

Company Number: 02814177
Charity Number: 1038862



**Report and Financial Statements
for the year ended 31 March 2021**

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For the year ended 31 March 2021

Company number	02814177	Country of incorporation	United Kingdom
Charity number	1038862	Country of registration	England & Wales

Registered office and operational address 5 Church Green
Atherstone on Stour
Stratford upon Avon
Warwickshire
CV37 8NE

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Robert Pearce	Chair
Glen von Malachowski	Chair (Resigned 13 October 2020)
Margaret Harrison	Hon Treasurer
Jane Reed	
Sally Fyffe	
Julie Baker	Resigned 13 October 2020
Richard Lane	
Francis Sprules	
Kathryn Stevens	Appointed 13 October 2020

Key management personnel

Helena Wallis	Chief Executive
Edd Terrey	Director of Operations
Rebecca Davies	Management Accountant
Julia Lucas	Finance Business Partner

Bankers Santander
21 Wood Street, Stratford-upon-Avon
Warks CV37 6JU

Solicitors Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham B3 2ES

Fund Managers Rathbone Investment Management
20 Colmore Circus Queensway
Birmingham, B4 6AT

CCLA Investment Management
85 Queen Victoria Street
London, EC4V 4ET

For the year ended 31 March 2021

**Investment
advisors**

First Actuarial LLP
Mayesbrook House
Redvers Close
Leeds, LS16 6QY

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
LONDON, EC1Y 0TL

For the year ended 31 March 2021

CHAIR'S REPORT

Living a fulfilling and meaningful life is something we all aspire to. For the 14 million disabled people across the UK, and their families and carers, the ability to achieve this, is fraught with challenges. Many people with disabilities face significant barriers including accessibility, inclusion and involvement, health inequalities and public perception of what a learning disability is.

After joining Heart of England Mencap as a trustee in 2016, I am delighted and proud to have been given the opportunity to be appointed as Chair during this year. The support from my fellow trustees and our outgoing Chair, Glen von Malachowski is greatly appreciated. I would like to take this opportunity to thank Glen for an incredible 11 years of service. His determination and commitment to enabling people with a learning disability to live their best life has been significant in shaping the charity and its activities and I am proud to receive the baton from him and to continue this work.

Whilst there have been many highlights and achievements for which we are immensely proud, 2020 was also a challenging year for the Charity and for all other social care providers. Across all our operations, led by our CEO and our committed teams, we were determined to continue to deliver the vital care services that were needed during this critical time, continually adapting and responding to the impact of the Covid-19 pandemic. A number of our services were required to be suspended during the periods of lockdown, although during the initial period of lockdown we were funded by the local authority, based on our planned services. However, as the restrictions continued, this funding ceased and we were required to find alternative ways of supporting people and re-allocate some of our care workforce to other roles. The impact of Covid-19 on our operations, performance and the lives of the people we support will continue for some time and we will need to prepare to adapt, respond and rebuild in preparation for the future challenges.

Against this backdrop of managing services during a pandemic we know that social care continues to face uncertainty. The commitment to integrate health and social care systems seems further away with the much-awaited Government Green Paper for Social Care, promised since 2017, continually delayed. It is hard to feel confident that the Government is committed to finding solutions to the issues faced in the care sector and the charity continues to face greater challenges than it does today.

It is within this environment of unease that we remain determined to continue to grow and develop, so that our vital services can be offered to many more who need them. We remain committed and prepared to face this galvanising challenge as a Board and Executive in the months and years to come. Our aim is to ensure that our care services can reach more people and are tailored to what people with a learning disability need in the future. This means pushing the boundaries of what

For the year ended 31 March 2021

personalised care and support means, extending the provision of housing for those that struggle to access this, finding creative solutions that continue to enable people to live their best and most fulfilling lives within the communities they live in.

Heartfelt thanks go to our Chief Executive, Helena for her outstanding performance and dedication to leading the organisation through this exceptional period. Her resolve to ensuring that the people we support continued to remain at the heart of all our decision making has been outstanding. Whilst effectively providing the leadership for our operational teams, navigating through unknown and constantly changing territory. It has been this guidance and tenacity that has enabled the charity to continue to deliver the vital care services for the learning disability community we support.

Finally, I would like to extend my thanks to all Trustees who served on the Board and on our Committees this year for giving so generously of their time and expertise. And of course, I offer my heartfelt thanks to all of the wonderful people we support and the fabulous dedicated teams that provide our care services, amazing volunteers, and generous supporters, without whom this Charity and the services we provide simply wouldn't exist.



Robert Pearce

Chair

For the year ended 31 March 2021

Chief Executive's Review

The events of this financial year have made me even more proud to be leading Heart of England Mencap, as we came together in the face of adversity and experienced something the charity had never faced in its history. Leading an organisation that delivers vital care and support to our local communities and is part of a bigger national movement that sees the adult social care sector in the UK contributing £46.2 billion to the economy, with more than 1.6 million employees and representing 6% of total employment is something we are all passionate about. The importance of empowering people with a learning disability to lead a fulfilling life has been reinforced throughout this year, as we have all had to face and respond to the significant challenges presented by the coronavirus pandemic.

Despite the issues that Covid presented, we have not faltered in our ambition to deliver high quality services that we are all proud of. The commitment from our operational and functional managers and care teams has been outstanding as we have all worked together to ensure our customers remained safe, to manage the risks and actions to limit infection rates across our services, and to strive to continue to deliver exceptional care and support throughout the pandemic. This is something I am immensely proud of.

Our teams have demonstrated resounding agility as they responded, adjusted and adapted to the constantly changing situation and government guidance we faced on a daily and weekly basis. We saw teams and individuals demonstrating impressive levels of innovation, re-imagining and re-designing the way we provided support, and finding creative ways to keep people connected with each other, as much of the year was spent in lockdown.

We have continued our journey of improvements, despite the challenges we've faced, particularly in our Supported Living service, where in 2019 we received a rating of 'Requires Improvement' at an inspection by the regulator, the Care Quality Commission (CQC). Throughout the year we took decisive steps to improve the care processes and systems and appointed a new Registered Manager to lead this service. We had a clear focus, which was to deliver services that we were confident would be assessed as 'Good' by the end of January 2021. We successfully achieved this and have worked significantly with our commissioners and CQC to demonstrate and evidence the improvements we have made. This improved engagement has resulted in increased feedback about the confidence they have in us, to deliver our commitments. We are now starting to see elements of 'Outstanding' practice across all our care services.

Another significant appointment was made to our operational leadership team during 2020 when we welcomed a new Director of Operations, Edd Terrey. Edd joined in September 2020, just at the point of yet another national lockdown. Despite the fact that Edd was unable to visit services in the 'normal' way, he has

For the year ended 31 March 2021

been instrumental in galvanising the operational leadership team and providing the guidance, direction and mentoring that was needed. We now have a team that is empowered to be the best as we strive for excellence in our care and support services.

I would like to take this opportunity to thank the outgoing Chair, Glen von Malachowski, the new Chair, Robert Pearce and the trustees, for their resolute support throughout the pandemic. This has been critical and the time and dedication they have given to support me and my Executive team has been significant and greatly appreciated.

We know that the key to delivering great care, is the people that deliver services directly and ensuring our workforce feels valued is at the heart of how we manage people. The pandemic has had such an impact on the lives of everyone, at home, with friends and relatives and at work. We have reviewed the way we supported our workforce this year, including implementing more flexible approaches to holiday pay, provision of additional sickness payments to support people who were off sick due to Covid and providing increased support to those who were away from work due to being defined as Clinically Extremely Vulnerable. This was a key moment in our history where we needed to demonstrate compassion and consideration for our workforce. I feel this approach was an important investment in our people and we know that without our dedicated workforce and their continual commitment to working throughout the pandemic, we could not have delivered services during such a difficult time. I am proud of the people that work for Heart of England Mencap and the commitment they have made to the communities we support.



Helena Wallis

Chief Executive

For the year ended 31 March 2021

The trustees present their report and the audited financial statements for the year ended 31 March 2021.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, the requirements of a directors' report as required under company law, and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

The purpose of the charity is to empower people with a learning disability to live fulfilling lives.



We deliver a wide range of support, enabling individuals to live independently within their own home or with support that is tailored to meet their needs.

We find the appropriate ways to support people to live the life *they* choose focusing on what an individual *can do* rather than their disability.

Our range of services includes supporting people to live independently within their own home or one of our homes or enabling them to access meaningful support through day activities. We encourage our customers to further enrich their lives through education, life skills, leisure and a range of social activities.

For the year ended 31 March 2021

We offer valuable respite and short break services, enabling individuals to have some time away from home - perhaps just as a respite visit, a short holiday, or as a first step in learning how to live a more independent life.

Our approach is to provide the right support in the right setting - ensuring customer safety and security, as well as encouraging customers to develop independent living skills and lead an active social life, with the reassurance of highly sensitive and person-centred support always being available when it's needed, under a variety of commissioning frameworks, offering purposeful activity to support customers' identified outcomes.

Public benefit

Local Government has certain responsibilities towards people with a learning disability and other vulnerable groups under the Care Act 2014 and other legislation and in some cases chooses to commission these services to specialist providers under contractual frameworks, which we are awarded. The trustees operate the charity within this external marketplace and provide a specialist third party source of care and support for those individuals, their families, dependents and carers, who are affected by a learning disability and/or autism. The public interest is served best when sufficient numbers of providers are willing to offer services to a good standard - this improves the quality of the care provided and helps to manage costs for the public purse.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

The trustees considered the issue of public benefit when looking strategically at the range of support services offered and continue to be committed to the charity being a specialist learning disability provider as they believe that this is the best way for it to fulfil its core objective.

For the year ended 31 March 2021

Activities and services

The charity operates various services, 24 hours per day, 365 days per year for the benefit of individuals with a learning disability. Its services are practical, outcomes-focused and designed to be purposeful and to provide support, encouraging independence and autonomy. The charity helps people to live their lives as adults, living in their own accommodation where that suits the individual and their family; underpinning the care provided by carers in the family home with skilled respite provision. During the day, there is a range of community-based daytime options to suit a wide range of abilities and needs.



Our Values

Underpinning all our ways of working is our commitment to demonstrating our values through everything we do. We take our responsibilities as an employer very seriously and we are proud to be recognised as an Investor in People. Through training and regular team meetings, every effort is made to enhance the value of the role employees carry out in the eyes of customers, colleagues, commissioners and the wider public.

For the year ended 31 March 2021

A lot of work has been done, and continues to be done, to embed our values across all services and at all levels of the organisation.



Honest



Effective



Aspirational



Respectful



Trustworthy

Achievements and performance

The charity's main activities and the people it aims to help are described above. All its charitable activities focus on the provision of care and support to people with a learning disability and are undertaken to further Heart of England Mencap's charitable purposes for the public benefit.

The Covid pandemic has required all our teams to work effectively to manage through the crisis, and the trustees responded immediately to organise themselves to provide a robust approach to governance and leadership during these exceptional times. An emergency sub-committee was formed involving the Chair, the Chair of Finance Committee and the Chair of the Assurance and Quality Committee, joining with members of the Executive Team to review service delivery and issues of concern, changes in government guidance and the implications for the people that used our services. This team met daily in the first instance and latterly three times per week and provided critical support and constructive challenge to the Executive Team throughout the initial phases of the crisis. Members of the Board of Trustees who were not directly involved received weekly updates from the Chair.

As a result of the Covid restrictions our community day services and respite services had to cease operating, however we saw new initiatives being implemented by our teams, to ensure people remained connected, active and involved as much as possible, this included:

- the delivery of day activities through virtual sessions
- establishing a virtual Friendship Circle - encouraging people to send letters and stay connected
- providing activity packs to customers that were unable to attend services
- building in dedicated 'one-to-one' calls with individual customers and carers
- delivering services 'at home'

Throughout the pandemic we recognised the pressure many families and carers faced, as the risk of isolation increased. We set up communication systems that enabled us to 'check in' with families and offer continued support, advice and 'wellbeing' checks with family members to ensure people didn't reach crisis point.

Despite these challenges we continued to deliver on our commitments and our objectives which included:

For the year ended 31 March 2021

- ensuring we had the right structures, skills and resources to deliver the best care, including the appointment of a Director of Operations to help drive our continuous improvement agenda
- continued investment in our people and skills, undertaking an organisational wide Training Needs Analysis to help shape and drive our people and skills plans
- extending the breadth and knowledge of the existing workforce, offering opportunities for additional responsibilities through the appointment of Champion roles across a range of disciplines
- continued investments in the properties we own, by reviewing all the facilities and defining a programme of improvement, supporting our focus on demonstrating the best infection prevention and control measures
- undertaking a full digital transformation review and analysis of our existing systems and processes, identifying a clear action plan for improvements and ongoing investment, with the key objective of improving the quality of care we provide
- improving our employee engagement actions and activities, including investment in qualified Mental Health First Aiders, recognition and reward initiatives and increased employee communication
- continued review of all our Risk Registers to ensure they reflect the ongoing challenges and opportunities we face
- a skills and competencies review of our trustee board to support the focus of ongoing trustee recruitment and development, whilst supporting our commitment to diversity and inclusion

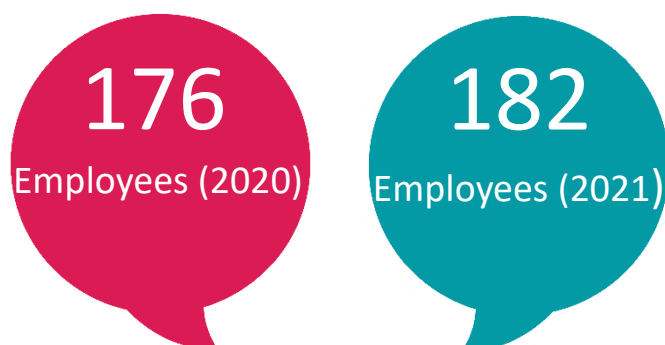
We would also like to take the opportunity to thank a number of local and national partners for their contribution to the development of our strategic partnerships and alliances and for their significant contribution to the work of Heart of England Mencap, including:

- Mencap, Association for Real Change, National Council of Voluntary Organisations, Stratford Town Trust, Talk Business UK, Warwick University, The Ann Craft Trust, Entec-Si, Jester Consulting, Risk Evolves.

Despite the impact of the pandemic, we have continued to ensure our services are sustainable and our financial performance in 2020-21 was very positive and this will be reviewed in more depth below.

We faced continued uncertainty around the treatment and payment of sleep-in shifts which has presented potential issues for the charity for some time, along with all employers in social care that deliver overnight 'sleep-in' services. We finally received clarity when the Supreme Court confirmed on 19 March 2021 that it is only time spent awake and working during a sleep-in that counts as working time for National Minimum Wage (NMW) purposes. This confirmed the organisation's view that it had paid its employees correctly and within the requirements of the National Minimum Wage Regulations.

For the year ended 31 March 2021



As an organisation, the charity takes its responsibilities as an employer very seriously and it is proud to be recognised as an Investor in People. Through training and regular team meetings, every effort is made to enhance the value of the role its employees carry out in the eyes of customers, colleagues, commissioners and the wider public. A lot of work has been done and continues to be done to embed the values across all services and all levels of the organisation.

Beneficiaries of our services

As outlined above, Heart of England Mencap provides care and support in a variety of ways to people living with a learning disability, their families and carers. Throughout 2020 and the Covid-19 situation our teams had to adapt to new ways of working ensuring our customers still received person-centred care and meaningful support. At the heart of everything we do is the people we support and the teams that have continued to deliver with commitment and dedication!

For the year ended 31 March 2021



THANKING OUR
#CARE HEROES

THANK YOU TO OUR WONDERFUL TEAM AT ROSEDALE, WHO HAVE RECEIVED SOME AMAZING FEEDBACK FROM A PARTNER ORGANISATION!

"WE COMMEND YOU... ALL OF THE CUSTOMERS SAID HOW HAPPY THEY WERE... WE HAVE BEEN VERY IMPRESSED WITH THE SERVICE THAT YOU DELIVER, THE KNOWLEDGE OF THE CUSTOMERS' NEEDS, AND THEIR SUPPORT IS EXCEPTIONAL."

mencap Heart of England



MY MOMENT
TEAM BULLYARD

WE'VE RECEIVED SPECIAL THANKS FOR SUE, CHRIS & GINA AT BULLYARD IN SOUTHAM - FROM THE FAMILY OF MARTIN, WHO THEY SUPPORT. THIS #MYMOMENT IS FOR YOU!

"THEY HAVE DONE A WONDERFUL JOB OF LOOKING AFTER MARTIN AND HIS FRIENDS DURING THESE LAST FEW MONTHS. KNOWING THAT MARTIN WAS SAFE AND BEING LOOKED AFTER SO WELL MADE OUR LIFE IN ISOLATION SO MUCH EASIER. IT SEEMS SO LITTLE TO SAY 'THANK YOU' TO THEM ALL, BUT IT IS DEEPLY MEANT."

#MYMOMENT

mencap Heart of England

MY MOMENT
BRENDA

THE CHALLENGES WE HAVE FACED WITH COVID-19 HAS MEANT THAT WE HAVE HAD TO ADAPT AND BE FLEXIBLE IN ALL AREAS, INCLUDING TRAINING.

ONE OF OUR TEAM MEMBERS HAS STEPPED UP TO THE CHALLENGE & SUCCESSFULLY RENEWED HER TRAINING AND SKILLS ASSESSMENT!

IT'S ESPECIALLY IMPRESSIVE GIVEN THAT BRENDA - WHO HAS BEEN WITH US SINCE 1988 - HAS NEVER COMPLETED E-LEARNING BEFORE AND HAS A GREAT FEAR OF TECHNOLOGY!.

#MYMOMENT

mencap Heart of England

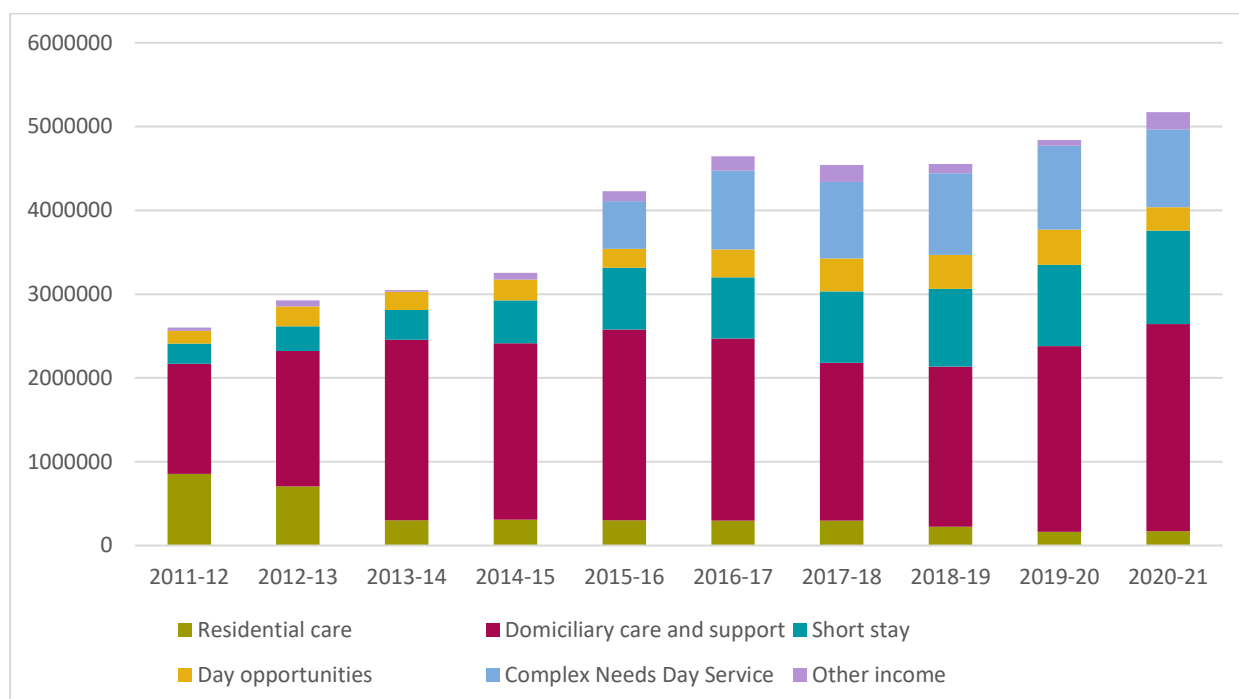
For the year ended 31 March 2021

Financial review

The surplus of income over expenditure for the year, before revaluation gains and losses, is £568,031 compared with £371,828 for the year ended 31 March 2020.

Operational income increased by 7.4% (2020: 6.3%). Various opportunities were identified to increase the number of people we could accommodate safely and new customers were found to make use of the additional space. Improved occupancy was also achieved in the respite settings. Central function costs were minimised wherever possible. The unrestricted surplus (before gains/losses on investments) was £582,211 (2020: £381,390).

The graph below summarises the way the income mix has shifted over the past few years.



During the year the charity received a CBILS loan for £250,000 to ensure sufficient cash flow through the period of the pandemic. As the situation was unknown this was felt to be sensible to offer security of accessible cash is required. The charity received £173,949 of various infection control grants from the Local Authority and £34,924 from the Coronavirus Job Retention Scheme.

The charity holds investments in two COIF Charity Funds, with CCLA Investment Management, known as the Edith Rose Trust. The funds were left to the charity with the restriction that the income should be used for the welfare and amenity of customers. The trustees' policy is to invest the funds with a recognised charity fund manager and to seek a balance between risk management, capital maintenance and steady income. The funds achieved an income of 3.07% for the year (2020: 3.34%) which was used in full across the services.

For the year ended 31 March 2021

The assets comprising the Beatrice Carney Will Trust were finally transferred to the charity in November 2019 and continued to be held by the existing fund managers, Rathbone Investment Management, and advice was sought as to the best way to manage them in future. The impact of Covid-19 on financial markets meant that it was decided to leave the funds where they were until the global situation became clearer. In January 2021 these funds were then transferred into the COIF Deposit Fund and COIF Ethical Investment Fund with CCLA Investment Management.

The trustees have an investment policy which requires them to identify investment vehicles which offer a sensible balance between cost, return and volatility risk. They have also identified investment opportunities which are not congruent with the organisation's values and therefore they will avoid vehicles with holdings in companies which:

- produce cluster munitions and/or landmines;
- produce tobacco products;
- derive significant turnover from online gambling or the production of pornography;
- have significant involvement (>10% of turnover) in alcohol, tobacco (rather than just producers of);
- engage in high interest rate lending (as defined by the Church of England Policy);
- have involvement in non-military weapons, or strategic military sales;
- test cosmetics on animals;
- have fallen behind the transition to a low carbon economy;
- do not meet the FTSE4 Good Index Screen for baby milk substitutes or MSCI's standard screen for single-use abortifacients;
- have a FTSE ESG Rating of less than 2, on any theme, and have failed a subsequent CCLA 'comply or explain' assessment;
- purchase sovereign debt from countries which are amongst the world's most oppressive

For the year ended 31 March 2021

Principal risks and uncertainties

Risk	Mitigation
Safeguarding – a customer suffers harm while in the care of the charity, leading to reputational and/or financial damage to the organisation	<ul style="list-style-type: none"> ● all staff receive training ● there are robust procedures for supporting customers appropriately ● all services are reviewed by an external organisation who advise on improvements and better ways of working ● regular review of Health and Safety ● whistleblowing policy in place
Financial – the organisation faces unmanageable financial demands that mean it is unable to continue as a going concern	<ul style="list-style-type: none"> ● the organisation reports its financial results regularly, investigates variances from plan and implements mitigating actions ● the organisation maintains close links with commissioners, third-sector peers and advisers and keeps in touch with announcements of changes that could affect the organisation financially or operationally ● financial changes are modelled into the forecasting tool to assess their longer term impact ● there is a robust governance process in place to ensure that trustees are informed promptly of any threats to the sustainability of the charity
Regulatory – the organisation fails to improve its rating at its next inspection meaning that it could have its registration removed	<ul style="list-style-type: none"> ● a comprehensive project plan has been implemented to ensure that all areas of weakness/non-compliance are eradicated through practical and demonstrable new processes
People and Resources - the local area has very low levels of unemployment and recruitment presents a significant challenge	<ul style="list-style-type: none"> ● various initiatives are in place, including Communications Cafes, Refer a Friend and Make it Meaningful to improve engagement, enhance the value of Heart of England Mencap as an employer and demonstrate that people's efforts are noted and appreciated ● regular recruitment campaigns are run

For the year ended 31 March 2021

Reserves policy and going concern

The Society holds a General Reserve to provide for day-to-day working capital and for contingencies, including protection against a decline in income, which cannot be quickly matched by a reduction in expenditure.

The trustees consider that a General Reserve equivalent to three months' expenditure (13 weeks') is appropriate. The policy is reviewed by the Finance Committee following consideration of the Society's financial results and other relevant factors and a recommendation is then put to the Board of Trustees for approval.

At 31 March 2021, the General Reserve was £1,820,388 (2020: £1,236,603), which represents around 21 weeks' expenditure (2020: 14 weeks'). The trustees have a target of 13 week's expenditure as an appropriate level of reserves and are conscious that the current holding exceeds that target. However, they believe that it is not unreasonable to hold a higher level of reserves while the route out of the pandemic is still unclear. In addition, they are actively working with the Executive Team to identify how best to invest any surplus reserves in future services.

The impact of Covid-19 on the budget for 2021/22 is currently unclear and how long the situation will continue. The financial impact on the ability of Local Authorities to fund their responsibilities under the Care Act is unknown at the moment with discussions ongoing. It is very likely that funding will continue but services may have to be structured in a different way.

At 31 March 2021, the restricted net current assets were £55,862 (2020: £50,229). These funds are restricted and not available for general purposes.

The trustees have reviewed progress against budget, their cash flow forecasts and borrowing plans. They have adjusted their budget to reflect their reasonable expectations about what might be the effect of the pandemic on trading levels, what services can realistically continue to be delivered and their assessment of the ability of the Local Authorities and health funders to continue funding services at the pre-pandemic levels. They recognise that there will have to be changes in the way that some services are delivered in the medium term and that this will have an effect on the contributions which can be achieved from the various services. Although there will almost certainly be services which cannot continue, they believe that there are opportunities to reshape services and for the teams to introduce creative new solutions to satisfy the needs of customers and they have therefore concluded that it is reasonable to consider that the charity continues to be a going concern.

For the year ended 31 March 2021

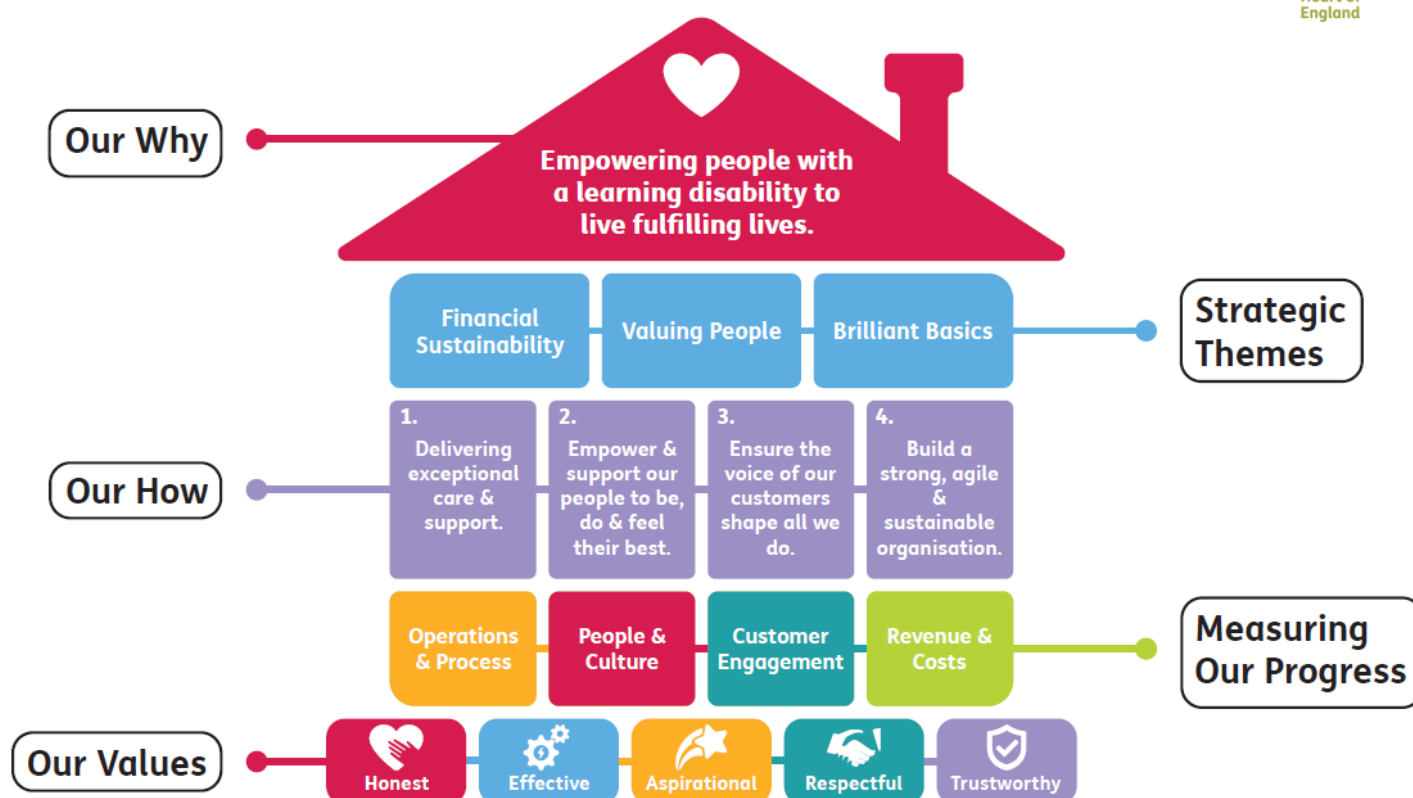
Plans for the future

The priorities for 2021/22 are:

- digital transformation including new platforms to improve service delivery and ways of working
- continuing to roll out a clear understanding of the charity's values across the organisation
- minimising the damage inflicted from the Covid-19 pandemic
- achieving a rating of Good with some elements of Outstanding in the next inspection of the supported living service
- driving further efficiencies across the organisation and delivering a sustainable surplus in all income streams
- continuing with the development of a 5-year strategy to give us a long term strategic growth plan

In addition, the charity will work to develop stronger relationships with Commissioners and other third sector providers to explore whether opportunities exist to expand its services more widely, extend opportunities for collaboration and develop new approaches to care.

Strategy House



For the year ended 31 March 2021

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated in England on 30 April 1993 and registered as a charity on 27 June 1994. Day to day responsibility for its operational management is delegated to the Chief Executive Officer and through her to the Executive Team, who report on progress towards agreed objectives regularly to the Board of Trustees and its sub-committees.

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.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 9 to the accounts.

Appointment of trustees

Trustee vacancies are advertised as widely as possible, making use of free opportunities to publicise the fact that new talent is being sought and specifying any particular skills or qualifications required. In the first instance, respondents meet with the Chief Executive Officer who assesses their application for suitability and subsequently, candidates are invited to meet the Chair and to a more formal panel interview with other trustees. Successful candidates are co-opted prior to formal ratification at the AGM.

New trustee induction and training

New trustees are provided with a copy of the memorandum and articles of association and are encouraged to spend time with the Executive Team and out in the services to get a good understanding of the work done by the charity and the internal processes and controls in place. Strategy days are held from time to time to explore the trustees' views and intentions for the future of the charity and where appropriate, key advisers are invited to meet the trustees to discuss major areas of risk management. For example, a meeting is being scheduled where the external reviewer will report back to trustees on the current effectiveness of the services and any proposed action points.

Trustees are also encouraged to attend training sessions provided by industry experts, including those covering the responsibilities of directors and trustees.

Related parties and relationships with other organisations

Heart of England Mencap is affiliated to the Royal Mencap Society. There are no related parties or relationships with other organisations requiring disclosure.

For the year ended 31 March 2021

Remuneration policy for key management personnel

The charity seeks to remunerate key management personnel fairly and in line with salaries paid by other similarly sized organisations in the area. The objective is to enable the charity to be able to recruit, retain and motivate its key staff in an area of very low unemployment, while having regard for the rates payable to support staff and the fact that the organisation is a charity.

Policy for employment of disabled persons

The charity's policy is to hold all roles open to all applicants equally, having due regard to the health and safety of staff and customers. As a disability charity, it welcomes applications for available roles from disabled persons and actively looks for ways to accommodate disabilities. These have included: rejecting a possible alternative office location due to it being inaccessible; building ramps to facilitate movement between spaces on different levels; tailoring a role to suit the individual disability, including offering reduced hours. Were an employee to become disabled during the course of their employment, the same considerations would apply.

Employee information

Managers and Team Leaders meet regularly to be informed of any developments, to share best practice and to maintain strong relationships. Flowing out from these meetings, the Managers and Team Leaders hold meetings with their local teams to pass the information forward and gather feedback.

Most employees have a mobile phone as a key tool to manage their movements and record their time and attendance. The charity has a Yammer account to which people are signed up and notices and snippets of information are disseminated through this route. Staff often share information between themselves and with Central Services via this route.

We have successfully implemented an electronic payslip process, providing information to them as soon as payroll is processed, enabling employees to access pay data on an ongoing basis, including records of P60s. This process has improved the speed of providing important information and has improved reliability of delivery.

Funds held as custodian trustee on behalf of others

The charity is running a pilot with Warwickshire County Council to test the new Individual Service Funds approach to service delivery. These funds are held in a separate bank account and clearly identified.

For the year ended 31 March 2021

Fundraising Practices

The charity is registered with the Fundraising Regulator and the Institute of Fundraising and abides by its Code of Conduct. There have been no instances of non-compliance with the code.

The organisation no longer has a fundraising and grants department so applications for grant funding are made on a case by case basis when a need is identified which could be supported by external funding. For example, the refurbishment of the new Pathway hub at Elta House in Stratford-upon-Avon was part-funded by a grant from the Stratford Town Trust. The organisation also holds unrestricted money which has been raised by individuals who support the charity.

Events and activities such as coffee mornings have also been arranged by the Friends of Heart of England Mencap and by staff teams in the services to raise smaller amounts of money in the community. These events have been risk assessed centrally and everyone involved has been briefed on the behaviours expected and how to manage and safeguard any cash raised.

Employees are encouraged to sign up for the Amazon Smile scheme which makes a donation for every Amazon purchase to the chosen charity of subscribers.

We don't undertake any direct fundraising with the general public and no complaints have been received about the fundraising undertaken by Heart of England Mencap.

Statement of responsibilities of the trustees

The trustees (who are also directors of Heart of England Mencap for the purposes of company law) are responsible for preparing the trustees' annual report 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 which 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 Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

For the year ended 31 March 2021

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 auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 March 2021 was 58 (2020: 58). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor in an open tender process during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on 3 August 2021 and signed on their behalf by

Helena Wallis
Company Secretary

For the year ended 31 March 2021

Opinion

We have audited the financial statements of Heart of England Mencap (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 March 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
- 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 Heart of England Mencap'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.

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

For the year ended 31 March 2021

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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 trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, 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 directors 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 trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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

For the year ended 31 March 2021

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 extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.

For the year ended 31 March 2021

- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Fleur Holden (Senior statutory auditor)

19 November 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Heart of England Mencap

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 March 2021

	Note	Unrestricted £	Restricted £	2021 Total £	Unrestricted £	Restricted £	2020 Total £
Income from:							
Donations	2	119,280	–	119,280	3,502	2,312	5,814
Charitable activities							
Residential care	3	169,985	–	169,985	164,211	–	164,211
Short stay	3	1,118,707	–	1,118,707	970,939	–	970,939
Domiciliary care and support	3	2,471,336	–	2,471,336	2,216,206	–	2,216,206
Daytime activities	3	277,559	–	277,559	418,952	–	418,952
Complex needs service	3	928,609	–	928,609	1,000,579	–	1,000,579
Other trading activities	4	27,891	10,230	38,121	23,185	32,835	56,020
Other income	5	34,924	173,949	208,873	–	2,440	2,440
Investments	6	5,422	–	5,422	6,430	–	6,430
Total income		5,153,713	184,179	5,337,892	4,804,003	37,587	4,841,591
Expenditure on:							
Raising funds	7	1,087	3,450	4,537	5,770	28,642	34,412
Charitable activities							
Employment support	7	–	–	–	–	1,032	1,032
Residential care	7	148,441	12,055	160,496	141,898	–	141,898
Short stay	7	959,538	63,296	1,022,834	938,609	1,950	940,559
Domiciliary care and support	7	2,329,723	102,012	2,431,735	2,030,286	117	2,030,403
Daytime activities	7	322,075	6,864	328,938	384,962	4,726	389,688
Complex needs service	7	810,638	10,683	821,321	921,088	10,683	931,771
Total expenditure		4,571,502	198,359	4,769,861	4,422,613	47,150	4,469,763
Net income / (expenditure) before net gains / (losses) on investments		582,211	(14,180)	568,031	381,390	(9,563)	371,828
Gains / (losses) on revaluation of investment assets	14	21,577	27,691	49,268	–	(4,037)	(4,037)
Net income / (expenditure) for the year	8	603,788	13,510	617,299	381,390	(13,601)	367,791
Transfers between funds		–	–	–	(2,124)	2,124	–
Net movement in funds		603,788	13,510	617,299	379,266	(11,477)	367,791
Reconciliation of funds:							
Total funds brought forward		2,216,349	270,123	2,486,472	1,837,083	281,600	2,118,683
Total funds carried forward		2,820,137	283,633	3,103,771	2,216,349	270,123	2,486,472

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

Heart of England Mencap

Balance sheet

Company no. 02814177

As at 31 March 2021

	Note	£	2021 £	£	2020 £
Fixed assets:					
Tangible assets	13		869,605		894,817
Investments	14		357,916		304,824
			<u>1,227,521</u>		<u>1,199,641</u>
Current assets:					
Debtors	15	726,010		574,826	
Cash at bank and in hand		1,758,655		1,056,196	
		<u>2,484,665</u>		<u>1,631,022</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	(427,860)		(344,190)	
			<u>2,056,805</u>		<u>1,286,831</u>
Net current assets					
Creditors: amounts falling due after one year	17		<u>(180,556)</u>		<u>-</u>
			<u>3,103,771</u>		<u>2,486,472</u>
Total net assets					
The funds of the charity:					
Restricted income funds	21		283,633		270,123
Unrestricted income funds:					
General funds		2,820,137		2,216,349	
Total unrestricted funds			<u>2,820,137</u>		<u>2,216,349</u>
			<u>3,103,771</u>		<u>2,486,472</u>
Total charity funds					

Approved by the trustees on 3 August 2021 and signed on their behalf by

Robert Pearce
Chair

Helena Wallis
Chief Executive Officer

Heart of England Mencap

Statement of cash flows

For the year ended 31 March 2021

	Note	2021 £	£	2020 £	£
Cash flows from operating activities	22				
Net cash provided by operating activities			722,777		522,022
Cash flows from investing activities:					
Dividends and interest from investments		5,422		6,430	
Purchase of fixed assets		(21,915)		(77,331)	
Cash in transit not yet invested		(3,825)		-	
Net cash provided used in investing activities			(20,318)		(70,901)
Cash flows from financing activities:					
Repayments of borrowing		(27,777)		-	
Cash inflows from new borrowing		250,000		-	
Net cash provided by financing activities			222,223		-
Change in cash and cash equivalents in the year			924,682		451,121
Cash and cash equivalents at the beginning of the year			1,056,196		605,075
Cash and cash equivalents at the end of the year			1,980,878		1,056,196
Analysis of cash and cash equivalents and of net debt					
		At 1 April 2020 £	Cash flows £	At 31 March 2021 £	
Cash at bank and in hand		1,056,196	702,459	1,758,655	
Total cash and cash equivalents		1,056,196	702,459	1,758,655	
Loans falling due within one year		-	41,667	41,667	
Loans falling due after more than one year		-	180,556	180,556	
Total debt		-	222,223	222,223	
Total		1,056,196	924,682	1,980,878	

1 Accounting policies

a) Statutory information

Heart of England Mencap is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address and principal place of business is 5 Church Green, Atherstone on Stour, Warwickshire, CV37 8NE.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

The accounts are prepared as full values however are presented to the nearest £1. This may cause small discrepancies in the financial statements.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

The trustees have reviewed progress against budget, their cash flow forecasts and borrowing plans. They have adjusted their budget to reflect their reasonable expectations about what might be the effect of the pandemic on trading levels, what services can realistically continue to be delivered and their assessment of the ability of the Local Authorities and health funders to continue funding services at the pre-pandemic levels. They recognise that there will have to be changes in the way that some services are delivered in the medium term and that this will have an effect on the contributions which can be achieved from the various services. Although there will almost certainly be services which cannot continue, they believe that there are opportunities to reshape services and for the teams to introduce creative new solutions to satisfy the needs of customers and they have therefore concluded that it is reasonable to consider that the charity continues to be a going concern.

1 Accounting policies (continued)

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

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.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

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 charity 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.

f) Interest receivable

Interest 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.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs incurred by the charity in the delivery of its activities and services for its beneficiaries and their associated support costs. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1 Accounting policies (continued)

i) Allocation of support and governance costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned based on staff cost, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

● Freehold buildings	2% straight line
● Long leasehold buildings	2% straight line
● Short leasehold buildings	5% straight line
● Improvements	5% straight line
● Contents and equipment	20% straight line
● Vehicles	25% straight line

l) Listed investments

Investments are a form of financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

m) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1 Accounting policies (continued)

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

p) Financial instruments

The charity only has both basic and non-basic financial assets and financial liabilities. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Non-basic financial instruments are measured at fair value with any gain or loss going to the statement of financial activities. Full details are given in the financial instruments note.

q) Coronavirus Business Interruption Loan Scheme

During the year the charity took out a loan under the Coronavirus Business Interruption Loan Scheme. This loan was to provide financial security in case the charity suffered a drop in revenue. Bank loans are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method.

r) Pensions

A new defined contribution scheme with the Pensions Trust was set up on 1 August 2014 to comply with automatic enrolment requirements. All members of staff not covered by other arrangements are enrolled as they become eligible.

The charity operates a defined contribution Group Stakeholder pension scheme with NFU Mutual as the designated provider. Pension costs are charged to the Income and Expenditure Account as they are incurred.

Employees who were TUPE'd across as part of the Complex Needs Services remained in a separate defined contribution scheme operated by LGPS.

2 Income from donations

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Donations	13,280	–	13,280	5,814
Accrued Legacy	106,000	–	106,000	–
	119,280	–	119,280	5,814

3 Income from charitable activities

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Income from Warwickshire County Council	169,985	–	169,985	164,211
Sub-total for Residential care	169,985	–	169,985	164,211
Income from Warwickshire County Council	548,883	–	548,883	533,466
Income from Continuing Health Care (CHC)	307,093	–	307,093	336,317
Other income from Short stay	262,731	–	262,731	101,156
Sub-total for Short stay	1,118,707	–	1,118,707	970,939
Income from Warwickshire County Council	2,313,663	–	2,313,663	2,065,425
Other income from Domiciliary care and support	157,673	–	157,673	150,781
Sub-total for Domiciliary care and support	2,471,336	–	2,471,336	2,216,206
Income from Warwickshire County Council	183,411	–	183,411	271,560
Income from Continuing Health Care (CHC)	–	–	–	5,689
Other income from Daytime activities	94,148	–	94,148	141,703
Sub-total for Daytime activities	277,559	–	277,559	418,952
Income from Warwickshire County Council	670,049	–	670,049	677,893
Income from Continuing Health Care (CHC)	258,560	–	258,560	312,779
Other income from Complex needs service	–	–	–	9,907
Sub-total for Complex needs service	928,609	–	928,609	1,000,579
Total income from charitable activities	4,966,196	–	4,966,196	4,770,886

Heart of England Mencap

Notes to the financial statements

For the year ended 31 March 2021

4 Income from other trading activities

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Fundraising events and small grants	89	10,230	10,319	35,655
Miscellaneous income	27,802	-	27,802	20,365
	<u>27,891</u>	<u>10,230</u>	<u>38,121</u>	<u>56,020</u>

5 Other income

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Infection Control, Rapid Testing and Workforce Grants	-	173,949	173,949	-
Coronavirus Job Retention Scheme	34,924	-	34,924	-
Big Lottery Fund Grant (Big Potential)	-	-	-	2,440
	<u>34,924</u>	<u>173,949</u>	<u>208,873</u>	<u>2,440</u>

6 Income from investments

	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Income from UK listed investments	5,307	-	5,307	4,977
Bank interest receivable	115	-	115	1,453
	<u>5,422</u>	<u>-</u>	<u>5,422</u>	<u>6,430</u>

7a Analysis of expenditure (current year)

	Charitable activities									2021 Total £	2020 Total £
	Fundraising £	Employment Support (R)*	Residential Care £	Short Stay £	Domiciliary Care and Support £	Daytime Activities £	Complex Needs Service £	Governance costs £	Support costs £		
Staff costs (Note 9)	-	-	96,138	610,078	1,717,081	197,663	544,873	-	400,864	3,566,696	3,603,223
Staff costs (Note 9) - (R)	-	-	12,055	59,882	102,012	-	-	-	-	173,949	-
Office rent	-	-	-	-	-	-	-	-	16,000	16,000	16,000
Audit fees	-	-	-	-	-	-	-	14,460	-	14,460	12,032
Training costs	-	-	-	2,943	225	-	169	-	24,906	28,243	37,923
Other direct costs	-	-	13,320	81,666	37,621	26,557	67,030	-	93,357	319,551	425,012
Computer Supplies/Telephone	-	-	757	3,289	5,258	645	2,603	-	94,251	106,802	-
Cleaning/Hygiene/H&S	-	-	1,555	13,749	9,216	2,168	19,686	-	87,423	133,798	-
Housing costs/Rent	-	-	5,002	15,000	58,489	28,967	-	-	-	107,458	102,744
Licences, fees and insurance	-	-	1,306	8,483	31,609	1,810	315	-	196,137	239,660	173,606
Miscellaneous	-	-	-	611	593	78	204	-	7,483	8,968	17,994
Fundraising expenditure - (R)	3,450	-	-	923	-	223	-	-	-	4,596	1,032
Fundraising expenditure Welfare - (R)	1,087	-	-	50	432.34	(103)	1,084	-	-	2,551	34,413
Depreciation	-	-	975	10,621	3,393	11,075	11,582	-	9,481	47,127	45,754
	4,537	-	131,107	807,296	1,965,930	269,083	647,547	14,460	929,901	4,769,861	4,469,763
Support costs	-	-	28,939	212,238	458,672	58,938	171,113	-	(929,901)	-	-
Governance costs	-	-	450	3,300	7,132	917	2,661	(14,460)	-	-	-
Total expenditure 2021	4,537	-	160,496	1,022,834	2,431,735	328,938	821,321	-	-	4,769,861	
Total expenditure 2020	34,413	1,032	141,898	940,559	2,030,402	389,688	931,771	-	-		4,469,763

*(R) = Restricted funds

The basis of allocation of support and governance costs to activities is staff time.

7a Analysis of expenditure (prior year)

	Charitable activities									2020 Total £	2019 Total £
	Fundraising £	Employment Support (R)*	Residential Care £	Short Stay £	Domiciliary Care and Support £	Daytime Activities £	Complex Needs Service £	Governance costs £	Support costs £		
Staff costs (Note 9)	-	-	100,045	657,770	1,578,485	238,408	700,625	-	327,890	3,603,223	3,685,211
Office rent	-	-	-	-	-	-	-	-	16,000	16,000	23,866
Audit fees	-	-	-	-	-	-	-	12,032	-	12,032	11,640
Training costs	-	-	-	1,414	111	720	1,878	-	33,800	37,923	28,784
Other direct costs	-	-	13,775	104,839	56,488	37,835	75,406	-	136,668	425,012	390,504
Housing costs/Rent	-	-	3,898	15,000	54,150	29,696	-	-	-	102,744	96,138
Licences, fees and insurance	-	-	2,028	10,687	25,347	11,238	1,807	-	122,499	173,606	82,046
Miscellaneous	-	-	13	2,291	1,126	400	775	-	13,389	17,994	11,959
Fundraising expenditure – (R)	-	1,032	-	-	-	-	-	-	-	1,032	51,937
Fundraising expenditure	34,413	-	-	-	-	-	-	-	-	34,413	15,153
Welfare – (R)	-	-	-	30	-	-	-	-	-	30	250
Depreciation	-	-	1,145	11,073	3,313	7,895	13,158	-	9,171	45,754	41,740
	34,413	1,032	120,903	803,105	1,719,021	326,192	793,649	12,032	659,416	4,469,763	4,439,228
Support costs	-	-	20,619	134,991	305,801	62,358	135,647	-	(659,416)	-	-
Governance costs	-	-	376	2,463	5,580	1,138	2,475	(12,032)	-	-	-
Total expenditure 2020	34,413	1,032	141,898	940,559	2,030,402	389,688	931,771	-	-	4,469,763	
Total expenditure 2019	66,046	35,620	204,562	781,221	1,514,766	302,369	707,390	11,640	815,613		4,439,228

*(R) = Restricted funds

The basis of allocation of support and governance costs to activities is staff time.

Notes to the financial statements

For the year ended 31 March 2021

8 Net income / (expenditure)

This is stated after charging / (crediting):

	2021 £	2020 £
Depreciation	47,127	45,754
Operating lease rentals:		
Property	111,440	103,002
Other	13,045	17,704
Auditors' remuneration (excluding VAT):		
Audit	9,450	9,250
	<u>9,450</u>	<u>9,250</u>

9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	3,252,208	3,096,017
Redundancy and termination costs	-	13,820
Social security costs	255,316	233,526
Employer's contribution to defined contribution pension schemes	115,283	116,386
Total employee costs	<u>3,622,808</u>	<u>3,459,748</u>
Agency and Community Service Volunteers costs	117,838	143,475
Total staff costs as per note 7	<u>3,740,645</u>	<u>3,603,223</u>

The redundancy and termination costs were settled and paid by 31 March 2021.

The following number of employees received employee benefits (excluding employer's national insurance and employer's pension costs) during the year between:

	2021 No.	2020 No.
£40,000 – £49,999	1	-
£70,000 – £79,999	-	1
£80,000 – £89,999	1	-
	<u>1</u>	<u>-</u>

The total employee benefits (including employer's national insurance and employer's pension contributions) of the key management personnel were £143,446 (2020: £87,978).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil).

The amount claimed by trustees for the reimbursement of travel and subsistence was £nil (2020: £68).

10 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2021 No.	2020 No.
Chief Executive	1	1
Care and support staff, including Registered Managers	171	163
Administration	10	12
	<u>182</u>	<u>176</u>

11 Related party transactions

There are no related party transactions to disclose for 2021 (2020: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

12 Taxation

The society is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

13 Tangible fixed assets

	Freehold property £	Long leasehold property £	Short leasehold property £	Contents and equipment £	Motor vehicles £	Total £
Cost						
At the start of the year	750,000	70,000	177,105	299,042	14,000	1,310,147
Additions in year	-	-	8,360	13,555	-	21,915
Disposals in year	-	-	(3,100)	(95,928)	-	(99,028)
At the end of the year	750,000	70,000	182,365	216,669	14,000	1,233,035
Depreciation						
At the start of the year	49,000	9,800	72,781	269,748	14,000	415,330
Charge for the year	7,000	1,400	22,238	16,489	-	47,127
Eliminated on disposal	-	-	(3,100)	(95,928)	-	(99,028)
At the end of the year	56,000	11,200	91,920	190,310	14,000	363,429
Net book value						
At the end of the year	694,000	58,800	90,446	26,360	-	869,605
At the start of the year	701,000	60,200	104,324	29,293	-	894,817

Land with a value of £400,000 (2020: £400,000) is included within freehold property and not depreciated.

In respect of the long leasehold property, during the year ended 31 March 2013 an agreement was made between Heart of England Mencap and Orbit Housing Association regarding 27 and 29 Stratford Road, Shipston on Stour, the details of which are as follows:

- Heart of England Mencap to lease the site to Orbit Housing Association Ltd for seventy years;
- Heart of England Mencap to retain the freehold;
- Orbit Housing Association Ltd to demolish the two properties and build ten flats with additional staff accommodation to provide facilities for Heart of England Mencap's customers;
- Heart of England Mencap to underlease one of the flats for seventy years; and
- After seventy years all the flats revert to Heart of England Mencap.

All of the above assets are used for charitable purposes.

14 Listed investments

	2021 £	2020 £
Fair value at the start of the year	304,824	148,861
Transfer of investment from Rathbones to CCLA	3,825	160,000
Net gain / (loss) on change in fair value – Unrestricted	21,577	-
Net gain / (loss) on change in fair value – Restricted	27,691	(4,037)
Fair value at the end of the year	357,916	304,824
Investments comprise:		
	2021 £	2020 £
UK Common Investment Funds	-	160,000
COIF Deposit Fund	14,028	-
COIF Ethical Investment Fund	171,374	-
COIF Charities Fixed Interest Fund	-	18,539
COIF Charities Investment Fund	172,514	126,284
	357,916	304,824

Notes to the financial statements

For the year ended 31 March 2021

15 Debtors

	2021 £	2020 £
Trade debtors	319,700	338,449
Prepayments	58,348	57,231
Accrued legacy	106,000	-
Accrued income	241,962	179,146
	<u>726,010</u>	<u>574,826</u>

16 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	22,127	19,320
Bank loans	41,667	-
Taxation and social security	67,777	80,572
Wages creditors	123,740	89,395
Pensions creditors	7,867	23,090
Individual Service Funds	6,832	5,693
Accruals	157,850	126,119
	<u>427,860</u>	<u>344,190</u>

17 Creditors: amounts falling due after one year

	2021 £	2020 £
Bank loans	180,556	-
	<u>180,556</u>	<u>-</u>

The charity took out an unsecured Business Interruption Loan for £250,000 in 2020/21. The interest rate is base rate plus Santander lending margin. The loan is interest free for year 1 with repayment within 6 years. There is no penalty for paying it back early.

18 Pension scheme

A new defined contribution scheme with the Pensions Trust was set up on 1 August 2014 to comply with automatic enrolment requirements. All members of staff not covered by other arrangements are enrolled as they become eligible. Employer contributions in the year totalled £54,721 (2020: £51,279).

From 1 April 2009 to 1 August 2014, members of staff were eligible to join a contributory Group Stakeholder Pension operated by NFU Mutual. Employer contributions in the year totalled £1,002 (2020: £1,171).

Employees who were TUPE'd across as part of the Complex Needs Services remained in a separate defined contribution scheme operated by LGPS. This scheme has an agreement for a fixed employer contribution rate of 24% for the duration of the contract and employer contributions in the year totalled £59,560 (2020: £63,937).

19 Financial instruments

	2021 £	2020 £
Financial assets measured at fair value through profit and loss		
Investments	<u>357,916</u>	<u>304,824</u>
Financial liabilities measured at fair value through profit or loss		
Bank loan	<u>222,222</u>	<u>-</u>

20a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	814,348	55,257	869,605
Investments	185,402	172,514	357,916
Net current assets	2,000,943	55,862	2,056,805
Long term liabilities	(180,556)	-	(180,556)
Net assets at 31 March 2021	2,820,137	283,633	3,103,771

20b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	819,747	75,070	894,817
Investments	160,000	144,824	304,824
Net current assets	1,236,602	50,229	1,286,831
Net assets at 31 March 2020	2,216,349	270,123	2,486,472

21a Movements in funds (current year)

	At 1 April 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2021 £
Restricted funds – fixed assets:					
Bike 4 Bikes	249	-	(249)	-	-
Valley Road grants	16,459	-	(1,040)	-	15,420
Sensory Grant (WCC)	26,504	-	(11,825)	-	14,679
Stratford Town Trust – Elta House refurbishment	26,000	-	(6,000)	-	20,000
General Fundraising	5,858	-	(700)	-	5,158
Total restricted funds fixed assets	75,070	-	(19,814)	-	55,257
Restricted funds:					
Trust Reserve – investments	144,824	27,691	-	-	172,515
Infection Control, Rapid Testing and Workforce Grants	-	173,949	(173,949)	-	-
Coronavirus Job Retention Scheme	-	34,924	(34,924)	-	-
56 Ash Grove – sensory equipment and summer house	943	-	(923)	-	19
Welfare Fund	29,207	-	-	-	29,207
Friends of Mencap	1,962	-	(320)	-	1,642
Bike 4 Bikes	734	-	-	-	734
Stratford Town Trust – Stratford Pathway	1,977	-	(223)	-	1,753
Kenilworth Ladies Circle – Warwick Pathway	1,085	-	-	-	1,085
Valley Road grants	557	-	-	-	557
Sensory Grant (WCC)	1,910	-	-	-	1,910
Joint Healthy South Warwickshire (WCC)	1,280	-	-	-	1,280
Big Lottery Fund Grant (Big Potential)	3,450	-	-	-	3,450
Independent Living Project	5,000	-	-	-	5,000
Valley Road – Mayor	2,125	-	-	-	2,125
WCC – Friendship Circle	-	1,500	(1,500)	-	-
Let's Get Digital	-	2,700	(1,630)	-	1,070
Healthier Me	-	6,030	-	-	6,030
Total other restricted funds	195,053	246,794	(213,469)	-	228,376
Total restricted funds	270,123	246,794	(233,283)	-	283,633
Unrestricted funds:					
General funds (unrestricted)	2,216,349	5,175,290	(4,571,502)	-	2,820,137
Total unrestricted funds	2,216,349	5,175,290	(4,571,502)	-	2,820,137
Total funds	2,486,472	5,422,083	(4,804,785)	-	3,103,771

21b Movements in funds (prior year)

	At 1 April 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 1 April 2020 £
Restricted funds – fixed assets:					
Bike 4 Bikes	584	-	(335)	-	249
Valley Road grants	17,499	-	(1,040)	-	16,459
Sensory Grant (WCC)	32,048	-	(11,254)	5,710	26,504
Stratford Town Trust – Elta House refurbishment	-	30,000	(4,000)	-	26,000
General Fundraising	6,675	-	(817)	-	5,858
Total restricted funds fixed assets	56,806	30,000	(17,446)	5,710	75,070
Restricted funds:					
Trust Reserve – investments	148,861	-	(4,037)	-	144,824
56 Ash Grove – sensory equipment and summer house	943	-	-	-	943
Welfare Fund	29,237	-	(30)	-	29,207
Friends of Mencap	3,850	5	(1,893)	-	1,962
Bike 4 Bikes	984	-	(250)	-	734
Stratford Town Trust – Stratford Pathway	2,517	-	(540)	-	1,977
Kenilworth Ladies Circle – Warwick Pathway	1,357	-	(272)	-	1,085
Valley Road grants	557	-	-	-	557
Building Better Opportunities – Accelerate	(1,407)	2,439	(1,032)	-	-
Sensory Grant (WCC)	7,804	-	(184)	(5,710)	1,910
Joint Healthy South Warwickshire (WCC)	4,992	-	(3,712)	-	1,280
Henry Smith Charity – My Life Project	13,679	-	(13,679)	-	-
Big Lottery Fund Grant (Big Potential)	3,220	1,730	(1,500)	-	3,450
Butterfly Garden	3,000	1,100	(6,224)	2,124	-
Independent Living Project	5,000	-	-	-	5,000
Brookbank – Music Therapy	201	-	(201)	-	-
Valley Road – Mayor	-	2,312	(187)	-	2,125
Total other restricted funds	224,794	7,587	(33,742)	(3,586)	195,053
Total restricted funds	281,600	37,587	(51,188)	2,124	270,123
Unrestricted funds:					
General funds (unrestricted)	1,837,083	4,804,003	(4,422,613)	(2,124)	2,216,349
Total unrestricted funds	1,837,083	4,804,003	(4,422,613)	(2,124)	2,216,349
Total funds	2,118,683	4,841,590	(4,473,801)	-	2,486,472

Purposes of restricted funds

Trust Reserve – In 1994 Heart of England Mencap received a donation in the form of investments. The cumulative unrealised gain relating to these investments is £114,834 (2020: £86,807) which is included in the restricted fund. The use of the fund is restricted to the general welfare of customers.

56 Ash Grove – Sensory Equipment and Summer House – This fund is restricted to the purchase of sensory equipment and a summer house at 56 Ash Grove, Evesham.

Welfare Fund – These are donations received and are restricted to the general welfare of the customers in specific groups.

Friends of Mencap – These funds are held separately and income is from fundraising events organised by Friends of Mencap. All expenditure is authorised by the chair of Friends of Mencap and groups apply for funding for specific items and projects.

Bike 4 Bikes – The use of this fund is restricted for adapted bikes for the disabled for use by all customers.

Stratford Town Trust – Stratford Pathway – This grant is from Stratford Town Trust and the use is restricted to the use for Pathway customers who live within the CV37 postcode area.

Kenilworth Ladies Circle – Warwick Pathway – This grant is from Kenilworth Ladies Circle and the use is restricted to the use for Warwick Pathway.

Valley Road Grants – These are restricted grant funding for the replacement of the bathroom and kitchen at Valley Road.

Big Lottery Fund – Bhangra – This grant is from the Big Lottery Fund for a Bhangra project for our Pathway customers.

Feeling Healthy Project – Funded by Joint Healthy South Warwickshire, made up of contributions from Public Health Warwickshire, South Warwickshire Clinical Commissioning Group, Stratford and Warwick District Councils and is restricted to be used to encourage customers to live a more healthy lifestyle.

Digital Champion Project – This grant is funded by Stratford-on-Avon District Council, supported by project partners Orbit Heart of England and VASA and is for customers who live within Stratford District to enable them to engage with the wider community through the use of the internet and technology.

Building Better Opportunities – Accelerate – ‘Accelerate’, is a part of ‘Building Better Opportunities’ – a programme funded by the European Social Fund and the National Lottery, through the Big Lottery Fund, to tackle poverty and social exclusion faced by the most disadvantaged people in England.

Building Better Opportunities – Progress GWUK – ‘Progress’, is a part of ‘Building Better Opportunities’ – a programme funded by the European Social Fund and the National Lottery, through the Big Lottery Fund, to tackle poverty and social exclusion faced by the most disadvantaged people in England.

Arts Development Grant – This grant is from Warwick District Council to support the production of a book created by our customers at Warwick Pathway.

Sensory Grant (WCC) – This grant was from Warwickshire County Council to develop the sensory space at Fordsfield to provide the opportunity for our customers and members of the local community to have the stimulation and experiences that are difficult to achieve through every-day experiences. During the year a sensory bath was purchased for £5,170 which was transferred to the fixed asset section at the top of note 20.

Joint Healthy South Warwickshire (WCC) – This grant is from Warwickshire County Council to fund our ‘Being Healthy project’ – supporting our customers to lead more healthy lifestyles.

Henry Smith Charity – My Life Project – This is a three year grant to pay for the salary and on costs of a co-ordinator for young adults aged 18-25.

Big Lottery Fund Grant (Big Potential) – This grant is from the Big Lottery Fund for scoping the existing provision and potential future demand for a social investment project.

Butterfly Garden – This grant is from Groundwork UK for the development of a butterfly garden in the garden at Fordsfield. There was an overspend on the project of £2,124 which was transferred from general fundraised monies.

Independent Living Project – This grant is from Bailey Thomas for the Independent Living Project to run a pilot independent living project for five young people aged 16-25 with mild to moderate learning disabilities (MMLD).

Brookbank – Music Therapy – This grant is from the Edward Cadbury Charitable Trust towards music therapy courses for adults with profound and multiple learning disabilities at Brookbank in Stratford upon Avon.

Stratford Town Trust – Elta House – This grant is from Stratford Town Trust which was used to cover part of the cost of Suite B, Elta House to provide a new setting for our Pathway day service in Stratford upon Avon town centre.

Valley Road – Mayor – This was a donation received from the Mayor of Leamington Spa for use within our respite service at Valley Road, Leamington Spa.

Warwickshire County Council Friendship Circle – This was created to help those with a learning disability connect with others and be part of a social networking group.

Let's Get Digital – This scheme was introduced to us by National Mencap to develop digital connectivity opportunities for people with a learning disability, support the transition to digital ways of working, provide access to training and resources and the development of Digital Champions.

Healthier Me – This project is to support people with a learning disability to provide them with a better understanding of the relationship between food, diet, exercise and a healthy lifestyle.

General Fundraising – This fund is from other fundraising activities and donations and the use of this fund is restricted to enable customers to live the life they choose and to enrich their lives.

22 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2021	2020
	£	£
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	617,299	367,789
Depreciation charges	47,127	43,224
(Gains)/losses on investments	(49,268)	4,037
Dividends and interest from investments	(5,422)	(6,430)
Transfer of investment from accrued income	-	(160,000)
(Increase)/decrease in debtors	(151,184)	274,387
Increase/(decrease) in creditors	83,670	(985)
Increase/(decrease) in long term creditors	180,556	-
Net cash provided by operating activities	722,777	522,022

23 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property		Equipment	
	2021	2020	2021	2020
	£	£	£	£
Less than one year	73,185	52,360	8,982	13,045
One to five years	-	-	17,086	20,307
	73,185	52,360	26,068	33,353

24 Contingent assets or liabilities

There is a charge of £30,000 on the freehold property at Shipston-on-Stour, in favour of the Secretary of State for Health which would become payable should Heart of England Mencap cease to provide care in the community for people with learning disabilities.

There is a guarantee in place in favour of Warwickshire County Council in the sum of £134,000, secured by way of a bond, relating to ongoing commitments to the Local Government Pension Scheme in relation to the staff taken on under the new complex needs service contract. Security will need to be maintained for the duration of the contract.

On 19 March 2021 the Supreme Court found that it is only time spent awake and working during a sleep-in that counts as working time for National Minimum Wage (NMW) purposes. This confirmed the organisation's view that it had paid its employees correctly. More detail in relation to this can be found in the Trustees' Annual Report.

25 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.