

REGISTERED COMPANY NUMBER: 02636705 (England and Wales)

REGISTERED CHARITY NUMBER: 1004431

WATFORD AND DISTRICT MENCAP SOCIETY

(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 APRIL 2021

WATFORD AND DISTRICT MENCAP SOCIETY
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FOR THE YEAR ENDED 1 APRIL 2021

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WATFORD AND DISTRICT MENCAP SOCIETY

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 1 APRIL 2021

COUNCIL OF MANAGEMENT Mr R F Jones (Chair)
 Mrs P Joy (Acting Vice Chair, Treasurer)
 Mr M S Enoch
 Mrs L C Green
 Mrs P Robertson
 Mr J R Teague

COMPANY SECRETARY Mrs R L Kreloff

REGISTERED OFFICE 92a Langley Road
 Watford
 WD17 4PJ

REGISTERED COMPANY NUMBER 02636705 (England and Wales)

REGISTERED CHARITY NUMBER 1004431

INDEPENDENT AUDITORS Mercer & Hole
 Chartered Accountants
 Batchworth House
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 WD3 1JE

CHIEF EXECUTIVE Miss J Pattinson

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WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 1 APRIL 2021

The trustees (also known as the Council of Management) who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 1 April 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives

The charity's objects are set out in the Articles of Association and are:

- The relief of people with a learning disability in particular by the provision of help and support for them and their families, dependants and carers and to prevent or alleviate learning disabilities for the public benefit by education, research and life-enhancing medical intervention.
- The provision or assistance in the provision of facilities for the recreation or other leisure time occupation for people who have need thereof by reason of learning disability with the object of improving their conditions of life.

"Learning disability" means any developmental disability of the mind and any associated condition howsoever caused and whether mild, moderate or severe.

The charity aims to achieve its objects by seeking to provide user-led and person-centred services which enable people with a learning disability to make the most of life. Services are constantly under review in the light of user needs, government policy, funding availability, and changing needs and practices. Watford Mencap seeks to work with other voluntary and statutory organisations to promote the welfare of people with a learning disability.

Our Values

We are **INCLUSIVE** People with learning disabilities are at the heart of everything that we do.

We are **RESPECTFUL** We work in a person-centred way, whilst listening to the views of all.

We are **WELCOMING** We are approachable and value all.

We are **PROGRESSIVE** We promote learning to support everyone to achieve their potential.

We are **CHALLENGING** Through our work we will push the boundaries for individuals, organisations and society.

WATFORD AND DISTRICT MENCAP SOCIETY

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FOR THE YEAR ENDED 1 APRIL 2021

OBJECTIVES AND ACTIVITIES

Our Mission

Enabling people with learning disabilities and their families to make the most of life.

To help make this happen we will

- Support people to enjoy choice and control over their own lives, to enable them to work towards fulfilling their life ambitions and to achieve their potential
- Provide a range of high quality, individually tailored services that focus on the individual and their family
- Support people to obtain their rights and to understand their responsibilities as members of society
- Recognise that people have skills, abilities and expertise and use these to inform our growth and progress
- Campaign to ensure the rights of people with a learning disability and their families are respected and to ensure that they have access to the services they need and to challenge the boundaries of discrimination
- Involve and include people in evaluation and decision making at all levels within Watford Mencap

Activities

All of the charity's activities focus on the objects set out in the Articles of Association noted on page 2. It is the charity's aim to be the first port of call in South West Herts for all people with a learning disability, their families and carers. Support may be given in partnership with other relevant organisations. There are no restrictions on access to services other than the charity's capacity and capability to provide the support required to live a fulfilling life.

A life-long journey supported by Watford Mencap every step of the way

People with learning disability are one of the least understood, least visible and most vulnerable sections of our society. They are also a sizeable group.

The Improving Health and Lives (IHAL) profiles produced by the North East Public Health Observatory estimates that approximately 2.5% of the total population have some form of learning disability, resulting in an estimated 1.5 million people in the United Kingdom with a learning disability. This population is predominantly (60%) male and unknown to services; of the estimated 1.2 million adults with a learning disability in England, only 189,000 (21%) are known to local authority or health services. Around 24% of the estimated population with learning disabilities are believed to be children and 76% are believed to be adults. (IHAL, 2011).

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OBJECTIVES AND ACTIVITIES

The Summary Needs Assessment: Fulfilling Lives for People with Learning Disabilities estimates there may be 5,500 children with learning disabilities in Hertfordshire and Projecting Adult Needs and Service Information 2015 states there are 21,109 people over 18 with a learning disability in the county. This is 1.8% of the total adult population. As of December 2020, Hertfordshire County Council (HCC) adult social care were supporting 4,600 adults with learning disabilities. Public Health England 2016 states there were 22.4 per 1,000 children with a learning disability known to schools in Herts and that 2.5% of children in England have a learning disability.

The number of people over 18 with a learning disability is predicted to increase by 9% by 2025 and the largest projected growth area over the next 10 years is in the 75-84 and 85+ age range with projected increases of 32% and 47% respectively. It was recognised very early on in the pandemic that people with learning disabilities were extremely vulnerable to Covid19 so extra caution would be required. In seeking to serve this section of society Watford Mencap has developed a wide range of services.

The pandemic has meant that needs have changed and services have had to constantly evaluate not just what is needed but also what can be safely provided. During the height of the pandemic all services came together, enabling the organisation to mobilise staff and cover gaps. In January the organisation made this move permanent with Ruth Murray becoming Head of Operations and Beth Smith moving to the Operations Manager for services provided at home. A further operations manager will be sought for community activities at a later date. All charged services can be bought privately by self-funders and people with individual budgets and direct payments.

Services at Home

This range of services are offered in people's homes supporting them in their daily lives to gain independence and to promote choice and control

Advice and Information

Initial and ongoing contact through the Advice and Information Service is free to all and funded through fundraising, grants, and reserves if necessary. This service provides information, supports people, and facilitates their efforts to plan their lives and access services. No distinction is made between those who might wish to access services provided by the charity and those for whom another service provider or organisation might be more appropriate - the interests of the individual are paramount. The service continues to be part of the National Lottery funded Building Better Opportunities project which focuses on supporting young people into employment. The information gathered also supports Watford Mencap's campaigning work to highlight unmet needs to local authorities through the Strategic Commissioning Group. Last year the team and the service expanded, becoming the front face of the organisation offering welfare calls to the people we support as well as advice and information. The team supported 262 people with 306 queries resulting in 2,315 contacts. In addition, the team received funding from Herts Valleys CCG to work in partnership with Social Prescribing. The service is also recognised by Hertfordshire County Council as a brokerage provider.

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OBJECTIVES AND ACTIVITIES

1:1 Support in your own Home

The Care and Support Agency provides individualised and person-centred support for people with learning disabilities within the local community. People can be supported with a range of everyday activities, some practical, others more focused on social skills and learning. This service also supports children as part of our Short Break offer. All work is focused on enablement and helping people to maximise their independence. Initially during the pandemic many clients declined a service but as time progressed the service increased its provision, the team provided over 6,654 hours of support to a total of 70 people with learning disabilities.

24-Hour support in your own Home

The Individual Service Fund team supports 10 people living in 4 different properties across South West Herts. Funding for individuals is from various sources including Individual Service Funds and commissioned hours from HCC's Supported Living Framework. During the year the focus was to support people to stay safe during the pandemic and to help people understand what was happening. Like the whole population people spent more time at home, meaning additional hours of support were required and overall the team provided 35,891 hours of support

24-hour support in a Registered Care Home

19 people are supported in 3 registered care homes located in Watford and Three Rivers. Many people have lived in their home for many years and receive support in all aspects of their life. Care homes were identified as posing a higher risk to individuals during the pandemic so a large amount of time was spent ensuring infection control measures were in place. On the whole the residents have higher needs so more support was required to help people understand the pandemic and to keep themselves safe. More time was spent at home resulting in additional hours being required, overall the teams provided 60,126 hours of support.

Community Activities

This range of services are offered in the community and can be commissioned or paid privately. Many charge fees that are affordable to people from their weekly income, although help with fees may be sought for those in crisis. These are funded largely by grant or fundraising income but may also be subsidised by reserves during start-up or funding gaps or when broadening access for hard-to-reach groups. The aim is to provide attractive and fun activities which promote well-being and independence. Activities are available across all age ranges and are based on feedback from people who use the services. During the pandemic these services needed to assess risk and work in conjunction with the legislation to ensure safe services were provided

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OBJECTIVES AND ACTIVITIES

The following activities are offered:

Children:

The Short Break Contract from HCC continued to enable a range of leisure activities to be delivered, including weekend sessions, adventure breaks, a Lego club, 1:1 sessions and holiday activity schemes. All referrals for these services must come through the HCC Short Breaks process. Fundraising supports evening sessions as well as a group for under 5's which supports families with a stay and play session. These services closed in March as directed by the Government but managed to open in August to offer a reduced holiday scheme. Most other services restarted in September apart from Lego club and adventure breaks which remained closed. 71 children accessed these activities across the year, attending a total of 405 sessions.

Young People: -

This contract also includes young people and enabled a range of leisure activities including a weekly youth club, weekend sessions, adventure breaks, a Lego club, 1:1 sessions and holiday activity schemes for those at both school and college. Children's services must come through the HCC Short Breaks Contract process which affects our ability to offer services to some people. Those at college or accessing service outside this contract can access services through self-referral. Fundraising supports evening activities focusing on life skills such as cooking and shopping. These services also closed in March as directed by the Government. Reduced Holiday schemes started again in August with remaining service open from September apart from Lego club and adventure breaks which remain closed. 65 young people accessed these activities across the year, attending a total of 387 sessions

Adults: -

Adults Day Opportunities – regular day activities for adults which can be commissioned by local teams operated throughout the pandemic, moving online in April. 3 people accessed the services attending 310 sessions.

Profound and Multiple Learning Disability (PMLD) – regular activities for young people with PMLD which can be commissioned by local teams. Due to the vulnerability of the clients the service remained closed until August. Over the past year the team provided over 2,543 hours of support to a total of 10 people with PMLD.

Employability– The Café in the Library offers learning opportunities for people with learning disabilities to gain skills in all areas of the business including customer service, handling money and food hygiene. The Café closed in March and was not able to reopen in the year 2020 – 21.

Clients were able to access a service in the charity shop for a number of weeks with 5 people accessing this service attending 10 sessions.

The charity also provides volunteering opportunities for people with learning disabilities to gain retail, administration, and customer care skills. The eBay store, the shop and other trading initiatives provide opportunities to many volunteers, some of whom have a learning disability.

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OBJECTIVES AND ACTIVITIES

Leisure and learning – All activities moved online during the pandemic with a wide range of activities including quizzes, bingo events, cooking, baking, breadmaking and exploring the planet. Sessions focused on maintaining people's skills, confidence and wellbeing to encourage them to speak up for themselves and others.

For the second half of the year a weekly dance session was available with a dance teacher. When the weather was better the allotment was used to offer in person activities particularly for those who found online activities difficult. All other monthly clubs ceased along with the monthly night club at Pryzm nightclub in Watford. In total 68 people accessed these activities across the year, attending a total of 303 sessions.

Having your Say – Watford Mencap continues to host the Hertfordshire county-wide network that supports people with profound and multiple learning disabilities and their carers. Any feedback received is passed on to the local authority through the relevant networks.

Watford and Three Rivers Learning Disability Local Area Forum is hosted and facilitated by the charity. The Forum focused on local and national topics linking with the local authority to raise issues.

Watford Mencap has a service user and carer base of over 1,174 people with learning disabilities and their carers for its various services. The charity aims to raise awareness of learning disability among the wider population, and of the existence of the charity and the services it provides to those with learning disabilities, their families and carers, as well as other relevant professionals. Ultimately, the charity would like to act as a central point of contact in relation to learning disability in South West Herts, providing information, contacts, advice and, where relevant and possible, services, to all who need them.

Public benefit

In planning and reviewing the above activities, the Council of Management have given careful consideration as to whether they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

The members, staff and volunteers of Watford Mencap strongly believe in the importance and worth of every individual in our society. The aim inherent in all of the charity's activities is to enable and facilitate the ability of people with a learning disability to make the choices that most of us take for granted. By making a contribution to this aim, the charity provides a public benefit of not only alleviating the potential distress and waste of individuals frustrated by the inability to lead a fulfilling life and the associated impact on their families and carers, but also, in some small way, to make society more tolerant, compassionate and inclusive.

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OBJECTIVES AND ACTIVITIES

Staff and volunteers

Watford Mencap benefits greatly from the commitment of its 134 paid staff. It also benefits from the support of a number of volunteers in the head office, trading and fundraising activities, leisure services and in the children's centre. The contribution of the 55 regular helpers and volunteers who worked with the charity over the year is estimated to be approximately 1,172 hours (representing the equivalent of approximately 0.6 full-time staff) and their contribution is gratefully acknowledged. Throughout the pandemic we were also supported by a wide range of helpers who donated over 6 hours of daily support to deliver food, PPE and general supplies to support our projects. This was also accompanied by many kind gestures of support, from making PPE, running virtual sessions, donating fresh foods for our projects and treats to support our workforce. We estimate this additional help from our helpers and supporters to be the approximate equivalent of another 2.5 members of staff. We are truly thankful for this and would not have been able to sustain our projects without this very generous support.

Lower than market sector turnover of front-line staff and a consistent management team continue to be a significant achievement for the charity. The people and families that the charity supports acknowledge the importance of knowing and trusting the staff and volunteers. A dedicated team of casual workers work alongside contracted staff and volunteers to help the charity achieve this consistency of support.

IMPACT OF COVID19

On 17th March 2020 Watford Mencap took action to protect the people we support and our staff from Covid19. The senior management team met and continues to meet weekly in person to ensure appropriate handling of the situation. Trustees' governance meetings continued throughout online.

Services and activities

All staff who could do so commenced working from home and appropriate IT was put in place. Non-critical projects were closed in line with government guidance. Critical support continued – residential, supported living and homecare for the very vulnerable; meeting critical need being the overriding priority. Staff moved over from temporarily closed services to backfill and provide additional support to cover sickness and provide additional resources in critical projects. The Advice Service increased its hours and operated over seven days a week to meet community needs. At one point there was a 30% increase in the number of people contacting us. Many calls were made to people who felt isolated and lonely. The Old Town Hall office was manned seven days a week to deal with any situations arising.

Over the summer 2020 period, projects were made Covid19 secure and re-opened where possible e.g. the summer playschemes and the shop in September. With smaller numbers and adjusted activities and working procedures, all projects (with the exception of the café in the library), were (as of the beginning of October) open and running again. The café then opened for outdoor service in May 2021.

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IMPACT OF COVID19

A Covid19 risk register is in place and is regularly updated. Our projects remained Covid free until an outbreak in January 2021. Thankfully, this was small and contained to one residential care home. It was a great relief that all staff were offered a Covid vaccination in December 2020 and March 2021 and to date 86% of staff have been vaccinated. In February 2021 people with a learning disability were also moved up to priority group 6, speeding up their opportunities for vaccination. The organisation continues to protect the people we support with robust procedures focused on regular testing, vaccination, infection control and PPE.

Clients, Staff and Volunteers

The trustees want to acknowledge the swift action taken by management by completely re-structuring the staffing structure and the working procedures to minimise the threat of infection. Enormous gratitude is also due to the members of staff who behaved in an exemplary manner, pulling together to keep services running safely. Only seven staff had to be placed on the government furlough scheme and thankfully the small numbers of staff who caught the virus have all made a good recovery. As a result, we have been able to rely on our own teams at times of maximum demand and there has been little need to use agency staff.

A team of volunteers undertook daily deliveries of food, PPE and essential supplies to each of our residential homes. Other volunteers joined our leisure and learning services to deliver online and virtual day opportunities sessions. Volunteers were inducted back into our Covid19-secure charity shop in October. Watford Mencap is extremely grateful for the ongoing support of its volunteers.

Our staff sickness levels remained relatively low until December 2021, but it was with great sadness that we heard of the loss of 2 past staff members in February 2021, as well as the sad passing of close family members of several staff.

The commitment and essential role of the social care workforce, already under pressure due to the high level of vacancies in keeping people well supported and delivering care throughout the pandemic, must be acknowledged. It is our sincere hope that future government funding will recognise this and enable providers to increase salaries to reflect it.

Financial Implications

The trustees would also like to acknowledge the swift and ongoing response of local government. In relation to HCC contracted services we have been able to claim monthly to cover the additional support costs of Covid19 and have received regular infection control funding from HCC. Other contracts were extended with additional financial security and payment terms were improved to provide for immediate transfer of funds.

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IMPACT OF COVID19

Our largest community fundraisers, the 10k race and Santa Dash, were successfully moved online to become virtual races. However, other fundraising events were cancelled, and the shop was closed, although online trading continued. Additional resources were allocated to fundraising and the focus was changed to grant and trust bids to support those most in need. We had significant success with a range of projects funded, along with back-office costs and specific pieces of work around Covid19 recovery. National funders included: Children in Need, Rausing Trust, Garfield Weston and the National Lottery. Local funders include Watford Borough Council and Herts Community Foundation. We were incredibly grateful for the continued support of our corporate supporters.

Costs increased from the introduction of safe working practices, regular testing and PPE while additional sick pay made demands on our resources. However, the government support provided alongside the grant funding achieved and tight cost control enabled services to diversify and change delivery models to meet local need efficiently.

We have concerns about the longer-term effects of the pandemic on the funding of social care and the impact on local government but remain confident that our drive for efficiency and building our reserves over previous years will help us continue to provide our much-needed support.

Progress on meeting 2020/21 objectives

Our priorities changed throughout the year as the pandemic progressed and at times moved significantly away from those outlined in our 2019/20 business plan. Despite this, we gained silver accreditation for the first time in our Investors in People assessment in September and in November Herts Care Providers Association (HCPA) recognised our work through the pandemic with an outstanding achievement award at the Herts Care Awards.

Doing It Together and living our values

The pandemic prevented further Doing it Together subgroup meeting taking place. Staff interviews continued throughout the pandemic. These all incorporated an interaction with a person we support. This was a significant achievement with all new staff now receiving a values-based interview.

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IMPACT OF COVID19

Valuing our people

Helen Jones, our staffing manager, led staff recruitment during Covid 19, filling many temporary and permanent roles. With concentrated effort from the new staffing team created at the start of the pandemic there was a significant reduction in Right Support vacancies. The staffing team maximised resourcing across the charity, redeploying staff where needed and managing the transfer of all staff rotas onto Teams. This enabled staff to work more easily across the charity. In the later part of the year Helen also started to look at volunteer recruitment.

The staffing team also brought together one centralised training record enabling us to see easily which workers needed to update their training during the pandemic with ilearning and who would therefore work where within the organisation. Inspire 2 leadership and management training programme was sadly not possible but will be rolled out for more experienced managers when the pandemic permits.

We supported staff through the pandemic with internal and specialist wellbeing resources, wellbeing plans are now used where appropriate in conjunction with staff member, their manager and HR. Naomi Sword our HR manager attended HCC training on managing staff wellbeing, and HCPA put in place an employee support programme at the beginning of the pandemic which any Watford Mencap staff member could use in confidence, along with our health scheme. Car park team meetings, virtual meetings plus weekly all staff and managers enewsletters all promoted wellbeing during the pandemic.

It was not possible to complete the planned salary review until June 2021, but an exceptional recognition payment was made to all staff who had not been on furlough in August 2020. Many staff were really pleased with the payment, which equated to a one off 1.83% salary uplift for support workers.

Work on recruiting new trustees was postponed until summer 2021. Trustees played an important and supportive role during the pandemic, providing support, advice and help with practical tasks. Governance meetings continued on Teams throughout the year with trustees feeding back on project involvement. It was not appropriate for project visits to take place but the Chair and CEO met weekly throughout the pandemic.

Sevi Kurtbas our Thorpedale manager is to also be congratulated for completing her level 5 leadership and management qualification with HCPA in the middle of the pandemic.

Targeting our influence

The proactive stance taken to continue to deliver services and to extend some service provision during lock down, supported by accompanying social media ensured our profile remained very positive at a time when many other local charities were forced to step back. Using examples of our continued service delivery produced many successful funding applications and helped to secure significant emergency grant funding for our services.

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IMPACT OF COVID19

Evolving our services

HCC completed the adult leisure and learning Pamm's review in September 2020 and the services were all rated as good. The Care Quality Commission completed emergency reviews on each project by telephone during lockdown which were all recognised as functioning well and being at low risk. HCC contracts officers visited Short Breaks Local Offer summer playschemes to thank staff for their commitment and support to families and to review service delivery.

Many services moved to virtual delivery, and we developed a games lender service for families, dropped off activity bags for children and changed service delivery models to offer telephone and online support. Face to face visits however still continued throughout the pandemic to those that needed support.

Secure funding and Maximising income

The HCC day opportunities tender and Hertfordshire Community Foundation grant funding for day opportunities were postponed due to Covid and current contracts were rolled forward with funding until October and December 2021, along with additional Covid 19 claim funding until June 2021 plus a range of infection control, workforce grant and rapid testing funds.

A place was secured on the HCC day opportunities framework in April 2021 and Hillside and Thorpedale residential care home funding reviews have been formally requested and resident reviews and assessments are awaited.

Lock down created the opportunity to renovate and remodel the Bushey shop, introducing a new pricing structure, whilst saving costs with furloughed staff and then reopening the shop in September, with a plan to maximise Gift Aid. Grants were also received from Hertsmeire Council during the periods of lockdown.

Build our infrastructure

Each project looked to maximise income and reduce expenditure during the pandemic. We successfully managed to balance hours keeping posts unfilled where appropriate to reduce salary expenditure, using staff to work across the organisation and furloughing 7 staff on the government scheme in the first lock down and 2 in the second. It has been very challenging, but we have succeeded in managing expenditure tightly whilst continuing to deliver services where there is demand and where risks can be appropriately managed.

Frontier communications reviewed our phone and broadband contracts, a new mobile contract has been put into place with a new hardware fund secured for recabling and wi-fi at 92a Langley Road. Broadband contracts were also reviewed and will be accompanied by a move to a VOIP telephone system with the move of office premises.

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92a Langley Road

On attempting to reopen the Lemarie Centre after lock down to restart our children's services it became apparent there had been significant deterioration in an already very dilapidated building as a result of several months of non-occupation. A significant challenge with heating and water systems meant a delay and serious consideration of relocation of services to enable playscheme and activities to start again.

Thankfully temporary resolutions were found, a tenancy at will was put in place by Watford Council, however this offered no longer term security at the Lemarie Centre, which then resulted in pressing forward with speed with our plans to relocate. With deterioration in the Lemarie Centre, it was no longer appropriate or possible to wait for the longer term and the riskier leasehold and planning dependent plan of Watford Fields to come together.

In July 2020 Watford Council introduced us to the possibility of purchasing 92a Langley Road, the old Nascot Lawn children's respite unit and in a back-to-back transaction on 1st April 2021 the building was sold from Health to Watford Council who then sold it straight onto Watford Mencap. The purchase was supported by a mortgage from Charity Bank, with Watford Mencap's reserves being used to fund the deposit. The new building will become a local hub for people with learning disabilities and their families and carers, replacing our current offices and facilities within the Lemarie Centre. It has great scope but was in a terrible condition having been empty for several years. A plan was made to purchase and to gut and totally refurbish the building to meet the wishes, hopes and dreams identified by members, staff, families and people we support at our graphic consultation events in February 2020.

Following a tender for extensive refurbishment, Borrás construction were awarded lead contractor role. Thames Valley Surveying completed the specification of works and are currently managing the stage 1 refurbishment. Resources were already in place to cover stage 1 and 2 of the building works from funds built up over a number of years whilst preparing to have to move from the Lemarie Centre. Stage 3 building works will be funded by the proceeds from the sale of the Old Town Hall in August 2021 for £1,119,000.

We moved a skeleton staff team into 92a Langley Road in late August following completion of the sale of our Old Town Hall office in Rickmansworth. We hope to have the full office team in place and working in a Covid safe way by early December. Once the children's area has been approved by Ofsted, hopefully in December 2021 we shall then begin to run leisure, learning and day opportunities for children, young people and adults on the ground floor. We shall also rent out offices on the 2nd floor from January 2022 to Playskill, another local charity and our activity rooms will be available to hire out to local community groups from February 2022.

We are incredibly fortunate to have received so much professional support and guidance from our corporate supporters with this project, including Warner Brother Leavesden Studios, dn-a architects, Crown interiors, Terence O'Rourke and Veale Wasbrough Vizards along with ongoing support from Watford Council that supported us throughout the purchase and refurbishment of 92a Langley Road. It is an incredibly exciting opportunity and a superb way to celebrate Watford Mencap's 70th anniversary year during 2021.

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Fundraising activities

Watford Mencap is an independent local charity that is responsible for raising all its own funding to support local people with learning disabilities. Although affiliated to the national Royal Mencap charity, it receives no funding from them. The charity has a small team that manage a portfolio of activities that generate income to fund the projects we believe are of value to our clients, but which do not attract local authority funding. By engaging in a variety of fundraising methods we believe that we are reducing our risk and ensuring we do not become over-reliant on a single source of income generation.

Our biggest fundraising source remains grants and trusts and we are grateful for the support of Children in Need, The Childwick Trust, The National Lottery Community Fund, The Julia and Hans Rausing Trust and The Garfield Weston Foundation amongst others. We received generous grants from a number of donors to enable us to respond to the Covid19 pandemic, helping us to provide resources, services and activities during a very difficult time.

Our two local challenge events, the Watford 10k and the Watford Santa Dash were delivered as virtual events this year and were well supported. This helps us to re-introduce the live events when it is appropriate, and we are grateful to Warner Brothers Studios Leavesden for their continued support for these events. In addition, we have a calendar of smaller community events such as the Rickmansworth Pancake Race, quizzes and suppers. We have continued to offer many of these virtually and introduced a Mehfil musical performance and a Murder Mystery evening, both of which were well attended.

We really treasure our strong relationship with several local businesses such as Camelot, Warner Brothers Studios Leavesden and Veale Wasbrough Vizards who provide us with financial, technical and practical support. We are also grateful to individual members of the local community that support us. Many make regular donations to us but prefer to remain anonymous. This year, several people contributed in other ways such as donating food or making face masks which were sold in a craft shop.

We continue to raise money through our charity shop in Bushey and our eBay site. These trading activities are supported by a team of amazing volunteers whose specialist help is much appreciated. In particular, volunteers helped us to re-design the shop to accommodate social distancing practices and create a covid-safe working environment. While the interruptions to the shop's trading was difficult, we have seen a rise in quality and quantity of donations which has helped us to quickly re-establish regular income.

We take great care to ensure that all our fundraising activities comply with the Fundraising Regulator's voluntary regulation scheme. The activities of our fundraising team are monitored by the fundraising manager and the chief executive. The team also works closely with supporters who wish to raise funds for the charity, providing support and guidance to ensure that events held in aid of our charity meet the requirements of the scheme. We seek to work in partnership with our supporters and to develop a long-term relationship with them. To this end, we consciously avoid exerting undue pressure on potential donors and do not participate in direct mailing or telephone solicitations. The fundraising team actively seeks feedback on its activities, both positive and negative, in order to keep improving our performance. We have a procedure to investigate any formal complaints received. This year we received no complaints about our fundraising activities.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 1 APRIL 2021

FINANCIAL REVIEW

Financial position

The charity made an operating surplus of £175,713 in 2020/21 (5.7 % of gross income).

Further detail is provided in the notes to the financial statements and the reserves section regarding the restricted funds (funds legally restricted to specific projects); general funds (unrestricted); and designated funds (set aside by the Society for specific purposes).

Voluntary/other income covers all non-statutory sources of income, primarily fundraising, grants, legacies, donations, fees, rent, charity shop and eBay trading. These sources of income accounted for 20% (2019/20: 25%) of the charity's total income during the period.

The Individual Service Funds are received by the charity on behalf of the fund-holder and expended on services of the fund-holder's choice, be they Watford Mencap services or provided by some other organisation or individual. These funds do not impact the charity's year end results or the level of reserves.

The financial outlook remains challenging at the operating level with the need to complete our refurbishment of 92a Langley Road, along with current changes to HCC financial provider requirements, the need to make an operating surplus to bid for new HCC tenders, the impact of Covid 19 and the ongoing pressure on statutory funding sources expected to continue for several years. HCC remains the primary source of income (for both contract and grant income) in the year increasing to 80% compared to 75% in the previous year.

The charity continues to seek other sources of income, particularly through diversifying fundraising activity during the pandemic and expanding the fundraising team in September 2021 as well as continuing to develop structures and systems in order to be as cost efficient as possible. Structural management changes in January 2021 have had a positive impact on both quality and efficiency.

As noted above, the market in which the charity operates is becoming increasingly challenging. In the face of the Covid19 environment, the Society had agreed a deficit budget for 2021-22. We currently see no need to review service provision. While the financial position is satisfactory, planning for future years with ongoing pressures to statutory funding is extremely difficult.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 1 APRIL 2021

FINANCIAL REVIEW

Investment policy and objectives

Aside from retaining a prudent amount in reserves each year, most of the charity's income is spent on the provision of services. Cash balances are held in bank current or deposit accounts or put on fixed term deposit. Investment income was £7,081 compared with £4,907 in 2019/20

The Investment Policy is for long-term reserves to be deposited or invested to grow at least in line with inflation, at low risk to capital. The remainder of reserves have an investment objective of preserving the capital value with a minimum level of risk.

Reserves policy

The Society had reserves of £2,283,063 as at 31 March 2021 of which £26,534 was restricted, £2,191,239 was designated (which includes fixed assets) and £65,290 represented the unrestricted general funds.

The charity's Council of Management consider that it should hold reserves to cover the cost of re-housing Service Users in the event that no further income is provided to Watford Mencap for the Step 3 Right Support housing services. In order to be able to realise the value of the freehold properties, it would be necessary to re-furbish and/or remodel the existing accommodation. There would be redundancy and related staff costs if the charity were to close these services, as well as exit costs relating to termination of services, property leases, dilapidations, etc.

Taken together, these costs are estimated to be equivalent to 6 months' operational expenditure.

Budgeted expenditure for 2021-22 is £2.5m and on this basis, the unrestricted reserves should therefore be £1.25m which is comfortably covered by the actual figure of £2,256,529.

Change of date

The usual reporting date of the charity is 31 March. For this set of accounts only, the Trustees have taken the decision to extend the reporting period by one day and include 1st April 2021 as the final day of the reporting period.

This decision was made in order to reflect the work involved and associated costs of the purchase of 92a Langley Road which took place on 1st April 2021. While the transaction completed in April, to reach that point the project consumed considerable resources throughout the year, significant costs were incurred and irrevocable refurbishment contracts were entered into. It therefore seemed essential to include the acquisition of the asset in the accounts for the year to reflect the substantive situation at the year end.

More information on the purchase of 92a Langley Road and its enormous benefits to the organisation in the provision of services can be found on page 13.

FUTURE PLANS

In preparing the plans for 2021/22, a number of factors were taken into account:

- The current policy and regulatory environment concerning social care and learning disability
- The demographic outlook and changing needs of the local population
- The impact of the external environment on Watford Mencap
- The need to roll forward the objectives from previous years which were not achieved but remain relevant
- The actions identified as priorities by the risk management process
- The actions required to sustain and improve individual services

Our usual trustee and senior management team strategy days took place virtually and in management meetings this year, due to Covid. We also considered a range of current stakeholder feedback, including our graphic facilitation events held in February 2020. This resulted in an update of the charity's 5-year plan and the setting of priority areas of work for the 2021-22 Business Plan.

Our vision for the next year

Doing It Together - People with learning disabilities will be at the heart of everything thing we do

- Living our values

We will remain a strong and vibrant charity, living our values, involving people with learning disabilities, so we continue to provide high quality support to people with learning disabilities and their carers.

- Serving our community

Our work is primarily based in Watford, Three Rivers and Hertsmere. We are open to opportunities beyond this area through new partnerships, where these are beneficial to the aims of Watford Mencap and the people we support – or there is evidenced need and available funding.

- Being person centred

We offer a range of services and support options from cradle to grave with an emphasis on enhancing people's skills and ability to take personal responsibility. We want to ensure people are active, valued members of society who are supported by a range of services within their local community.

- Targeting our influence

We proactively seek opportunities to develop new services, funding and new ways of influencing/ campaigning for people with learning disabilities.

FUTURE PLANS

- Evolving our services

Our services will continue to evolve to enable them to meet the needs of an increasing population with more complex and higher needs.

- Valuing our people

We will develop and support our skilled and committed workforce to be customer focused, flexible, proactive, and responsive to people's needs.

Volunteers are an integral part of our workforce.

Building the infrastructure

-

Our developing service delivery will be supported and sustained by a responsive, flexible and resilient infrastructure.

- Securing funding

Our Commissioned Services will be self-funding and open to possibilities of new opportunities. A robust and responsive fundraising and income generation strategy will generate income to support the expansion of our advice and information and learning and leisure non-commissioned services.

Practically this sits as 4 key areas of focus on our 2021/22 business plan

- Getting through Covid
- Recovery from Covid
- Valuing and supporting our people
- Creating a community hub at 92a Langley Road

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 1 APRIL 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Established in the 1950s, the organisation is a charitable company limited by guarantee, incorporated on 9 August 1991 and originally registered as a charity on 15 October 1991. The company was established under a Memorandum of Association, which sets out the object 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. There were 74 members as at 1 April 2021.

Recruitment and appointment of trustees (Council of Management)

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Council of Management. Under the requirements of the Memorandum and Articles of Association, the members of the Council of Management are elected to serve for a period of three years, after which they must be re-elected at the next Annual General Meeting.

A full list of members of the Council of Management who served during the year and up to the date of this report is set out on page 1. Mindful of the focus of the charity's work on the needs of those with learning disabilities and their families, the Council of Management seeks to ensure that user and carer views are represented alongside wider business and organisational skills on the Council of Management.

Organisational structure

The Council of Management consists of up to 12 members who meet quarterly and are who are responsible for the strategic direction of the charity. At 1 April 2021, the Council of Management had 6 full members and 2 co-opted advisors - drawn from a variety of backgrounds relevant to the work of the charity - including family carers.

Day to day responsibility for provision of the services is delegated to the Chief Executive who leads the Senior Management Team. This team is responsible for ensuring that the charity delivers the business plan and that key performance indicators are met.

Monitoring of operational performance is undertaken by the Finance and Audit Committee as well as the Council of Management.

Induction and training of trustees (Council of Management)

A trustee induction pack and programme are in place to ensure that all new trustees and co-opted advisors are made aware of their roles and responsibilities. This includes helping them understand their role and duties; providing copies of relevant documentation such as the Memorandum and Articles of Association, Business and Operational Plans, and accounts; and visiting sites and services, including meeting all senior managers and ensuring compliance with the 2017 Code of Governance.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 1 APRIL 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

Royal Mencap

Watford Mencap is an independent charity, affiliated to the umbrella organisation Royal Mencap. Watford Mencap pays an annual affiliation fee for the right to use the Mencap name and must also comply with the requirements of the Royal Mencap Partnership Agreement which sets out minimum standards in terms of policies and procedures for organisations using the Mencap name.

There is no financial support from the national organisation, but it does have the power, under the Articles of Association, to dismiss trustees who bring the Mencap name into disrepute.

Risk management

The Council of Management regularly reviews the major risks to which the charity is exposed. A risk register outlines these risks, and the systems, procedures or actions to be taken in mitigation. The register is regularly updated, is reviewed quarterly by the Finance and Audit Committee and Council of Management and is included in the annual Business Plan.

External risks to funding are constantly monitored and alternative income sources sought. Regulatory and legal requirements are implemented and monitored to ensure the delivery of consistently high-quality services. Internal control risks are minimised by strict authorisation and monitoring procedures.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 1 APRIL 2021

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Watford and District Mencap Society for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

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

AUDITORS

The auditors, Mercer & Hole, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 1 December 2021 and signed on its behalf by:

Mr R F Jones - Chair

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATFORD AND DISTRICT MENCAP SOCIETY

Opinion

We have audited the financial statements of Watford and District Mencap Society for the year ended 1 April 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 1 April 2021 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.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATFORD AND DISTRICT MENCAP SOCIETY

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the trustees.

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 by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATFORD AND DISTRICT MENCAP SOCIETY

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, the trustees (who are also the 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities including fraud

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATFORD AND DISTRICT MENCAP SOCIETY

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jolene Upshall FCA
for and on behalf of Mercer & Hole
Chartered Accountants
Batchworth House
Batchworth Place
Church Street
Rickmansworth
Hertfordshire
WD3 1JE

Date: 8 December 2021

The maintenance and integrity of the Watford and District Mencap Society website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

WATFORD AND DISTRICT MENCAP SOCIETY

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 1 APRIL 2021

	Notes	General funds £	Designated funds £	Restricted funds £	Total funds 01.4.21 £	Total funds 31.3.20 £
INCOME						
Donations and legacies	3	47,866	-	-	47,866	33,782
Charitable activities	6					
From public authorities		1,915,151	-	551,933	2,467,084	1,929,913
Grants		208,382	-	79,849	288,231	59,109
Rental income		141,811	-	-	141,811	143,509
Fees for using facilities and services		85,543	-	-	85,543	215,991
Other trading activities	4	47,742	-	-	47,742	199,973
Investment income	5	7,081	-	-	7,081	4,907
Other income		1,658	-	-	1,658	2,727
Total		2,455,234	-	631,782	3,087,016	2,589,911
EXPENDITURE						
Raising funds	7					
Fundraising activities		65,271	-	-	65,271	99,061
Other trading activities		20,958	-	18,698	39,656	159,336
Charitable activities	8					
Advice and information		87,295	-	11,500	98,795	76,105
Learning and leisure		469,093	-	46,691	515,784	654,369
Right support		1,636,904	-	554,893	2,191,797	1,590,490
Total		2,279,521	-	631,782	2,911,303	2,579,361
NET INCOME	9	175,713	-	-	175,713	10,550
Transfers between funds	20	(619,247)	619,247	-	-	-
OTHER RECOGNISED GAINS						
Sleep-in payments provision	18	-	-	-	-	41,400
Net movement in funds		(443,534)	619,247	-	175,713	51,950
RECONCILIATION OF FUNDS						
Total funds brought forward	12	508,824	1,571,992	26,534	2,107,350	2,055,400
TOTAL FUNDS CARRIED FORWARD	19	65,290	2,191,239	26,534	2,283,063	2,107,350

All income and expenditure has arisen from continuing activities.

WATFORD AND DISTRICT MENCAP SOCIETY

BALANCE SHEET

AT 1 APRIL 2021

	Notes	01.4.21 £	31.3.20 £
FIXED ASSETS			
Tangible assets	13	2,831,114	1,171,630
CURRENT ASSETS			
Debtors	14	65,852	198,778
Cash at bank		<u>1,592,557</u>	<u>1,348,317</u>
		1,658,409	1,547,095
CREDITORS			
Amounts falling due within one year	15	<u>(885,514)</u>	<u>(309,387)</u>
NET CURRENT ASSETS		<u>772,895</u>	<u>1,237,708</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,604,009	2,409,338
CREDITORS			
Amounts falling due after more than one year	16	(1,040,237)	-
PROVISIONS	18	<u>(280,709)</u>	<u>(301,988)</u>
NET ASSETS		<u>2,283,063</u>	<u>2,107,350</u>
FUNDS	20		
Unrestricted funds		2,256,529	2,080,816
Restricted funds		<u>26,534</u>	<u>26,534</u>
TOTAL FUNDS		<u>2,283,063</u>	<u>2,107,350</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

The financial statements were approved by the Board of Trustees on 1 December 2021 and were signed on its behalf by:

Mr R F Jones –Trustee (Chair)

Mrs P Joy –Trustee (acting Vice Chair, Treasurer)

REGISTERED COMPANY NUMBER: 02636705 (England and Wales)

REGISTERED CHARITY NUMBER: 1004431

The notes form part of these financial statements

WATFORD AND DISTRICT MENCAP SOCIETY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 1 APRIL 2021

	Notes	01.4.21 £	31.3.20 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	27	863,772	(106,713)
Cash flows from investing activities:			
Interest received		7,081	4,907
Acquisition of property	13	<u>(1,666,850)</u>	<u>-</u>
Net cash (used in) provided by investing activities		<u>(1,659,769)</u>	<u>4,907</u>
Cash flows from financing activities:			
Proceeds from new bank loans	16	<u>1,040,237</u>	<u>-</u>
Net cash provided by financing activities:		<u>1,040,237</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		244,240	(101,806)
Cash and cash equivalents at the beginning of the reporting period		<u>1,348,317</u>	<u>1,450,123</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,592,557</u></u>	<u><u>1,348,317</u></u>

The notes form part of these financial statements

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 1 APRIL 2021

1. COMPANY INFORMATION

Watford and District Mencap Society is a public benefit entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 9 August 1991 (company number: 02636705) and registered as a charity on 15 October 1991 (charity number: 1004431).

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 charitable company being wound up, members are required to contribute an amount not exceeding £1 each.

The registered office of the charity is: 92a Langley Road, Watford, Hertfordshire, England, WD17 4PJ.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The accounting period covers from 1 April 2020 to 1 April 2021 which is considered a year for purposes for these financial statements. As permitted by the Charities Act 2011 and Companies Act 2006, the year end per the financial statements is within seven days of the Accounting Reference Date of 31 March 2021.

Preparation of the financial statements on a going concern basis

The financial statements are drawn up on the going concern basis which assumes Watford and District Mencap Society will continue in operational existence for the foreseeable future. The Council of Management have given due consideration to the working capital and cash flow requirements of Watford and District Mencap Society. The Council of Management consider Watford and District Mencap Society's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months from the date of signing the financial statements.

2. ACCOUNTING POLICIES - continued

The Council of Management have separately considered the uncertainty as to the future impact of COVID-19 on the going concern assessment. To date, there has been no significant adverse overall impact on Watford and District Mencap Society's income and expenditure, however the Council of Management cannot predict the longer term impact of the crisis. The Council of Management do not consider there to be a material uncertainty arising from the specific downside scenario impact of the crisis on Watford and District Mencap Society's income and expenditure and cashflows.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the Council of Management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of a service is deferred until the criteria for income recognition are met. Income arises in the United Kingdom.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Gifts in kind are valued at estimated value to the charity. They are included in the charity's financial statements if the estimated value is in excess of £500.

Interest receivable on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

2. ACCOUNTING POLICIES - continued

Unrestricted charitable donations are recognised in the financial statements when the charitable donation has been received or if before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Donated professional services and facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised. On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. A further analysis of this expenditure is given in the notes to the financial statements.

- Cost of raising funds comprises fundraising activities and commercial trading, including their associated support costs.
- Expenditure on charitable activities includes the costs of the charity's services undertaken to further the purpose of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Tangible fixed assets

Tangible fixed assets, are initially measured at historic cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring an asset into its intended working condition are included in the measurement of cost. Assets are capitalised where the purchase price exceeds £500. The cost of properties is their purchase price together with the cost of improvement works.

At the reporting date, the Council of Management assess, without actually revaluing those assets, whether there is any indication that an asset may be impaired. An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount.

2. ACCOUNTING POLICIES - continued

Depreciation is provided at rates calculated to write down the cost of each asset to its residual value (its scrap or realistic value at the end of its economic life) on a systematic basis over its useful economic life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

The main depreciation rates in use are as follows:

- Land - 0% assumed to have an unlimited useful life
- Freehold property - 2% on cost
- Fixtures and fittings - 25% reducing balance
- Motor vehicles - 33% reducing balance

Freehold properties acquired prior to 1 April 1996 are not depreciated as the historical cost between land and buildings cannot be reliably segregated. The Council of Management are satisfied, as the freehold properties are maintained to a good standard, that the aggregate value of the freehold properties at the reporting date is not less than the aggregate amount at which they are stated in the charity's financial statements. The freehold properties are accordingly stated in the financial statements on the basis that the residual value is greater than the asset's carrying amount and the depreciation charge is zero until its residual value subsequently decreases to an amount below the carrying amount.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Taxation

The charity is an institution which is established for charitable purposes within the meaning of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The charity receives no similar exemption in respect of Value Added Tax.

The charity is exempt from corporation tax on its charitable activities.

The charity is not registered for VAT, as the Council of Management consider the charity's incoming resources are exempt from VAT. VAT is included within the attributable cost under resources expended.

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The charity made contributions to a defined benefit pension scheme on behalf of its employees up to September 2001. See note 24 for further information regarding this scheme.

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension costs represent contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

Contributions outstanding at the balance sheet date amounted to £nil (2020: £nil).

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term which runs to the date of the first relevant break clause.

Provision

Provision is made for present obligations where it is probable settlement will be required in the future and the amount can be estimated reliably, but the amount or timing is not certain.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

Basic financial instruments

Financial assets (including cash and debtors) and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently remeasured where applicable at amortised cost.

Financial assets include cash, trade debtors and other debtors.

Financial liabilities include trade creditors, other creditors and accruals.

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 1 APRIL 2021

2. ACCOUNTING POLICIES - continued

Fund accounting

General funds are available to spend on activities that further any of the purposes of the charity.

Designated funds are unrestricted funds of the charity which the Council of Management have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Further explanation of the nature and purpose of each fund is included in note 20.

Funds are reviewed annually by the Council of Management and transfers are made between funds in order to meet the strategic objectives of the charity's business plan.

3. DONATIONS AND LEGACIES

	01.4.21	31.3.20
	£	£
Donations	46,894	31,832
Legacies	972	1,950
	<u>47,866</u>	<u>33,782</u>

4. OTHER TRADING ACTIVITIES

	01.4.21	31.3.20
	£	£
Shop income	19,841	78,328
Café income	-	59,645
Other fundraising activities	27,901	62,000
	<u>47,742</u>	<u>199,973</u>

5. INVESTMENT INCOME

	01.4.21	31.3.20
	£	£
Bank and Building Society interest	<u>7,081</u>	<u>4,907</u>

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 1 APRIL 2021

6. INCOME FROM CHARITABLE ACTIVITIES

	01.4.21	31.3.20
	£	£
From public authorities *	2,467,084	1,929,913
Grants	288,231	59,109
Rental income	141,811	143,509
Fees for using facilities and services	85,543	215,991
	<u>2,982,669</u>	<u>2,348,522</u>

* Includes income generated by the Fundraising team participating in Hertfordshire County Council tenders.

7. RAISING FUNDS

Fundraising activities

	01.4.21	31.3.20
	£	£
Raising income	<u>65,271</u>	<u>99,061</u>

Other trading activities

	01.4.21	31.3.20
	£	£
Fundraising trading: cost of goods sold and other costs		
Shop expenditure	39,656	56,968
Café expenditure	-	102,368
	<u>39,656</u>	<u>159,336</u>

Aggregate fund raising expenditure	<u>104,927</u>	<u>258,397</u>
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8. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs	Total 01.4.21	Total 31.3.20
	£	£	£	£
Advice and information	79,533	19,262	98,795	76,105
Learning and leisure	421,101	94,683	515,784	654,369
Right support	<u>1,451,041</u>	<u>740,756</u>	<u>2,191,797</u>	1,590,490
	<u>1,951,675</u>	<u>854,701</u>	<u>2,806,376</u>	<u>2,320,964</u>

WATFORD AND DISTRICT MENCAP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 1 APRIL 2021

9. NET INCOME

Net income is stated after crediting/(charging):

	01.4.21	31.3.20
	£	£
Occupancy lease income	141,811	143,509
Depreciation - owned assets (note 13)	(7,366)	(7,544)
Auditors remuneration – audit	(7,100)	(7,100)
Auditors remuneration – non-audit	(1,200)	(1,200)
Occupancy licence/lease costs	<u>(95,423)</u>	<u>(98,897)</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

No trustees' remuneration or other benefits were paid either for the year ended 1 April 2021 or the previous year.

No trustee received payment for professional or other services supplied to the charity. Unrestricted donations totalling £45 were received from trustees in the year.

The trustees were able to use services used generally by beneficiaries and members of the charity.

Trustees' expenses

No trustees' expenses were paid, either for the year ended 1 April 2021 or the previous year.

11. STAFF COSTS

Total staff costs were as follows:

	01.4.21	31.3.20
	£	£
Wages and salaries	1,820,300	1,828,945
Social security costs	131,586	130,960
Pension costs (note 18)	<u>46,009</u>	<u>35,431</u>
	<u>1,997,895</u>	<u>1,995,336</u>

The average number of employees during the year was as follows:

	01.4.21	31.3.20
Office management	21	23
Support workers	<u>113</u>	<u>155</u>
	<u>134</u>	<u>178</u>

No employees received emoluments in excess of £60,000.

The charity pays contributions into a group scheme with the Pensions Trust. The pension cost for the year was £46,009 (2020: £35,431).

The key management personnel of the charity comprise the Council of Management, the Chief Executive, the Finance Manager, the HR Manager, the Right Support Manager and the Leisure and Learning Manager. The total employee benefits, excluding pension contributions, of the key management personnel of the charity were £236,801 (2020: £184,073).

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 1 APRIL 2021

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2020

	General funds £	Designated funds £	Restricted funds £	Total funds £
INCOME				
Donations and legacies	33,782	-	-	33,782
Charitable activities				
From public authorities	1,401,118	-	528,795	1,929,913
Grants	5,508	-	53,601	59,109
Rental income	143,509	-	-	143,509
Fees for using facilities and services	215,991	-	-	215,991
Other trading activities	199,973	-	-	199,973
Investment income	4,907	-	-	4,907
Other income	2,727	-	-	2,727
	<u>2,007,515</u>	<u>-</u>	<u>582,396</u>	<u>2,589,911</u>
Total	2,007,515	-	582,396	2,589,911
EXPENDITURE				
Raising funds				
Fundraising activities	99,061	-	-	99,061
Other trading activities	159,336	-	-	159,336
Charitable activities				
Advice and information	76,105	-	-	76,105
Learning and leisure	608,852	-	45,517	654,369
Right support	1,048,102	-	542,388	1,590,490
	<u>1,991,456</u>	<u>-</u>	<u>587,905</u>	<u>2,579,361</u>
Total	1,991,456	-	587,905	2,579,361
NET INCOME/(EXPENDITURE)	16,059	-	(5,509)	10,550
Transfers between funds	<u>7,544</u>	<u>(7,544)</u>	<u>-</u>	<u>-</u>
OTHER RECOGNISED GAINS				
Sleep-in payments provision	41,400	-	-	41,400
	<u>41,400</u>	<u>-</u>	<u>-</u>	<u>41,400</u>
Net movement in funds	65,003	(7,544)	(5,509)	51,950
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>443,821</u>	<u>1,579,536</u>	<u>32,043</u>	<u>2,055,400</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>508,824</u></u>	<u><u>1,571,992</u></u>	<u><u>26,534</u></u>	<u><u>2,107,350</u></u>

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 1 APRIL 2021

13. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2020	1,194,789	97,870	29,850	1,322,509
Addition	1,666,850	-	-	1,666,850
Disposal	-	-	-	-
	<u>2,861,639</u>	<u>97,870</u>	<u>29,850</u>	<u>2,989,359</u>
At 1 April 2021				
DEPRECIATION				
At 1 April 2020	24,815	97,870	28,194	150,879
Charge for year	5,710	-	1,656	7,366
	<u>30,525</u>	<u>97,870</u>	<u>29,850</u>	<u>158,245</u>
At 1 April 2021				
NET BOOK VALUE				
At 1 April 2021	<u>2,831,114</u>	<u>-</u>	<u>-</u>	<u>2,831,114</u>
At 31 March 2020	<u>1,169,974</u>	<u>-</u>	<u>1,656</u>	<u>1,171,630</u>

Included in cost of land and buildings is freehold property of £730,385 (2020: £263,535).

Since the year end, a property held at net book value of £765,869 has been sold.

Additions for the year include the purchase of a new freehold land and building with costs totalling £1,666,850.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	01.4.21 £	31.3.20 £
Trade debtors	61,256	179,085
Other debtors	-	395
Prepayments and accrued income	4,596	19,298
	<u>65,852</u>	<u>198,778</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	01.4.21 £	31.3.20 £
Trade creditors	88,962	58,445
Other creditors	63,234	35,357
Individual service funds	141,553	102,613
Accruals	520,060	85,946
Deferred income	71,705	27,026
	<u>885,514</u>	<u>309,387</u>

Deferred income relates to amounts deferred on grants where the grant conditions were not met at the year-end.

WATFORD AND DISTRICT MENCAP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 1 APRIL 2021

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	01.4.21 £	31.3.20 £
Loans	<u>1,040,237</u>	-
	<u>1,040,237</u>	-

17. BORROWINGS

	01.4.21 £	31.3.20 £
Loans	<u>1,040,237</u>	-
Payable within one year	-	-
Payable after one year	<u>1,040,237</u>	-

Amounts included above which fall due after five years:

Payable by instalments	<u>914,783</u>	-
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The loan is secured over the assets and undertakings of the charity by way of fixed and floating charges.

WATFORD AND DISTRICT MENCAP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 1 APRIL 2021

18. PROVISIONS

	01.4.21	31.3.20
	£	£
Sleep-in payments	165,600	165,600
Pension deficit funding arrangement	115,109	<u>136,388</u>
	<u>280,709</u>	<u>301,988</u>

Sleep in provision – The provision has resulted due to the Unison Supreme Court Appeal on sleep in payments. This will confirm if historical back pay at National Living Wage rates would need to be paid to our support workers and personal assistants, who have slept in overnight in our residential and supported living projects. Discussion is ongoing hence the provision has been carried forward another year.

Pension deficit funding arrangement
Reconciliation of opening and closing provision

	01.4.21	31.3.20
	£	£
Provision at start of period	136,388	165,000
Unwinding of the discount factor (interest expense)	3,066	2,544
Deficit reduction payment	(28,281)	(27,457)
Remeasurements - impact of changes in assumptions	3,936	(3,699)
Remeasurements - amendments to the contribution schedule	<u>-</u>	<u>-</u>
Provision at end of period	<u>115,109</u>	<u>136,388</u>

Income and expenditure impact

	01.4.21	31.3.20
	£	£
Unwinding of the discount factor (interest expense)	3,066	2,544
Remeasurements - impact of changes in assumptions	3,936	(3,699)
Remeasurements - amendments to the contribution schedule	<u>-</u>	<u>-</u>
Contributions paid (see note below)	<u>39,007</u>	<u>36,586</u>
Costs recognised in statement of financial activities	<u>46,009</u>	<u>35,431</u>

Note

Includes payments in respect of a defined contribution scheme and service contributions (i.e. excluding deficit reduction payments) in respect of a defined benefit scheme which is now treated as a defined contribution scheme.

More details are disclosed in the pensions note 24.

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 1 APRIL 2021

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General funds	Designated funds	Restricted funds	Total funds
	£	£	£	£
Current year				01.4.21
Fixed assets	-	2,831,114	-	2,831,114
Current assets	1,231,513	400,362	26,534	1,658,409
Current liabilities	(885,514)	-	-	(885,514)
Non-current liabilities	-	(1,040,237)	-	(1,040,237)
Provision	(280,709)	-	-	(280,709)
	<u>65,290</u>	<u>2,191,239</u>	<u>26,534</u>	<u>2,283,063</u>
Comparative year				31.3.20
Fixed assets	-	1,171,630	-	1,171,630
Current assets	1,120,199	400,362	26,534	1,547,095
Current liabilities	(309,387)	-	-	(309,387)
Provision	(301,988)	-	-	(301,988)
	<u>508,824</u>	<u>1,571,992</u>	<u>26,534</u>	<u>2,107,350</u>

20. MOVEMENT IN FUNDS

	At 1.4.20	Income	Expenditure	Transfers between funds	At 01.4.21
	£	£	£	£	£
Current year					
Unrestricted funds					
General funds	508,824	2,455,234	(2,279,521)	(619,247)	65,290
Designated - Repairs and building	75,653	-	-	-	75,653
Designated - Charles Hatch Bequest	25,122	-	-	-	25,122
Designated - Transport	34,372	-	-	-	34,372
Designated - Tangible fixed assets	1,171,630	-	-	619,247	1,790,877
Designated - Pension	265,215	-	-	-	265,215
	<u>2,080,816</u>	<u>2,455,234</u>	<u>(2,279,521)</u>	<u>-</u>	<u>2,256,529</u>
Restricted funds					
Advice	-	11,500	(11,500)	-	-
Afterschool Club	-	36,287	(36,287)	-	-
Berrywood	-	987	(987)	-	-
Hertfordshire Mencaps	1,284	-	-	-	1,284
Individual Service Funds	-	551,933	(551,933)	-	-
Hillside	-	1,973	(1,973)	-	-
Learning and leisure	-	6,250	(6,250)	-	-
Legacy	25,250	-	-	-	25,250
Shop	-	18,698	(18,698)	-	-
Technology	-	4,154	(4,154)	-	-
	<u>26,534</u>	<u>631,782</u>	<u>(631,782)</u>	<u>-</u>	<u>26,534</u>
TOTAL FUNDS	<u>2,107,350</u>	<u>3,087,016</u>	<u>(2,911,303)</u>	<u>-</u>	<u>2,283,063</u>

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 1 APRIL 2021

20. MOVEMENT IN FUNDS - continued

Comparative year	At 1.4.19 £	Income & gains £	Expenditure £	Transfers between funds £	At 31.3.20 £
Unrestricted funds					
General funds	443,821	2,048,915	(1,991,456)	7,544	508,824
Designated - Repairs and building	75,653	-	-	-	75,653
Designated - Charles Hatch Bequest	25,122	-	-	-	25,122
Designated - Transport	34,372	-	-	-	34,372
Designated - Tangible fixed assets	1,179,174	-	-	(7,544)	1,171,630
Designated - Pension	265,215	-	-	-	265,215
	<u>2,023,357</u>	<u>2,048,915</u>	<u>(1,991,456)</u>	<u>-</u>	<u>2,080,816</u>
Restricted funds					
Afterschool Club	-	23,368	(23,368)	-	-
Bumble club	-	3,509	(3,509)	-	-
Café	2,752	-	(2,752)	-	-
General	-	1,731	(1,731)	-	-
Hertfordshire Mencaps	1,284	-	-	-	1,284
Individual Service Funds	-	528,795	(528,795)	-	-
Hillside	-	13,500	(13,500)	-	-
Learning and leisure	598	3,198	(3,796)	-	-
Legacy	25,250	-	-	-	25,250
Operational Management	-	93	(93)	-	-
Technology	2,159	8,202	(10,361)	-	-
	<u>32,043</u>	<u>582,396</u>	<u>(587,905)</u>	<u>-</u>	<u>26,534</u>
TOTAL FUNDS	<u>2,055,400</u>	<u>2,631,311</u>	<u>(2,579,361)</u>	<u>-</u>	<u>2,107,350</u>

Unrestricted funds:

General funds are the "free" reserves after allowing for all designated funds.

Designated funds are amounts that have been put aside at the discretion of the Council of Management for specific purposes, as follows:

Repairs and building - funds set aside for the maintenance of and future liabilities arising from the properties owned and managed by the charity.

Charles Hatch Bequest - funds from which, at the discretion of the Council of Management, small grants may be made to people with disabilities who are in urgent need.

Transport - funds set aside to replace the charity's vehicles at the end of their useful lives.

Tangible fixed assets - funds set aside to replace the charity's assets at the end of their useful lives.

Pension - funds set aside to cover potential employer debt on withdrawal from pension scheme.

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 1 APRIL 2021

20. MOVEMENT IN FUNDS - continued

Restricted funds:

The restricted funds of the charity are all income funds. The funds are subject to conditions imposed by the donors and are for the following reasons:

Advice – Funds restricted for direct costs of providing advice and information service

Afterschool club – funds restricted for the direct costs involved with providing after school activities for children and young people.

Berrywood – Funds restricted for the direct costs involved in the residential care home

Bumble club – Funds restricted for the direct costs involved with providing weekly activities for young children in the LeMarie Centre

Café – Funds restricted for the setup of the café in the Watford central library.

Hertfordshire Mencaps - partnership grant held for Hertfordshire Mencaps.

Individual Service Funds - funds restricted for the provision of individual personalised services.

Hillside – roof repairs.

Learning and leisure - funds restricted for the provision of learning and leisure activities.

Legacy - legacy to be utilised for specific projects.

Shop – Funds restricted for the direct costs involved with the Bushey charity shop

Technology - funds restricted for the delivery of a technology club for children and young people.

Transfers:

A transfer of £619,247 (2020: £7,544) has been made from unrestricted funds to the designated tangible fixed assets (2019: from designated tangible fixed assets to unrestricted funds) to cover the cost of replacing the charity's assets at the end of their useful lives.

21. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 1 April 2021 nor for the year ended 31 March 2020.

22. ULTIMATE CONTROLLING PARTY

In the opinion of the trustees the charity does not have an ultimate controlling party. There has been no change between the reporting date and date of approval of the financial statements.

23. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised. There are no adjusting events after the reporting period which will have a material effect on the financial statements of the charity.

24. PENSIONS

The Pensions Trust - Growth Plan Scheme

Background

The charity participates in the above Scheme. The Scheme is funded and is not-contracted out of the State scheme.

Contributions paid by the charity into the Scheme up to and including September 2001 were converted to defined amounts of pension payable from the National Retirement Date. This scheme is known as Growth Plan Series 3 ("GP3"). From October 2001 contributions from the charity were invested in personal funds which are converted to a pension on retirement, either within the Scheme or by the purchase of an annuity. This scheme is known as Growth Plan Series 4 ("GP4").

GP3 closed to further contributions from 30 September 2013, and during that year the charity consulted with employees and decided to offer GP4 from 1 October 2013 rather than exit the Scheme altogether and closed GP3 to new entrants. GP4 is deemed to be a "qualifying scheme" for the purposes of Auto Enrolment, and is in use by the charity as an Auto-Enrolment vehicle since its staging date of 1 May 2014. As at the balance sheet date there were 70 (2020: 61) active members of the Scheme employed by the charity.

The Pensions Act 2011 changed the definition of Money Purchase schemes, following which GP3 was classified as a defined benefit scheme. As a result, any liabilities within this Scheme must be included in the calculation of any debt on withdrawal.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers because the Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Scheme's total assets.

Employer's debt on withdrawal

An employer debt will arise if the Scheme is wound up; a participating employer becomes insolvent; ceases to participate in the Scheme, or ceases to exist.

A debt liability will not crystallise as long as the charity continues to employ an active member of the Scheme. Note that failure to submit the Additional Contributions (see below) may result in the Trustee terminating the employer's participation in the Scheme, resulting in a cessation event. Should the charity withdraw from the Scheme, the actual debt figure would have to be calculated by the Scheme actuary at the date of withdrawal.

24. PENSIONS - continued

Valuation

The Scheme Trustee commissions an actuarial valuation of the Scheme every three years. The most recent valuation was at 30 September 2017 (previous valuation was at 30 September 2014). The purpose of the actuarial valuation is to determine the funding position of the Scheme by comparing the assets with past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The valuation at 30 September 2017 was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £795 million (30 September 2014: £793 million) and the Scheme's Technical Provisions (i.e. past service liabilities) were £927 million (30 September 2014: £970 million). The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £132 million (30 September 2014: £177 million), equivalent to a funding level of 85.8% (30 September 2014: 81.8%).

Buy Out Basis of valuation

The buy out (or, solvency) basis is the statutorily prescribed basis for calculating an employer's debt on withdrawal. It is also known as a "Section 75 debt" from that part of the Pensions Act 2004.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the scheme. If the liabilities exceed the assets there is a buy-out debt.

Insurance companies tend to price annuities based on conservative assumptions for future investment returns and build in a risk allowance or safety margin to allow for the fact that the benefits are guaranteed. An element of profit is also included in the calculation. As a result, buy-out liabilities of the Scheme are significantly higher than the ongoing liabilities.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Pension deficit funding arrangement

The charity participates in the Scheme, a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The Scheme is a defined benefit scheme in the UK. It is not possible for the charity to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme. Therefore it accounts for the Scheme as a defined contribution scheme.

WATFORD AND DISTRICT MENCAP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 1 APRIL 2021

24. PENSIONS - continued

Pension deficit funding arrangement - continued

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the charity is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the Scheme deficit following withdrawal (see above for conditions) from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

A full actuarial valuation for the Scheme was carried out at 30 September 2017. This valuation showed assets of £795m, liabilities of £927m and a deficit of £132m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the Scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025: £11,243,000 per annum
(payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the Scheme's previous valuation carried out with an effective date of 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee had asked the participating employers to pay additional contributions to the Scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025: £12,945,440 per annum
(payable monthly and increasing by 3% each on 1st April)

From 1 April 2016 to 30 September 2028: £54,560 per annum
(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the Scheme is in deficit and where the charity has agreed to a deficit funding arrangement the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 1 APRIL 2021

24. PENSIONS - continued

Assumptions

	1 April 2021 % per annum	31 March 2020 % per annum	31 March 2019 % per annum
Rate of discount	0.66	2.53	1.39

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the charity and the Scheme at each year end period:

Deficit contribution schedule	1 April 2021 £000s	31 March 2020 £000s	31 March 2019 £000s
Year 1	29	28	27
Year 2	30	29	28
Year 3	31	30	29
Year 4	27	31	30
Year 5	-	27	31
Year 6	-	-	27
Year 7	-	-	-
Year 8	-	-	-

It is these contributions that have been used to derive the charity's balance sheet liability of £115,109 (2020: £136,388).

25. COMPANY LIMITED BY GUARANTEE

The charitable company is limited by guarantee and has no share capital. Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up, for payments of the debts and liabilities of the company, such amount as may be required, not exceeding £1.

WATFORD AND DISTRICT MENCAP SOCIETY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 1 APRIL 2021

26. FINANCIAL INSTRUMENTS

The charity has the following financial instruments:

	Notes	01.4.21 £	31.3.20 £
Financial assets measured at amortised cost			
- Cash and cash equivalents		1,592,557	1,348,317
- Trade debtors	14	61,256	179,085
- Other debtors	14	-	395
		<u>1,653,813</u>	<u>1,527,797</u>
Financial liabilities measured at amortised cost			
- Trade creditors	15	88,962	58,445
- Other creditors	15	63,234	35,357
- Individual service funds	15	141,553	102,613
- Accruals	15	520,060	85,946
		<u>813,809</u>	<u>282,361</u>

27. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	01.4.21 £	31.3.20 £
Net income for the reporting period (as per the statement of financial activities)	175,713	10,550
Adjustments for:		
Depreciation charges	7,366	7,544
Interest received	(7,081)	(4,907)
Sleep-in payments provision	-	41,400
Decrease/(increase) in debtors	132,926	(54,836)
Increase/(decrease) in creditors/provisions	554,848	(106,464)
Net cash provided by (used in) operating activities	<u>863,772</u>	<u>(106,713)</u>

28. ANALYSIS OF CHANGES IN NET CASH

Current year	At 1.4.20 £	Cash flows £	At 01.4.21 £
Cash at bank and in hand	1,348,317	244,240	1,592,557
Loans falling due after more than one year	-	(1,040,237)	(1,040,237)
	<u>1,348,317</u>	<u>(795,997)</u>	<u>552,320</u>