell Mr. N. Latham Mrs. C. Rosser-Smith Mr. G. Caseberry (Co-opted 09/03/20) Mr. P. Taylor (Co-opted 10/02/20)
Chief Executive Officer	Angela Duce (Appointed 01/04/20)
Company number	02903642 (England and Wales)
Charity number	1035252
Operational name	Harpden Mencap
Registered office and operational address	Stairways, 19 Douglas Road, Harpden, Hertfordshire, AL5 2FN
Bankers	Triodos Bank UK Ltd Deanery Road, Bristol, BS1 5AS
Solicitors	Taylor Walton, TW House, Station Approach, Harpden, Hertfordshire, AL5 4SP
Independent auditors	Andrew Wiggett, Chartered Accountants and Statutory Auditors, Gainsborough House, 15 High Street, Harpden, Hertfordshire, AL5 2RT

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HARPENDEN MENCAP **EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020**

The Executive Committee presents its report and audited financial statements for the year ended 31st March 2020. 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 (Resigned 9/3/20); Mrs J Caseberry (Chairman); Mr P Fisher (Resigned 20/1/20); Mr F Gee (Resigned 23/10/19); Mrs A Hignell; Mr N Latham (Treasurer); Mr M McReath (Resigned 23/10/19) and Mrs C Rosser-Smyth. Mr G Caseberry (9/3/20) and Mr P Taylor (10/2/20) were co-opted to the Executive Committee subject to confirmation at the Annual General Meeting.

Advisers: Bank: Triodos Bank UK Ltd. 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 required level of cash reserves and feels that in the current climate these should be a minimum of £450,000. As explained in note 17, there is a reserve shortfall in the General Fund, compared to the target of £273,735 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 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 surplus this year of £115,797 (2018: £53,738).

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 morning, Quiz night, South Pacific, Music Makers Concert, St Albans Marathon, London Landmark and the 3 Peaks Challenge. Total donations and grants of £104,152 (2019: £109,482) were received which were allocated to the Amenities Funds £974 (2019: £45,675); the Building Fund £1,320 (2019: £1,445); Flat 6 Refurbishment £Nil (2019: £710); IT and telecoms £3,774 (2019 £nil) and others including Gift Aid £82,144 (2019 - £61,652), including a legacy of £nil (2019: £10,000).

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

HARPENDEN MENCAP

EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2020

Investment Policy (continued): accommodation projects. Trustees consider that they must be kept in short to medium term deposits. Interest received during the year amounted to £1,981 (2019: £2,145), of which £80 (2019: £91) 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.

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, St Albans City and District 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.

Throughout the year, the day to day running of the charity was the responsibility of the Director of Services - Karen Stafford. After 29½ years loyal service, Karen retired from the charity on 31st March 2020. The trustees and members thank Karen for all her commitment and dedication over the years. Angela Duce was appointed as Chief Executive Officer from 1st April 2020 and oversees the strategic direction and day to day operations.

Related Parties: The charity works with Hertfordshire County Council and Herts Valleys Clinical Commissioning Group which, together with various different government agencies, provides substantially the revenue funding necessary to manage the 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, Stairways, providing long term residential care to eleven adults at Stairways and provide staff support under Supported Living for nine adults also living at Stairways. We provide Domiciliary care for eleven adults at Pine Court and six adults living in the community. In addition, we support local community groups that provide leisure activities for adults with learning disabilities.

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 2020

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 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 Wiggott 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, 20th July 2020 and signed on its behalf:


 J Cascherry
 Chairman of Executive Committee & Trustee


 N Latham
 Member of Executive Committee, Treasurer & Trustee

HARPENDEN MENCAPINDEPENDENT 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 2020 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 2020 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 our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 but in respect of identified material uncertainties we would draw attention to the disclosure in note 1(k), Going Concern in relation to the emergence of the coronavirus pandemic in early 2020.

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 MENCAPINDEPENDENT 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

20th July 2020

HARPENDE MENCAP**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 2020
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	<u>Notes</u>	<u>2020</u>		<u>Total</u>	<u>Total 2019</u>
		<u>Unrestricted Funds</u>	<u>Restricted Funds</u>		
		£	£	£	£
INCOME					
Charitable activities					
Residential care	2	1,089,549	-	1,089,549	1,090,935
Supported living	2	460,875	-	460,875	442,285
Domiciliary services	2	487,240	-	487,240	482,806
Other activities	3	2,312	-	2,312	6,153
		2,039,976	-	2,039,976	2,022,179
Other trading activities					
Charity shop	4	84,981	-	84,981	97,347
Fundraising	4	21,539	-	21,539	21,214
Donations and legacies	4	61,045	21,568	82,613	88,268
Investments	4	1,981	-	1,981	2,145
Total income		2,209,522	21,568	2,231,090	2,231,153
EXPENDITURE					
Charitable activities					
Residential care	2	1,180,864	-	1,180,864	1,129,435
Supported living	2	464,149	-	464,149	427,093
Domiciliary services	2	431,017	-	431,017	429,357
Residents amenities & grant expenditure	4	-	16,486	16,486	17,631
Other activities	3	31,954	-	31,954	43,971
		2,107,984	16,486	2,124,470	2,047,487
Other trading activities					
Charity shop	4	45,084	-	45,084	45,897
Fundraising	4	18,573	-	18,573	21,972
Total expenditure		2,171,641	16,486	2,188,127	2,115,356
NET INCOME/(EXPENDITURE)	6 and 7	37,881	5,082	42,963	115,797
Transfers between funds	17	18,362	(18,362)	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		56,243	(13,280)	42,963	115,797
TOTAL FUNDS at 1st April 2019		2,474,960	60,469	2,535,429	2,419,632
TOTAL FUNDS at 31st March 2020	17	£ 2,531,203	£ 47,189	£ 2,578,392	£ 2,535,429

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

HARPENDEN MENCAP**BALANCE SHEET AS AT 31ST MARCH 2020**

(Company number 02903642)

		2020			Total
	Notes	Unrestricted Funds	Restricted Funds	Total	2019
		£	£	£	£
FIXED ASSETS					
Freehold property	11	3,187,330	-	3,187,330	3,187,330
Other tangible fixed assets	12	87,728	-	87,728	84,557
TOTAL FIXED ASSETS		3,275,058	-	3,275,058	3,271,887
CURRENT ASSETS					
Debtors and prepayments	13	61,808	-	61,808	71,545
Cash at bank and in hand		365,725	47,189	412,914	453,731
		427,533	47,189	474,722	525,276
CREDITORS: amounts falling due within one year	14	(152,652)	-	(152,652)	(193,297)
NET CURRENT ASSETS		274,881	47,189	322,070	331,979
TOTAL ASSETS LESS CURRENT LIABILITIES		3,549,939	47,189	3,597,128	3,603,866
CREDITORS: amounts falling due after more than one year	15	(1,018,736)	-	(1,018,736)	(1,068,437)
NET ASSETS	16	£ 2,531,203	£ 47,189	£ 2,578,392	£ 2,535,429
FUNDS					
Restricted	17				
Building		-	18,648	18,648	17,328
Amenities		-	21,041	21,041	42,790
Employment Opportunities		-	7,500	7,500	-
IT & telecomms		-	-	-	351
Unrestricted	17				
Designated Building Fund		101,231	-	101,231	101,151
Designated Major Building Repairs Fund		36,406	-	36,406	35,377
General Fund		2,393,566	-	2,393,566	2,337,432
TOTAL CHARITY FUNDS	17	£ 2,531,203	£ 47,189	£ 2,578,392	£ 2,535,429

Approved by the Board on 20th July 2020 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 MENCAPSTATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2020

	2020 £	2019 £	
Reconciliation of net income (expenditure) to net cash flow from operating activities			
Net income (expenditure) for year (as per Statement of Financial Activities)	42,963	115,797	
Adjustments for:			
Depreciation charges	39,615	33,101	
Interest from cash and investments	(1,981)	(2,145)	
Loss (Profit) on sale of fixed assets	502	-	
Decrease in debtors	9,737	47,252	
(Decrease)/increase in creditors	(42,352)	34,341	
Net cash generated from operating activities	<u>48,484</u>	<u>228,346</u>	
Cash flows from investing activities			
Interest from cash and investments	1,981	2,145	
Proceeds from sale of tangible fixed assets	-	-	
Purchase of tangible fixed assets	(43,288)	(50,813)	
Net cash used in investing activities	<u>(41,307)</u>	<u>(48,668)</u>	
Cash flows from financing activities			
Repayment of loan	(47,994)	(50,135)	
Net cash used in financing activities	<u>(47,994)</u>	<u>(50,135)</u>	
Change in cash and cash equivalents in the reporting period	<u>(40,817)</u>	<u>129,543</u>	
Cash and cash equivalents at 31st March 2019			
Cash at bank and in hand	453,731	324,188	
Cash and cash equivalents at 31st March 2020			
Cash at bank and in hand	<u>£ 412,914</u>	<u>£ 453,731</u>	
Analysis of changes in net debt			
	At 01.04.19 £	Cash flow £	At 31.03.20 £
Cash at bank and in hand	453,731	(40,817)	412,914
Debt			
Secured bank loan	(1,116,431)	47,994	(1,068,437)
	<u>£ (662,700)</u>	<u>£ 7,177</u>	<u>£ (655,523)</u>

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020****I. ACCOUNTING POLICIES****(a) Basis of accounting**

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

(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 2020**
(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, except as disclosed below. 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.

In the early part of 2020, a coronavirus pandemic emerged which caused economic uncertainty and the United Kingdom government to implement significant restrictions on social and business activities. The Trustees have considered the potential impact of this on the financial position of the charity and have concluded that the Charity is unlikely to be significantly affected by this.

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020**

(continued)

2. CHARITABLE ACTIVITIES - SERVICES

	<u>Residential</u> <u>Care for</u> <u>Adults</u> <u>£</u>	<u>Adults'</u> <u>Supported</u> <u>Living</u> <u>£</u>	<u>Adults'</u> <u>Domiciliary</u> <u>Services</u> <u>£</u>	<u>Total</u> <u>2020</u> <u>£</u>	<u>Total</u> <u>2019</u> <u>£</u>
Income					
Service charges	1,089,549	460,875	487,240	2,037,664	2,016,026
Expenditure					
Salaries, national insurance & pensions	975,110	387,850	309,982	1,672,942	1,594,430
Other staff costs	34,870	10,370	12,454	57,694	37,138
Depreciation	20,188	13,497	4,075	37,760	31,243
Equipment purchase & repairs	8,300	2,347	1,562	12,209	11,823
Premises repairs & maintenance	12,311	5,976	14,223	32,510	49,329
Residents' costs	44,100	672	1,136	45,908	41,599
Rent & Council Tax	3,277	3,734	10,492	17,503	17,279
Vehicles & travel	12,286	3,742	-	16,028	13,774
Electricity, gas, water & cleaning	13,264	12,103	13,884	39,251	34,693
Telephones	4,218	2,494	2,678	9,390	12,551
Stationery & office costs	10,586	4,050	4,512	19,148	17,016
Registration, legal & professional fees	6,199	2,429	2,759	11,387	18,022
Insurance	8,569	3,835	4,847	17,251	16,981
Mortgage interest payable	-	-	38,310	-	39,958
Other expenses	2,420	1,236	1,744	5,400	4,564
	1,155,698	454,335	422,658	2,032,691	1,940,400
Support costs (note 5)	19,996	7,798	6,642	34,436	35,960
Governance costs (note 5)	5,170	2,016	1,717	8,903	9,525
Total	1,180,864	464,149	431,017	2,076,030	1,985,885
Net (expenditure)/income for the year (note 6)	£ (91,315)	£ (3,274)	£ 56,223	£ (38,366)	£ 30,141

3. CHARITABLE ACTIVITIES - OTHER

	<u>Britannia</u> <u>Club</u> <u>£</u>	<u>Employment</u> <u>Scheme</u> <u>£</u>	<u>Other</u> <u>Activities</u> <u>£</u>	<u>Total</u> <u>2020</u> <u>£</u>	<u>Total</u> <u>2019</u> <u>£</u>
Income					
Service charges & other income	828	-	1,484	2,312	6,153
Expenditure					
Salaries, national insurance & pensions	1,091	16,110	1,386	18,587	27,287
Other staff costs	20	283	33	336	395
Depreciation, repairs & maintenance	9	242	14	265	2,673
Rent, council tax & utilities costs	2	8,694	3	8,699	9,197
Stationery and office costs	274	1,442	26	1,742	1,621
Insurance	9	352	15	376	383
Other expenses	51	292	14	357	605
Donations to associated groups	-	-	1,100	1,100	1,100
	1,456	27,415	2,591	31,462	43,261
Support costs (note 5)	23	329	39	391	562
Governance costs (note 5)	6	85	10	101	148
Total	1,485	27,829	2,640	31,954	43,971
Net (expenditure) for the year (note 6)	£ (657)	£ (27,829)	£ (1,156)	£ (29,642)	£ (37,818)

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020**

(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 2020</u>	<u>Total 2019</u>
	£	£	£	£	£	£
Income						
Shop takings	77,142	-	-	-	77,142	89,547
Shop - Flat rent received	7,839	-	-	-	7,839	7,800
Events income	-	21,539	-	-	21,539	21,214
Membership subscriptions	-	-	485	-	485	490
Donations	-	-	62,414	-	62,414	63,478
Grants	-	-	19,274	-	19,274	14,300
Legacies	-	-	-	-	-	10,000
Bank interest (from UK deposits)	-	-	-	1,981	1,981	2,145
Other	-	-	440	-	440	-
Total	84,981	21,539	82,613	1,981	191,114	208,974
Expenditure						
Salary, national insurance & pension	19,631	11,215	12,747	-	43,593	35,624
Other staff costs	360	93	-	-	453	474
Depreciation	564	32	-	-	596	581
Equipment purchases & repairs	1,179	5	-	-	1,184	107
Premises repairs & maintenance	5,788	3	-	-	5,791	15,618
Rent and council tax	14,108	-	-	-	14,108	14,429
Electricity, gas, water & cleaning	718	7	-	-	725	742
Telephone	373	15	-	-	388	436
Stationery & office costs	800	57	427	-	1,284	1,725
Insurance	581	42	-	-	623	624
Events costs	-	6,152	-	-	6,152	6,618
Residents' costs	73	2	-	-	75	41
Vehicles and travel	-	-	-	-	-	-
Residents' amenities	-	-	3,312	-	3,312	4,594
Volunteer expenses	-	210	-	-	210	420
Other expenses	280	18	-	-	298	1,721
Professional fees	102	586	-	-	688	787
	44,557	18,437	16,486	-	79,480	84,541
Support costs (note 5)	419	108	-	-	527	758
Governance costs (note 5)	198	28	-	-	136	201
Total	45,084	18,573	16,486	-	80,143	85,500
Net income for the year (note 6)	£ 39,897	£ 2,966	£ 66,127	£ 1,981	£ 110,971	£ 123,474

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	23,133	262	281	72	-	head count
Premises and office	9,180	101	108	28	-	floor area
Registration, professional & finance	2,123	28	30	8	-	head count
Governance (note 5, page 14)	8,903	101	108	28	-	head count
	£ 43,339	£ 492	£ 527	£ 136	£ -	

HARPENDEN MENCAP
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
 (continued)

5. ANALYSIS OF SUPPORT COSTS (continued)

	<u>2020</u>	<u>2019</u>
	£	£
Governance costs comprise:		
Professional fees - Auditor's remuneration	4,800	4,800
Administrative salaries	2,958	2,901
Insurance - Trustee Indemnity cover	1,382	2,136
Other	-	37
	<u>£ 9,140</u>	<u>£ 9,874</u>

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

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		£	£
The net income/(expenditure) for the year arises as follows:			
Charitable activities - Services	2	(38,366)	30,141
Charitable activities - Other	3	(29,642)	(37,818)
Other trading activities	4	39,897	51,450
Donations, legacies and other fundraising	4	69,093	69,879
Investment income	4	1,981	2,145
Net income/(expenditure) for the year		<u>£ 42,963</u>	<u>£ 115,797</u>

7. NET INCOME/(EXPENDITURE) FOR THE YEAR

	<u>2020</u>	<u>2019</u>
	£	£
This is stated after charging :		
Staff costs (note 8)	1,821,315	1,723,043
Auditors' remuneration:		
Audit fee (note 5)	4,800	4,800
Other services (note 19)	-	-
Depreciation - owned assets (note 12)	39,764	33,101

8. STAFF COSTS

	<u>2020</u>	<u>2019</u>
	£	£
Salaries	1,462,089	1,320,587
Social security costs	112,453	99,273
Employer contributions to pension schemes	67,466	59,827
Pension management fees	1,000	1,000
Other employee benefits	15,372	20,614
Other employment costs	45,633	19,278
	<u>1,704,013</u>	<u>1,520,579</u>
Agency staff costs	117,302	202,464
	<u>£ 1,821,315</u>	<u>£ 1,723,043</u>

No emoluments were paid to Trustees (2019: nil).

Total emoluments of £273,070 (2019: £270,921) were paid to 6 (2019: 6) 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 75 (2019: 65) employees. The amount outstanding at the balance sheet date, included in Other creditors in note 14, was £9,110 (2019: £8,304). 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 2020**

(continued)

8. STAFF COSTS continued

The average employee head count during the year was 70 (2019: 71). The average monthly number of employees, calculated on the basis of full time equivalents, was as follows:

	2020	2019
Adult services	35.06	29.66
Supported living	14.55	12.30
Domiciliary living	12.93	13.12
Outreach service	0.76	0.99
Employment opportunities and Clubs	-	-
Charity shop	0.82	0.98
Fundraising	0.17	0.32
	64.29	57.37

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 (2019- None).

11. FREEHOLD PROPERTY

	Freehold Property (Pine Court)	Freehold Property (Stairways)	Total
Cost	£	£	£
At 1st April 2019 and 31st March 2020	£2,608,309	£579,021	£3,187,330
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
	£ 2,608,309	£ 579,021	£ 3,187,330

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 2020**

(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 2019	336,734	55,905	35,905	428,544
Additions	30,743	12,545	-	43,288
Disposals	(14,499)	(5,447)	-	(19,946)
At 31st March 2020	352,978	63,003	35,905	451,886
Depreciation				
At 1st April 2019	278,239	32,551	33,197	343,987
Charge for year	25,242	11,665	2,708	39,615
Disposals	(13,997)	(5,447)	-	(19,444)
At 31st March 2020	289,484	38,769	35,905	364,158
Net book value				
At 31st March 2020	£ 63,494	£ 24,234	£ -	£ 87,728
At 31st March 2019	£ 58,495	£ 23,354	£ 2,708	£ 84,557

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

13. DEBTORS

	<u>2020</u>	<u>2019</u>
	£	£
Residents' charges invoiced	21,867	23,982
Prepayments	28,937	32,708
Other debtors	11,004	14,855
	£ 61,808	£ 71,545

14. CREDITORS: Amounts falling due within one year

	<u>2020</u>	<u>2019</u>
	£	£
Bank loan repayable within one year (note 15)	49,701	47,994
Income in advance	6,278	2,781
Social Security and other taxes	26,268	26,889
Purchase ledger balances	31,732	56,783
Accruals	24,263	32,693
Other creditors	14,410	26,157
	£ 152,652	£ 193,297

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

	<u>2020</u>	<u>2019</u>
	£	£
Bank loan repayable after more than one year	1,018,736	1,068,437
	£ 1,018,736	£ 1,068,437

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020**
(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 UK Ltd, 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>2020</u>	<u>2019</u>
	£	£
Within one year	49,701	47,994
Between one and two years	51,469	49,701
Between two and five years	165,652	159,963
After more than five years	801,615	858,773
	<u>1,018,736</u>	<u>1,068,437</u>
Total Bank Loan at 31st March 2020	£ 1,068,437	£ 1,116,431

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Restricted</u>	<u>Designated</u>	<u>General</u>	<u>Total</u>
	<u>funds</u>	<u>funds</u>	<u>fund</u>	<u>funds</u>
	£	£	£	£
Tangible fixed assets	-	-	3,275,058	3,275,058
Current assets	47,189	137,637	289,896	474,722
Current liabilities	-	-	(152,652)	(152,652)
Long term liabilities	-	-	(1,018,736)	(1,018,736)
Total net assets	£ 47,189	£ 137,637	£ 2,393,566	£ 2,578,392

17. MOVEMENTS IN FUNDS

	<u>At</u>	<u>Incoming</u>	<u>Outgoing</u>	<u>Transfers</u>	<u>At</u>
	<u>01.04.19</u>	<u>resources</u>	<u>resources</u>		<u>31.03.20</u>
	£	£	£	£	£
Restricted funds					
Building	17,328	1,320	-	-	18,648
IT & Telecomms	351	3,774	(427)	(3,698)	-
Amenities	42,790	974	(8,059)	(14,664)	21,041
Talking group	-	500	(500)	-	-
Employment opportunities	-	15,000	(7,500)	-	7,500
Total restricted funds	£ 60,469	£ 21,568	£ (16,486)	£ (18,362)	£ 47,189
Unrestricted funds					
Designated - Building	101,151	80	-	-	101,231
Designated - Major Building Repairs	36,377	29	-	-	36,406
General fund	2,337,432	2,209,413	(2,171,641)	18,362	2,393,566
Total unrestricted funds	£ 2,474,960	£ 2,209,522	£ 2,171,641	£ 18,362	£ 2,531,203
Total funds	£ 2,535,429	£ 2,231,090	£ (2,188,127)	£ -	£ 2,578,392

HARPENDEN MENCAP**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020**
(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 £1,320 were added to the fund. There were no disbursements from the fund during the year, giving a balance carried forward of £18,648.

IT & telecomms: £3,774 funds were received in 2019/20 and added to the balance brought forward. Total available funds of £4,125 were fully expended on capital (£3,698) and expense (£427) items.

Amenities: The Amenities Funds balance brought forward of £42,790 was supplemented by £974 received in the year. Total outgoing resources of £22,723, including capital items of £14,664, were spent to further enhance the lives of residents, leaving a balance carried forward of £21,041.

Employment Opportunities: A grant of £15,000 was received to support the Charity's work in this area over a period of two years. Half of the grant has been utilised in 2019/20, leaving a balance of £7,500 carried over into 2020/21.

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 2019/20, amounting to £80, leaving a balance carried forward and available for future projects of £101,231.

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. There were no transfers to the fund in the year but a share of bank deposit interest, £29, was added to the fund for 2019/20. There were no items of exceptional maintenance works in 2019/20, leaving a balance of £36,406 carried forward.

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 2020 the balance on this fund was £2,393,566 of which £2,206,621 has been used to acquire functional fixed assets. The remaining balance of £186,945 is available to be applied towards meeting the charity's currently assessed reserve requirement of £450,000. In view of the apparent funding shortfall of £263,055 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 2020, the charity had no capital commitments (2019: £nil). In addition there were financial commitments under non-cancellable operating leases, as follows:

	<u>Land & Buildings</u>		<u>Equipment</u>	
	2020	2019	2020	2019
	£	£	£	£
Expiry date: Within one year	-	-	-	2,276
Expiry date: Between one and five years	21,000	21,000	1,980	2,017

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 2020 no other services were provided.