

**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 2013**

**ANDREW WIGGETT**  
Chartered Accountants  
and Statutory Auditors

**HARPENDEN MENCAP****REFERENCE AND ADMINISTRATIVE INFORMATION**

<b>Trustees, Directors &amp; Members of Executive Committee</b>	Dr. D. Bird Mrs. J. Caseberry Mr. P. Fisher Mr. F. Gee Mrs. A. Hignell Mrs. M. Latham Mrs. C. Viollet Mr. P. Warren
<b>Director of Services</b>	Mrs. K. Stafford
<b>Company number</b>	02903642 (England and Wales)
<b>Charity number</b>	1035252
<b>Operational name</b>	Harpenden Mencap
<b>Registered office and operational address</b>	19 Douglas Road, Harpenden, Hertfordshire, AL5 2EN
<b>Bankers</b>	Triodos Bank NV, Brunel House, 11 The Promenade, Bristol, BS8 3NN
<b>Solicitors</b>	Taylor Walton, TW House, Station Approach, Harpenden, Hertfordshire, AL5 4SP
<b>Independent auditors</b>	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 2013

The Executive Committee presents its report and audited financial statements for the year ended 31st March 2013. 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, Mr. P. Fisher, Mr. F. Gee (Chairman), Mrs. M. Latham (Treasurer), Mrs. C. Viollet and Mr. P. Warren.

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

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

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

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

Trustees. Most Trustees are already familiar with the practical work of the charity. Additionally, new Trustees are invited and encouraged to attend Executive Committee meetings prior to final commitment to familiarise themselves with the charity and the context within which it operates. There is an Induction Pack with a set of guidelines which covers 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 £500,000. The policy is regularly reviewed by the Committee and Trustees monitor the actual level of reserves to ensure that these are maintained at a level that is consistent with the assessed requirement.

Surplus/Deficit. The provision of Residential 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. Hertfordshire County Council has been gradually withdrawing its support for our Short Breaks Service, but we have retained key staff in order to retain their expertise within Harpenden Mencap. The deficit was mitigated by voluntary income and income from other activities. Accordingly, the charity reports a deficit this year of £20,499.

Donations and Fundraising. During the year we have received donations from The Harpenden Trust, Haydar Shawkat (who did a sponsored bike ride from London to Paris and whose fundraising was matched by Thomson Reuters), The High Street Methodist Church, Harpenden United Reform Church, St Nicholas Church, Harpenden Rotary Club, Children in Need, Sainsburys, Waitrose, SCA Hygiene, Dignity Funerals and Easyjet. There have been many other donors who have contributed and are too numerous to name individually. However each and every one of them is greatly appreciated, and they provide a vital income source for the charity's activities. Total donations and grants of £81,604 (2012: £116,943) were received which were allocated to the Amenities Fund £5,820 (2012: £4,542), the Buildings Fund £44,808 (2012: £59,673), Flat 1 Fund £Nil (2012-£27,870), BBC Children in Need and the Neighbourly Charitable Trust for the Children's Services Spotlight Drama Group £8,663 (2012-£9,175) The Children's holiday fund £300 (2012 £Nil) and others including Gift Aid of £22,013 (2012: £15,683).

Funds available. 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. Having now utilised the full £1,400,000 of our mortgage loan in funding Pine Court we have, additionally, spent £1,119,515 of our Building Fund and an additional £171,650 from our general fund. Trustees have also transferred £100,000 from the general fund to the building fund as a contribution towards future building projects.

**HARPENDEN MENCAP****EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2013****(continued)****FINANCIAL REVIEW (continued)**

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 £14,074 (2012: £12,391), of which £4,205 (2012: £2,158) 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, 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. The difficulty of finding suitable sites within the Harpenden area makes it impossible to predict where and when this will happen. Currently, three sites have been identified as possible locations.

Vacant Flats. In the meantime, it is intended that those flats at Stairways vacated when tenants moved to Pine Court will be renovated and converted for new tenants by autumn 2013.

**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. In addition an Ethics Advisory Group advises the Executive Committee on ethical issues that confront the service at all levels of its organisation. 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 other 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 thirteen adults at Stairways and provide staff support under the Supported Living programme to thirteen adults both at Stairways and in the community. Our construction of Pine Court was occupied in November 2012 and this has increased our supported adults to seventeen. The charity also provides short breaks for a number of children and young adults between the ages of 5 and 19. In addition, the

**HARPENDEN MENCAP****EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013****(continued)****OBJECTIVES AND ACTIVITIES (continued)**

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 GP's and community nurses. The systems of funding will depend on the route the referral is made. There are four options available to fund access to the charity's services: (1) Self-funding; funding a service out of their own monies; (2) Directly commissioned service; the local authority will assist with the funding of a service; (3) Direct payments; where the local authority pays for an individual's service; (4) Individual budgets; where a service user is given a budget to fund their chosen support.

**ACHIEVEMENTS AND PERFORMANCE**

Additional Facilities. Our construction of 11 new flats at Pine Court in Carlton Road commenced in July 2011 and became operational and fully occupied in November 2012.

Inspections. Residential Services Inspections are carried out by the Care Quality Commission, which no longer uses the star rated system; services are judged against the Health and Social Care Act. Harpenden Mencap services are compliant and continue to provide excellent outcomes for the people who use us. This is a reflection of the hard work and quality of all the management and staff.

Employment Opportunities. We provide people with learning disabilities with the opportunity of employment experience and retail training at the Harpenden Mencap Charity Shop.

Children's Short Break Service. In the Children's Short Break Service OFSTED inspections we were awarded an overall quality rating of "outstanding". Under the service many young people were provided with support and this enables them to access leisure opportunities, including holidays, sports, trips and clubs.

Spotlight. The charity, through a three year grant awarded by BBC Children in Need, runs an inclusive Drama group 'Spotlight' for young people aged 8 to 18 years

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

**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.

**HARPENDEN MENCAP**

**EXECUTIVE COMMITTEE'S REPORT FOR THE YEAR ENDED 31ST MARCH 2013**

**(continued)**

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

The Executive Committee members as Directors who held office at the date of 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 30th August 2013 and signed on its behalf

  
F. Gee  
Chairman of Executive Committee & Trustee

  
P Warren  
Member of Executive Committee & Trustee

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

We have audited the financial statements of Harpenden Mencap for the year ended 31st March 2013, on pages 7 to 16, which comprise the Statement of Financial Activities including the Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

As explained more fully in the Executive Committee members responsibilities statement (set out on page 5), the Executive Committee members as Trustees (who are also directors of the charitable company for the purposes of company law), are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



ANDREW WIGGETT (Senior Statutory Auditor)

For and on behalf of

ANDREW WIGGETT

Chartered Accountants and Statutory Auditors,

Date: 30th August 2013

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

**HARPENDEN MENCAP****STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST MARCH 2013  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**

	<u>Notes</u>	<u>2013</u>		<u>Total</u>	<u>Total 2012</u>
		<u>Unrestricted Funds</u>	<u>Restricted Funds</u>		
		£	£	£	£
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income					
Subscriptions, donations, grants and legacies	4	38,099	45,319	83,418	119,142
Activities for generating funds:					
Charity shop	4	91,979	-	91,979	91,296
Other fundraising	4	1,736	8,452	10,188	13,328
Investment income	4	14,074	-	14,074	12,391
Incoming resources from charitable activities					
Adult services funded by Local Authorities	2	1,167,673	-	1,167,673	1,059,772
Children's services funded by Local Authorities	2	188,344	-	188,344	248,885
Other activities	3	1,718	-	1,718	5,008
<b>Total incoming resources</b>		<b>1,503,623</b>	<b>53,771</b>	<b>1,557,394</b>	<b>1,549,822</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds					
Charity shop	4	57,980	-	57,980	50,691
Fundraising and publicity	4	21,716	2,614	24,330	19,785
Charitable activities:					
Adult services funded by Local Authorities	2	1,206,507	-	1,206,507	1,085,434
Children's services funded by Local Authorities	2	223,452	-	223,452	280,732
Leisure clubs for adults	3	4,258	-	4,258	3,213
Employment & Friendship schemes	3	29,596	-	29,596	33,528
Other activities	3	2,333	-	2,333	1,706
Amenities & grant expenditure	4	7,759	10,076	17,835	13,282
Governance costs	5	11,602	-	11,602	12,187
<b>Total resources expended</b>		<b>1,565,203</b>	<b>12,690</b>	<b>1,577,893</b>	<b>1,500,558</b>
<b>NET (EXPENDITURE)/INCOME, NET (OUTGOING) /INCOMING RESOURCES BEFORE TRANSFERS</b>					
		(61,580)	41,081	(20,499)	49,264
Transfers between funds	17	42,194	(42,194)	-	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>	6 and 7	<b>(19,386)</b>	<b>(1,113)</b>	<b>(20,499)</b>	<b>49,264</b>
<b>TOTAL FUNDS at 1st April 2012</b>		<b>2,516,759</b>	<b>34,572</b>	<b>2,551,331</b>	<b>2,502,067</b>
<b>TOTAL FUNDS at 31st March 2013</b>	17	<b>£ 2,497,373</b>	<b>£ 33,459</b>	<b>£ 2,530,832</b>	<b>£ 2,551,331</b>

The notes on pages 9 to 16 form part of these financial statements.



**HARPENDEN MENCAP****BALANCE SHEET AS AT 31ST MARCH 2013**

(Company number 02903642)

		<b>2013</b>			<b>Total</b>
	<b>Notes</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
		<b>Funds</b>	<b>Funds</b>	<b>£</b>	<b>2012</b>
		<b>£</b>	<b>£</b>		<b>£</b>
<b>FIXED ASSETS</b>					
Freehold property	11	3,182,526	-	3,182,526	2,269,275
Other tangible fixed assets	12	107,502	-	107,502	42,744
<b>TOTAL FIXED ASSETS</b>		<b>3,290,028</b>	<b>-</b>	<b>3,290,028</b>	<b>2,312,019</b>
<b>CURRENT ASSETS</b>					
Debtors and prepayments	13	138,585	300	138,885	117,655
Cash at bank and in hand		588,305	33,159	621,464	1,210,710
		<b>726,890</b>	<b>33,459</b>	<b>760,349</b>	<b>1,328,365</b>
<b>CREDITORS: amounts falling due within one year</b>	14	<b>(186,767)</b>	<b>-</b>	<b>(186,767)</b>	<b>(202,351)</b>
<b>NET CURRENT ASSETS</b>		<b>540,123</b>	<b>33,459</b>	<b>573,582</b>	<b>1,126,014</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,830,151</b>	<b>33,459</b>	<b>3,863,610</b>	<b>3,438,033</b>
<b>CREDITORS: amounts falling due after more than one year</b>	15	<b>(1,332,778)</b>	<b>-</b>	<b>(1,332,778)</b>	<b>(886,702)</b>
<b>NET ASSETS</b>	16	<b>£ 2,497,373</b>	<b>£ 33,459</b>	<b>£ 2,530,832</b>	<b>£ 2,551,331</b>
<b>FUNDS</b>					
Restricted					
Flat 1 Fund	17	-	22,815	22,815	22,815
Children's Services	17	-	10,644	10,644	11,757
Unrestricted					
Designated Building Fund	17	100,000	-	100,000	1,073,116
Designated Amenities Fund	17	11,497	-	11,497	9,600
General Fund	17	2,385,876	-	2,385,876	1,434,043
<b>TOTAL CHARITY FUNDS</b>	17	<b>£ 2,497,373</b>	<b>£ 33,459</b>	<b>£ 2,530,832</b>	<b>£ 2,551,331</b>

The financial statements which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 were approved by the Board on 30th August 2013 and signed on its behalf by:



**F. Gee**

Chairman of Executive Committee  
and Trustee

The notes on pages 9 to 16 form part of these financial statements.

**HARPENDEN MENCAP****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013****1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, the Financial Reporting Standard for Smaller Entities (April 2008) and the Statement of Recommended Practice: Accounting and Reporting by Charities issued in March 2005 (SORP 2005). They include the results of the Charity's operations, which are described in the Executive Committee's Report, and all of which are continuing.

**(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) Incoming resources**

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

Charges for residents are included in the financial statements on the basis of amounts receivable in the year. Donations, Subscriptions, Charity shop and other fund raising income is accounted for as received by the Charity. The value of services provided by volunteers has not been included in these accounts.

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

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

Investment income is included when receivable.

**(e) Resources expended**

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.

**(f) Pensions**

The Charity operates a defined contribution personal pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered insurance company fund. The pension charge in the accounts represents the amounts payable by the Charity to the fund in respect of the year for employee members of the scheme.

**(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.

**HARPENDEN MENCAP****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(continued)

**2. ACTIVITIES FUNDED BY LOCAL AUTHORITIES**

	<u>Long Term</u> <u>Care for</u> <u>Adults</u> £	<u>Adults'</u> <u>Supported</u> <u>Living</u> £	<u>Total</u> <u>Adult</u> <u>Services</u> £	<u>Children's</u> <u>Short Breaks</u> <u>&amp; Outreach</u> £	<u>Total</u> <u>2013</u> £	<u>Total</u> <u>2012</u> £
<b>Incoming Resources</b>						
Service charges	814,349	353,324	1,167,673	188,344	1,356,017	1,308,657
			(page 7)	(page 7)		
<b>Resources expended</b>						
Salaries, national insurance & pensions	722,081	242,310	964,391	175,642	1,140,033	1,109,415
Other staff costs	17,904	11,823	29,727	8,459	38,186	26,740
Depreciation	13,980	5,018	18,998	5,625	24,623	34,184
Equipment purchase & repairs	7,730	4,857	12,587	1,920	14,507	8,670
Premises repairs & maintenance	8,226	3,633	11,859	2,278	14,137	21,020
Residents' costs	43,036	440	43,476	8,340	51,816	53,290
Rent & Council Tax	2,767	11,410	14,177	9	14,186	13,715
Vehicles & travel	8,090	-	8,090	4,475	12,565	13,244
Electricity, gas, water & cleaning	19,082	10,300	29,382	3,874	33,256	27,680
Telephones	1,992	2,290	4,282	1,309	5,591	4,097
Stationery & office costs	7,898	4,834	12,732	3,060	15,792	12,075
Registration, legal & professional fees	7,321	9,208	16,529	3,369	19,898	13,192
Insurance	11,184	5,967	17,151	3,877	21,028	24,042
Mortgage interest payable	-	20,143	20,143	-	20,143	-
Other expenses	1,580	1,403	2,983	1,215	4,198	4,802
Total	872,871	333,636	1,206,507	223,452	1,429,959	1,366,166
			(page 7)	(page 7)		
<b>Net incoming/(outgoing) resources for year</b>	£ (58,522)	£ 19,688	£ (38,834)	£ (35,108)	£ (73,942)	£ (57,509)

**3. ACTIVITIES FUNDED BY THE CHARITY**

	<u>Britannia</u> <u>&amp; Other</u> <u>Clubs</u> £	<u>Employment</u> <u>Opportunities</u> <u>Scheme</u> £	<u>Other</u> <u>Activities</u> £	<u>Total</u> <u>2013</u> £	<u>Total</u> <u>2012</u> £
<b>Incoming Resources</b>					
Service charges & other income	577	1,141	-	1,718	5,008
				(page 7)	
<b>Resources expended</b>					
Salaries, national insurance & pensions	3,379	27,325	-	30,704	31,472
Other staff costs	96	606	-	702	382
Depreciation, repairs & maintenance	24	170	-	194	2,930
Rent, council tax & utilities costs	568	86	-	654	438
Stationery and office costs	70	497	-	567	462
Insurance	67	477	722	1,266	1,107
Professional fees	43	304	-	347	320
Other expenses	11	131	509	651	236
Donations to associated groups	-	-	1,102	1,102	1,100
	4,258	29,596	2,333	36,187	38,447
				(page 7)	
<b>Net outgoing resources for the year</b>	£ (3,681)	£ (28,455)	£ (2,333)	£ (34,469)	£ (33,439)

**HARPENDEN MENCAP****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(continued)

**4. VOLUNTARY INCOME AND INCOME FROM ACTIVITIES FOR GENERATING FUNDS**

	<u>Subscriptions</u> <u>Donations and</u> <u>Legacies</u> £	<u>Roundabout</u> <u>Charity</u> <u>Shop</u> £	<u>Other</u> <u>Fundraising</u> £	<u>Investment</u> <u>Income</u> £	<u>Total</u> <u>2013</u> £	<u>Total</u> <u>2012</u> £
<b>Incoming Resources</b>						
Membership subscriptions	1,775	-	-	-	1,775	1,090
Donations	72,941	-	-	-	72,941	73,368
Grants	8,663	-	-	-	8,663	43,575
Legacies	-	-	-	-	-	1,109
Events income	-	-	10,188	-	10,188	13,328
Shop takings	-	84,610	-	-	84,610	83,845
Shop - Flat rent	-	7,350	-	-	7,350	7,200
Bank interest (from UK deposits)	23	-	-	14,074	14,097	12,391
Other	16	19	-	-	35	251
<b>Total</b>	<b>83,418</b>	<b>91,979</b>	<b>10,188</b>	<b>14,074</b>	<b>199,659</b>	<b>236,157</b>
	(page 7)	(page 7)	(page 7)	(page 7)		
<b>Resources expended</b>						
Salary, national insurance & pension	9,384	25,346	17,576	-	52,306	36,948
Other staff costs	1,656	770	391	-	2,817	844
Depreciation	49	1,220	59	-	1,328	1,954
Equipment purchases & repairs	1,114	549	18	-	1,681	1,111
Premises repairs & maintenance	10	5,356	12	-	5,378	6,025
Rent and council tax	829	19,811	1	-	20,641	20,389
Electricity, gas, water & cleaning	30	1,423	35	-	1,488	1,463
Telephone	36	401	43	-	480	383
Stationery & office costs	208	736	218	-	1,162	603
Insurance	209	1,343	-	-	1,552	1,575
Newsletter and yearbook	-	-	2,945	-	2,945	2,061
Events costs	-	-	2,842	-	2,842	5,927
Residents' costs	29	95	9	-	133	5
Residents' amenities	3,956	-	-	-	3,956	3,417
Volunteer expenses	-	-	-	-	-	313
Other expenses	192	594	21	-	807	375
Professional fees	133	336	160	-	629	365
<b>Total</b>	<b>17,835</b>	<b>57,980</b>	<b>24,330</b>	<b>-</b>	<b>100,145</b>	<b>83,758</b>
	(page 7)	(page 7)	(page 7)			
<b>Net incoming/(outgoing) resources for year</b>	<b>£ 65,583</b>	<b>£ 33,999</b>	<b>£ (14,142)</b>	<b>£ 14,074</b>	<b>£ 99,514</b>	<b>£ 152,399</b>

**5. GOVERNANCE COSTS**

	<u>2013</u> £	<u>2012</u> £
Professional fees - Auditors' remuneration	4,500	4,550
Administrative salaries	3,459	3,919
Insurance - Trustee indemnity	3,643	3,718
	<u>£ 11,602</u>	<u>£ 12,187</u>

Governance costs have been identified as required by SORP 2005.

**HARPENDEN MENCAP****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(continued)

**6. NET (EXPENDITURE)/INCOME AND NET (OUTGOING)  
/INCOMING RESOURCES FOR THE YEAR  
- RECONCILIATION OF ANALYSIS BY ACTIVITY TO TOTAL**

	<b><u>Notes</u></b>	<b><u>2013</u></b> £	<b><u>2012</u></b> £
The net (expenditure)/income and net (outgoing)/incoming resources for the year arise as follows:			
Activities funded by local authorities	2	(73,942)	(57,509)
Activities funded by the charity	3	(34,469)	(33,439)
Voluntary income and income from activities for generating funds	4	99,514	152,399
		<hr/> (8,897)	<hr/> 61,451
Governance costs	5	(11,602)	(12,187)
		<hr/>	<hr/>
Net (expenditure)/income and net (outgoing)/incoming resources for the year (page 7)		£ (20,499)	£ 49,264

**7. NET (EXPENDITURE)/INCOME AND NET (OUTGOING)/INCOMING  
RESOURCES FOR THE YEAR - STATUTORY DISCLOSURES**

	<b><u>2013</u></b> £	<b><u>2012</u></b> £
This is stated after charging :		
Staff costs (note 8)	1,269,056	1,210,947
Auditors' remuneration:		
Audit fee (note 5)	4,500	4,550
Other services (note 19)	288	2,688
Depreciation - owned assets (note 12)	26,080	36,233

**8. STAFF COSTS**

	<b><u>2013</u></b> £	<b><u>2012</u></b> £
Salaries	1,047,247	1,041,326
Agency staff costs	62,591	22,259
Staff benefits and PAYE settlement	135	6,691
Social security contributions	87,706	89,424
Pension contributions	28,958	26,589
Group Life cover	5,982	4,934
Pension management	850	1,225
Staff training	14,636	10,781
Staff recruitment	14,188	761
CRB checks	1,235	1,204
Health checks	2,583	2,342
Staff travel	2,945	3,411
	<hr/> £ 1,269,056	<hr/> £ 1,210,947

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

As described in note 1(f), the charity operated a defined contribution pension scheme for its eligible employees. The pension contributions made in the year, disclosed above, are in respect of 21 (2012 - 19) employees. The amount outstanding at the balance sheet date, included in Other creditors in note 14, was £3,586 (2012 - £3,119).

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 2013**

(continued)

**8. STAFF COSTS continued**

The average monthly number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	<u>2013</u>	<u>2012</u>
Adult services	29.50	28.00
Supported living	9.00	8.00
Children's services	7.50	8.50
Employment opportunities and Clubs	1.50	1.50
Charity shop	1.25	1.25
Fundraising	0.50	0.50
	<u>49.25</u>	<u>47.75</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 (2012- None).

**11. FREEHOLD PROPERTY**

	<u>Freehold Property (Pine Court)</u>	<u>Freehold Property (Stairways)</u>	<u>Total</u>
Cost	£	£	£
At 1st April 2012	1,690,254	579,021	2,269,275
Additions	913,251	-	913,251
At 31st March 2013	<u>£ 2,603,505</u>	<u>£ 579,021</u>	<u>£ 3,182,526</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	1,719,798	-	1,719,798
Finance costs including interest	79,790	-	79,790
	<u>£ 2,603,505</u>	<u>£ 579,021</u>	<u>£ 3,182,526</u>

**Freehold Property: 'Pine Court'**

The freehold property known as 'Pine Court' is situated in Carlton Road, Harpenden. No depreciation charge has been made on the building which is newly completed and opened in November 2012. Given that the building is new and fully occupied the balance sheet carrying value at 31st March 2013, at cost, fairly reflects the value in use as measured by the intrinsic worth of the service delivery to residents and accordingly, in the opinion of the Trustees, no provision for depreciation is required to be made in accordance with accounting policy 1(c). The property is wholly used for charitable purposes.

**Freehold Property: 'Stairways'**

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

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

**HARPENDEN MENCAP****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(continued)

**12. OTHER TANGIBLE FIXED ASSETS**

	<b><u>Property furniture &amp; equipment</u></b> £	<b><u>Office furniture &amp; equipment</u></b> £	<b><u>Motor vehicles</u></b> £	<b><u>Total</u></b> £
<b>Cost</b>				
At 1st April 2012	182,400	23,417	44,605	250,422
Additions	89,519	1,319	-	90,838
Disposals	(12,666)	-	-	(12,666)
At 31st March 2013	259,253	24,736	44,605	328,594
<b>Depreciation</b>				
At 1st April 2012	156,287	18,170	33,221	207,678
Charge for year	15,337	4,432	6,311	26,080
Disposals	(12,666)	-	-	(12,666)
At 31st March 2013	158,958	22,602	39,532	221,092
<b>Net book value</b>				
At 31st March 2013	£ 100,295	£ 2,134	£ 5,073	£ 107,502
At 31st March 2012	£ 26,113	£ 5,247	£ 11,384	£ 42,744

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

**13. DEBTORS**

	<b><u>2013</u></b> £	<b><u>2012</u></b> £
Residents' charges invoiced	68,295	68,723
Prepayments	30,380	25,891
Other debtors	40,210	23,041
	£ 138,885	£ 117,655

**14. CREDITORS: Amounts falling due within one year**

	<b><u>2013</u></b> £	<b><u>2012</u></b> £
Bank loan repayable within one year (note 15)	38,915	18,298
Income in advance from Local Authorities	23,960	50,127
Social Security and other taxes	24,302	26,025
Purchase ledger balances	23,207	11,714
Accruals	72,149	92,240
Other creditors	4,234	3,947
	£ 186,767	£ 202,351

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

	<b><u>2013</u></b> £	<b><u>2012</u></b> £
Bank loan repayable after more than one year	1,332,778	886,702
	£ 1,332,778	£ 886,702

**HARPENDEN MENCAP****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(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 50% 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>2013</u>	<u>2012</u>
	£	£
Within one year	38,915	18,298
Between one and two years	40,299	25,156
Between two and five years	129,703	80,964
After more than five years	1,162,776	780,582
	<u>1,332,778</u>	<u>886,702</u>
Total Bank Loan at 31st March 2013	£ 1,371,693	£ 905,000

**16. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<u>Restricted</u>	<u>Restricted</u>	<u>Designated</u>	<u>Designated</u>	<u>General</u>	<u>Total</u>
	<u>Flat 1</u>	<u>Children's</u>	<u>Amenities</u>	<u>Building</u>	<u>fund</u>	<u>funds</u>
	£	£	£	£	£	£
Tangible fixed assets	-	-	-	-	3,290,028	3,290,028
Current assets	22,815	10,644	11,497	150,628	564,765	760,349
Current liabilities	-	-	-	(50,628)	(136,139)	(186,767)
Long term liabilities	-	-	-	-	(1,332,778)	(1,332,778)
Total net assets	£ 22,815	£ 10,644	£ 11,497	£ 100,000	£ 2,385,876	£ 2,530,832

**17. MOVEMENTS IN FUNDS**

	<u>At</u>	<u>Incoming</u>	<u>Outgoing</u>	<u>Transfers</u>	<u>At</u>
	<u>01.04.12</u>	<u>resources</u>	<u>resources</u>		<u>31.03.13</u>
	£	£	£	£	£
<b>Restricted funds</b>					
Building	-	44,808	(2,614)	(42,194)	-
Flat 1	22,815	-	-	-	22,815
Children's Services -					
Equipment	9,607	-	(1,218)	-	8,389
Spotlight Drama Group	2,150	8,663	(8,858)	-	1,955
Children's Holiday Fund	-	300	-	-	300
	<u>11,757</u>	<u>8,963</u>	<u>(10,076)</u>	<u>-</u>	<u>10,644</u>
<b>Total restricted funds</b>	£ 34,572	£ 53,771	£ (12,690)	£ (42,194)	£ 33,459
<b>Unrestricted funds</b>					
Designated - Building	1,073,116	4,205	-	(977,321)	100,000
Designated - Amenities	9,600	5,917	(4,020)	-	11,497
General fund	1,434,043	1,493,501	(1,561,183)	1,019,515	2,385,876
<b>Total unrestricted funds</b>	£ 2,516,759	£ 1,503,623	£ (1,565,203)	£ 42,194	£ 2,497,373
<b>Total funds</b>	£ 2,551,331	£ 1,557,394	£ (1,577,893)	£ -	£ 2,530,832



**HARPENDEN MENCAP****NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(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. The transfer to designated Building fund, amounting to £42,194, consists of expenditure capitalised in connection with the construction of Pine Court, Carlton Road, Harpenden (see note 11).

**Flat 1, Stairways:** A balance of £22,815 was brought forward from 2012 and is available to be applied for the benefit of Flat 1 residents in future years.

**Children's Services Equipment Fund:** An original donation of £14,189 from the UPS Foundation stipulated that the money be used towards providing sensory and play equipment for children. Of the balance brought forward of £9,607, an amount of £1,218 was expended in the year, leaving a residual balance of the grant available for future spending amounting to £8,389.

**Children's Services Spotlight Drama Group:** Grants totalling £8,663 were received in the year from the BBC Children in Need Charity for the purpose of funding the children's drama group. These incoming resources were added to unspent BBC Children in Need funds brought forward of £2,150. During the year £8,858 was expended on the group's activities and the residual balance of £1,955 is carried forward to contribute towards funding the group in 2013-2014.

**Children's Holiday Fund:** a grant of £300 was received from the Harpenden Trust to support the cost of children's breaks and will be expended in 2013-2014.

**Purpose of designated funds**

**Building fund:** The Executive Committee has designated funds received from legacies, donations and monies transferred from the General fund to recognise the generosity of benefactors by utilising their money on specific projects intended to underpin the future of the Charity. The balance in the Fund brought forward at 1st April 2012 was £1,073,116. The incoming resources for the year represent the fund's share of interest receivable amounting to £4,205. In addition £42,194 was available to the Fund from restricted donations received (see under Restricted Funds note above) and a further amount of £171,650 was designated from the General Fund to assist with the financing of Pine Court. The total amount accumulated in the Fund in the year, of £1,291,165, represents the charity's own resources that have been applied in financing the cost of the Pine Court building and has been released back to the General Fund on completion of the project. A further designated transfer has been made from General Fund, of £100,000, in respect of future building projects.

**Amenities fund:** The Executive Committee has designated additional funds received from donations for the purpose of purchasing amenities to enhance the lives of residents. The incoming resources in the year comprise donations amounting to £1,738 allocated to the fund by the Executive Committee, interest allocated of £97 and £4,082 raised by Sainsburys Harpenden. Outgoing resources comprise expenditure, amounting to £4,020, incurred to further enhance the lives of the Residents.

**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 2013 the balance on this fund was £2,385,876 of which £1,918,335 has been used to acquire functional fixed assets. Of the remaining balance of £467,541 the Executive Committee have assessed that £500,000 represents the Charity's reserve requirement leaving a shortfall £32,459 to be restored from future revenue surpluses.

**18. OTHER COMMITMENTS**

At 31st March 2013, the charity had no contingencies or other capital or financial commitments contracted for but not provided for (2012- None), except under non-cancellable operating leases, as follows:

	<b><u>Land &amp; Buildings</u></b>		<b><u>Office equipment</u></b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiry date: Between one and five years	£ 18,500	£ 18,500	£ 1,227	£ 1,201

**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 2013 they carried out an examination of residents' finances and provided advice in connection with our building projects.