

Company Number: 02814177
Charity Number: 1038862



**Report and Financial Statements
for the year ended 31 March 2022**

Contents

For the year ended 31 March 2022

Reference and administrative information	1
Chair's report.....	3
Chief Executive's review	6
Trustees' annual report	9
Independent auditor's report	23
Statement of financial activities (incorporating an income and expenditure account)	27
Balance sheet	28
Statement of cash flows.....	29
Notes to the financial statements	30

For the year ended 31 March 2022

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
Margaret Harrison	Vice Chair / Hon Treasurer
Jane Reed	
Richard Lane	
Francis Sprules	
Kathryn Stevens	
Amy Batchelor	
Katherine Barber	
Gurjit Bhogal	

Key management personnel	Helena Wallis	Chief Executive
	Edd Terrey	Director of Operations
	Rebecca Davies	Management Accountant
	Julia Lucas	Finance Business Partner (left August 2021)

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

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

For the year ended 31 March 2022

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

For the year ended 31 March 2022

CHAIR'S REPORT

After over a year as Chair of Heart of England Mencap, I now feel I've had the opportunity to develop a closer link to the range of activities and services we deliver, and this is an important step in understanding the challenges and opportunities that the social care sector faces and specifically how these impact on the people we support. This year has still required us all to respond, adapt and manage the ongoing impact of the pandemic and for many providers and people in need of support through social care, the ramifications have continued to be felt across our services and the whole sector.

A personal highlight of this year has been the opportunity for me to spend time visiting the services we deliver and talking directly to the people we support, hearing from them how they feel about the service they receive and the impact we have on their lives. After such a long period of time in lock down and with restrictions on visitors to our services, I feel this connection to the people we support is critical to my leadership role in the organisation as we navigate through the changing landscape of health and social care. This opportunity helps to ensure we consider the voice of the service users in shaping our future and it is something I am personally committed to increasing in the coming years.

Our aspiration to ensure the people we support, and all people with a disability, live a fulfilling and meaningful life sounds such a simple and ordinary expectation to have. But the systems and approaches across health and social care continue to exacerbate the existing inequalities people face, impacting on accessibility, inclusion, involvement and enabling people with a learning disability to have equal opportunity to access the right support to keep them in the best of health.

We need to recognise that the pandemic has continued to take the spotlight during this past year, in some cases impacting on operational delivery, including income and expenditure. This has not stopped us from looking ahead and continuing to aspire to provide more opportunities across all our services, identifying improvements in quality of delivery and considering how we support our workforce through the ongoing difficulties caused by the pandemic.

The Trustee Board has continued to invest time in our non-executive responsibilities for leading the organisation, dedicating time to review our strategic aims and objectives, with ongoing regular governance meetings, and time allocated to ensure the sustainability of our services.

The Trustees have responsibility to ensure that the governance of the charity is robust and we recognised that the legal structure under which we operated needed to be reviewed to ensure we remained effective and that our operating structures reflected our ability to be adaptable and flexible. The existing Memorandum and Articles of Association under which we operated were heavily reliant on having a membership approach and this no longer reflected the environment we operate in. It was also critical that we ensure our legal structure supported the effective delivery of our charitable aims and objectives, which were set nearly 40 years ago and had not been amended or updated. A detailed review of the existing Articles of Association was undertaken, involving input from existing long-standing members and with specialist legal advice and guidance. This led to a consultation with the remaining society membership around the proposal to amend the Articles of Association. This was proposed as a Special Resolution at the Annual General Meeting in 2021 and accepted by the members. Our new governing structure now identifies the trustees and directors as the only members of the charity and our Articles of Association reflect updated charitable aims and objectives, whilst mirroring the best practice model provided by the Charity Commission. I am confident we now have a more robust governance

For the year ended 31 March 2022

structure that meets today's standards, providing flexibility to allow us to respond to the changing social care market and opportunities.

Despite the uncertainties faced in the social care sector, we have committed to providing the opportunities to enable more people with a learning disability to live their best life and this year saw us investing in a new property in Hampton Magna, Warwick, which will be a dedicated service to young people as they transition into adulthood. We purchased the property and completed the adaptations in May 2022, with the aim of our first individual we support moving in by the end of June 2022. This is a new model of care, focused on enabling whole life support, where our support team will be recruited based on the needs of the individual. Over the next 12 months we will be securing a further 2 additional care packages and the funding for this will reflect the true cost of delivering care, with a focused marketing approach that extends our service contracts off standard frameworks.

The pandemic also highlighted the need for improved digital capabilities and during the financial year, we invested in a range of technical solutions and new ways of working that support continuous improvement in standards of care services. Like many care providers, we were increasingly asking our front-line care workers to spend more time on paperwork and administration and our systems needed to enable a greater focus on care and support. The investments were made in this financial year and over the next year, as we change our approach to care planning and delivery, the systems will be rolled-out across all our services.

I continue to be immensely proud of the achievements and successes we have had throughout this year. The contribution of all our team members in playing their part in keeping people safe has continued to be the highest priority and this is something we need to celebrate.

My thanks go to our Chief Executive, Helena for her continued leadership and dedication to the aims and objectives of the organisation, enabling her team to deliver on their objectives and supporting them in their individual and collective aspirations. The Executive team have continued to lead, adapt, and respond effectively to the ongoing changes in the environment in which we operate. Their commitment and dedication have been outstanding, often requiring tenacity and dedication to navigate the complex systems that exist across health and social care funders to ensure that the people we support receive the care they require to enable them to live their most fulfilling lives.

I would like to extend my thanks to all my fellow Trustees who have served on the Board or who have joined us during this year. Their commitment, dedication, and passion to achieving our business objectives and our charitable aims has been outstanding. The range of skills, knowledge and expertise of the Trustees and Directors will continue to enable the organisation to deliver on its ambitions and aspirations.

For the year ended 31 March 2022

At the heart of everything we do is the wonderful people we support, and I remain in awe of how everyone has coped during such challenging times. My thanks go to the many fabulous, dedicated teams that provide our care services, for their commitment and belief in enabling the people they support to have their best lives possible.



Robert Pearce

Chair

For the year ended 31 March 2022

Chief Executive's Review

We have continued to focus on our purpose and objectives throughout yet another challenging year. Although for many of us, we are entering into a post-Covid recovery period, in the social care sector we continue to feel the ramifications and impact of the pandemic in many ways.,

The added impact of many years of austerity measures and increasing bureaucracy has resulted in more people facing health inequalities, further magnified by the pandemic. Despite all these challenges, we have continued to be focused on our strategic objectives and are determined to continue our journey of delivering on all our ambitions to improve services, driven by our focus on enabling the people we support to live their most meaningful life.

Our commitment, efforts, and hard work to ensure all our services have a GOOD rating with the Care Quality Commission (CQC) were rewarded in February 2022. At this time, we received confirmation of a GOOD rating across our Supported Living services. This achievement is significant given that we spent nearly two years focusing on keeping people safe and managing the disruption of the pandemic. I am proud of the individual and collective effort all of the team have made towards this achievement. We are continuing to focus on delivering exceptional care and support, and this is a consistent aim and objective across all our care services.

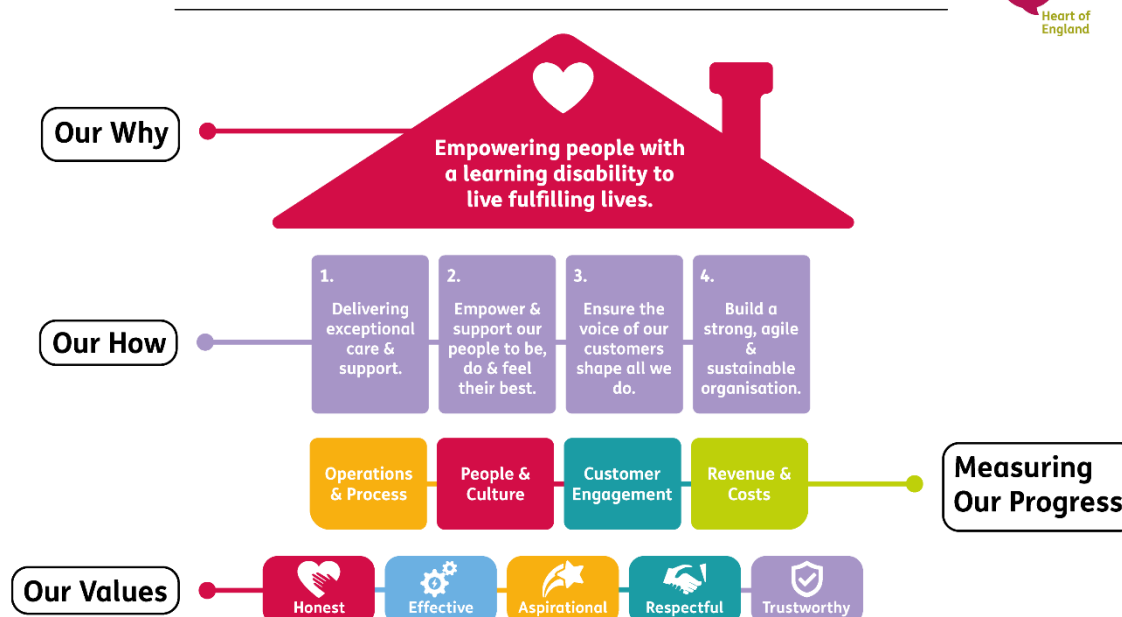
With an extended Executive team, we have ensured a balanced approach to reviewing our performance and achievements across three key areas: people, finances and resources, and operational delivery. We have now clearly stated our strategic intentions for the coming years. However, this also allows us to remain adaptable and flexible to the changes that the sector and local markets go through, including re-commissioning and development of services.

Despite the ongoing complexities we faced in the operational environment and the impact on our workforce, especially in terms of staffing and resources, the Board and the Executive team recognised that we needed to ensure we have clear line of sight of our objectives and a well-defined business plan to enable us to maintain the momentum of the progress we'd made and to prepare for the post-Covid-19 environment. We have continued to work together and collaborate to ensure we remain aligned with our objectives, focused on our aims, and understand how we intend to deliver our aspirations.

Our strategy now forms part of our regular communication to ensure that all of our team members understand why we do what we do and how it fits in the wider organisational structure. This has been key to ensuring our team members and colleagues can link their own role to the wider organisational goals and supports them in understanding the personal impact that they have on the lives of the people we support. We will continue to review and adapt the actions within our business plan to ensure we meet our strategic objectives. I am confident this will allow us to continue to be responsive to the needs of the people we support whilst putting them at the centre of all that we do.

For the year ended 31 March 2022

Strategy House



We have continued to focus on supporting our workforce and providing them with the opportunity to share their views and provide feedback. Through a range of concentrated surveys, we have asked them for feedback on how we manage and lead, how we engage with the people we support, and what supports our team members in the best way for their role. We have used this effectively to help shape the improvements we've made across our services.

A key area of investment this year has been in the development of our digital capabilities, from ensuring our resources and tools meet the needs of the people using them, to new software packages and systems that continue to enable us to be focused on quality, reducing the risk of errors and potential for duplication, especially in terms of administration. As part of this investment, we will be introducing a new Care Management system which will allow us to access the data we need when we need it, respond effectively to the requirements of CQC and other key stakeholders and enable our care workforce to access information to do their job effectively. This has been led by the need to keep the people we support at the heart of everything we do and will allow care workers to focus on care delivery rather than administration. With this increase in digital operations, we have continued to review the security of our digital assets, including information and data, and have been successful in achieving the Cyber Essentials accreditation to recognise this and ensuring we remain in line with best practices around information and systems management. We are now on the path to achieving the enhanced levels of digital security to ensure we meet the requirements of the NHS funders.

Investment in our people will continue as we develop the organisation and prepare for the future. However, we also recognise the limitations we operate under due to the levels of funding we receive. As an Executive team, with the support of the Board of Trustees, we will continue to lobby at a national and local level to recognise the value of the services we provide and the positive impact we have on the whole of the health social care system. We will remain robust in our approach to receiving the right levels of funding to enable us to demonstrate that the care workforce deserves pay rates at levels in line with NHS roles and that the sector offers valuable professional routes for development.

For the year ended 31 March 2022

I continue to be proud of the team across Heart of England Mencap, for their collective and individual commitment and the passion they demonstrate for enabling the people we support to have their best and most meaningful life.



Helena Wallis

Chief Executive

For the year ended 31 March 2022

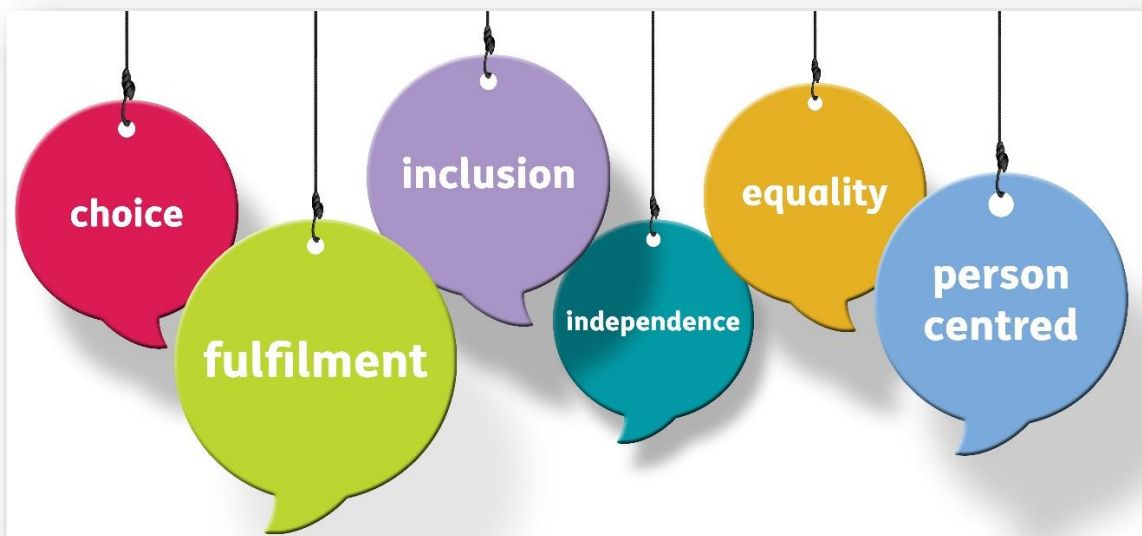
The trustees present their report and the audited financial statements for the year ended 31 March 2022.

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.

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,

For the year ended 31 March 2022

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.

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.

For the year ended 31 March 2022



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.

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.



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.

Throughout the year, the continued ramifications of the pandemic have required all of our teams to manage and respond to the challenges. One of the key areas has been the ongoing impact on our

For the year ended 31 March 2022

workforce availability and on our recruitment and retention. The operational managers and care teams have continued to work flexibly and respond with passion and dedication to the people we support.

While the Covid-19 restrictions were eventually lifted, some services have been slow to return to 'normal capacity', specifically, our respite services. There has been an understandable reluctance for some families to return to life before Covid-19, especially when so many of the people we support are likely to have underlying health conditions that could put them at more risk if they were infected. We have continued to follow all local guidance on managing local infection outbreaks. However, the impact of this is seen in our revenue as our commissioning partners no longer provided funding when services were closed, unlike during the first year of the pandemic. We have retained a strong focus on infection prevention and control and have successfully managed to do this at a time when risks increased after lockdown ended.

There have been several key achievements during the year – one of which was the successful re-accreditation of the Investors in People award at silver standard in June 2021. This demonstrates that our people are engaged in the organisation, committed to our ongoing success, and making a positive difference. The key areas that we are proud of are:

- the increase in people's understanding of what we are trying to achieve, why and how, through the way we have communicated our strategy and facilitated more open communications
- the changes we made in the senior team and the impact this has had on people's perception of leadership
- increasing the trust our people feel in using information to make and act upon decisions
- the team spirit we have built; how people show kindness and support to one another
- the nurturing of a culture of 'challenge and ideas'
- people's optimism about the future for Heart of England Mencap, its people and its customers

This was achieved when we were managing the impact of the pandemic, and the contribution of the managers and our teams to this level of recognition is a testament to their commitment and engagement.

The other investment area has been the development of our digital capabilities. This has been a significant investment during this year, with a clear focus on enabling us to deliver improved services and preparing us to respond to growth opportunities and supporting our ability to react quickly to market demands.

Our selected partner, Unique:IQ (UIQ) will provide us with the new capabilities to transition effectively to electronic data systems. UIQ electronically monitors the remote care workforce, providing real-time information such as triggering alerts if support workers are late or miss a shift. It offers two-way dialogue features to make communication easy, provides electronic medication management systems (eMAR), and activity logs. This system should eliminate many of the paper-based manual systems, which often result in duplication and can result in errors. The care planner system will be the key tool to support our workforce scheduling and rostering of care visits, producing digital care plans and maintaining service user records.

This year had been focused on the development of the UIQ applications to suit our ways of operating. We have involved and engaged with many of our direct care workforce in the project planning and

For the year ended 31 March 2022

development phase. We see this as a key element of preparing for operational roll-out across the services. The metrics we are measuring as we implement the new systems will include:

- Decrease in time taken for workforce planning and rostering
- Reduction in administration and manual records
- Direct time saved on ensuring access to information when it is needed, reduced mileage time as the workforce can access information when needed without calling for additional help.
- Reduction in errors around medication and the administrative processes that we currently operate

In addition to the new care management system, we have taken an approach to de-risk in our overall IT function and have now appointed an outsourced service provider to respond to day-to-day service requests; enabling us to manage and measure the time this takes, understand the areas where systems and tools are failing, and be more responsive to enable people to focus on care delivery.

We cannot do this without good connectivity across the multiple locations and settings in which we operate. Therefore, we have invested in improvements in Wi-Fi connectivity and will eventually move our server to a cloud-based solution.

Our focus on people and rewards has continued, and we have again invested time and resources in the way we engage with and reward our workforce. Many of the actions we have taken have been because of the feedback from the Investors in People assessment and include:

- Embedding and encouraging ownership of the values
- Enhancing employee consultation
- Review recognition and reward approaches
- Identifying how we can use people's differences, interests, and strengths to drive sustainable strategies

Some of the specific actions that support these themes have included:

- Paying every employee a £600 bonus for their contribution to the services during the pandemic*
- Embedding values at the first point of entry to the organisation and within the recruitment and induction process
- Reinforcing communications of our values across the services, linking recognition and rewards to the values
- Carrying out regular employee surveys, providing the opportunity to provide feedback, encouraging people to give an opinion, and communication about the changes and developments as a result of the feedback
- Continued investment in qualified Mental Health First Aiders across the services
- Reviewing flexible ways for employees to use the existing benefits – such as holiday buy-back opportunities
- Increasing the Employee Referral rewards for new employee introductions, emphasising the value that our existing workforce bring as ambassadors to the care sector

Our development actions in support of increasing involvement of the people we support have also been a focus this year. We have established a communication forum that is facilitated by the organisation but led by the customers that participate. The group have developed their own identity, including branding, and have chosen a name that they feel represents their aims and purpose – Reach Out Club. We will be

For the year ended 31 March 2022

identifying ways to enable the Reach Out Club to interact directly with the Board and senior leaders to help shape our strategy and operational objectives. We were supported in the development of this group with a grant we were successful in securing from The Royal Mencap Society. This will provide us with the funding, over a 2-year period, to enable us to enhance our community connections and extend our reach to a wider range of people that need support.

We recognise and value the many groups and individuals that have contributed to and enabled our progress. Without this support, we couldn't have achieved the significant progress we have made, and we would like to take the opportunity to thank a number of local and national partners for their significant contribution to the work of Heart of England Mencap, including: The Royal Mencap Society, Association for Real Change (ARC), National Council of Voluntary Organisations, Stratford Town Trust, Warwick University, The Ann Craft Trust, Entec-Si, NCVO, Risk Evolves, SCCS, Unique IQ, Acutec, My Learning Cloud, Restraint Reduction Network.

We have continued to ensure our services are sustainable and that our financial performance is monitored with rigour and objectivity, at the same time balancing this with the external funding pressures and pursuing our charitable aims.



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. Due to the Covid-19 situation our teams have had to continue 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!

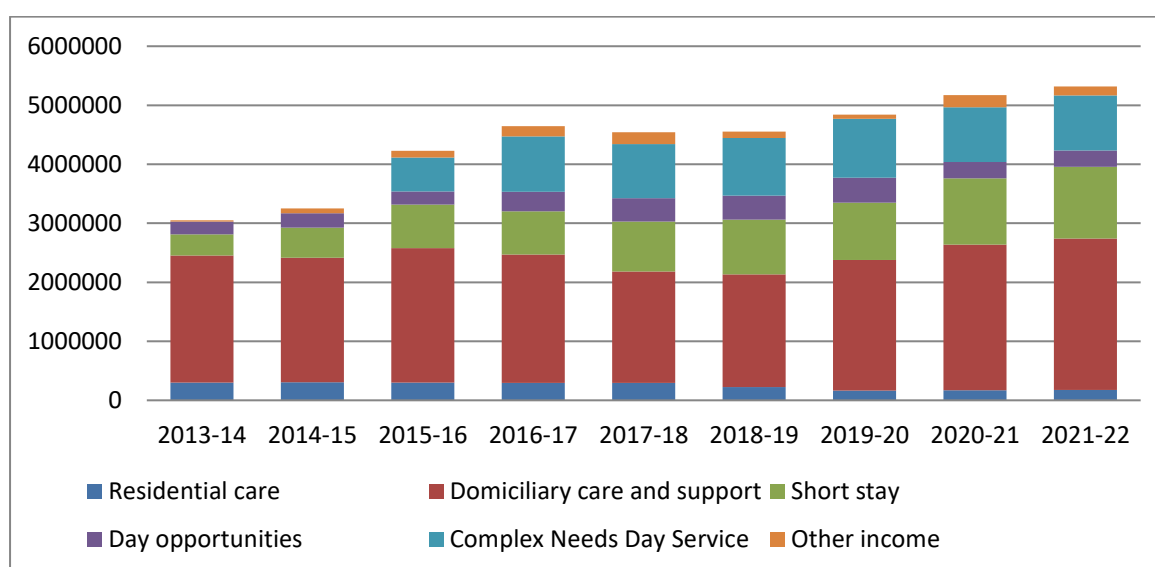
For the year ended 31 March 2022

Financial review

The loss of income over expenditure for the year, before revaluation gains and losses, is £42,230 compared with a surplus of £568,031 for the year ended 31 March 2021.

Operational income increased by 2.0% (2021: 7.4%). 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. Despite the challenges resulting from covid, by the end of the year an increase in the occupancy was also achieved in the respite settings. Central function costs were minimised wherever possible. The unrestricted loss (before gains/losses on investments) was £42,368 (2021: £582,211).

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



In the previous 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 £148,706 of various infection control grants from the Local Authority. An administration error within the Local Authority resulted in an overpayment of £97,000 of the Workforce Recruitment and Retention Fund. Due to expenditure timescales and restrictions, we had already allocated and paid this expenditure in the form of a retention bonus across all employees. Once the Local Authority notified us we took legal advice and were required to repay the £97,000 and full settlement was made in March 2022.

In early 2021 a customer of Heart of England Mencap, sadly died and as the beneficiary of a fund in her mother's will, which was left in trust, Heart of England Mencap was the beneficiary of the residual fund. The general restrictions stated in the will identified that the funds should be used towards projects that benefit services delivered in Stratford upon Avon, without specifically stating any binding limitations or obligations.

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

For the year ended 31 March 2022

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 1.6% for the year (2021: 3.07%) which was used in full across the services.

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 2022

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 ● the organisation looks for new opportunities to reduce reliability on one key funder ● 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 maintain good ratings across all services	<ul style="list-style-type: none"> ● the organisation has a strong operational leadership team who are aware of the requirements and regulations
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 2022

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 2022, the General Reserve was £1,325,766 (2021: £1,820,388), which represents around 14 weeks' expenditure (2021: 21 weeks'). The trustees have a target of 13 week's expenditure as an appropriate level of reserves. In January 2022 we purchased a property – 59 Chichester Lane, Hampton Magna - which was a cash purchase using our existing reserves balance exceeding our policy. We are conscious that the current holding now slightly exceeds the 13 weeks' target. However, the trustees 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, the trustees are continuing to actively working with the Executive Team to identify how best to invest any surplus reserves in future services.

At 31 March 2022, the restricted net current assets were £125,493 (2021: £55,862). These funds are restricted and not available for general purposes.

The trustees have reviewed progress against budget, their cash flow forecasts and borrowing plans. The trustees 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. The trustees 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, the trustees 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 2022

Plans for the future

The priorities for 2022/23 are:

- continue the roll-out of the digital transformation focusing on development of the skills and capabilities of our teams to utilise the systems effectively
- embedding and reinforcing the understanding and application of the charity's values across the organisation
- minimising the risks and impact of the Covid-19 pandemic
- leading discussions with the commissioning authorities for the fair cost of care funding across all our service streams
- continuing to review and adapt the existing strategy to ensure our business objectives reflect the challenges and opportunities we face
- ensuring our organisation structure remains suitable to enable us to deliver the objectives and aspirations
- driving further efficiencies across the organisation and delivering a sustainable surplus in all income streams
- developing and adapting our people engagement plans to provide further opportunities for employee feedback and
- seeking targeted opportunities for accessing funding and grants to support the objectives and aspirations of the people we support
- increasing the opportunity for involvement, engagement and co-productions of the people that access the services we provide, enabling them to shape and contribute to our future services
- continuing to identify additional business growth opportunities to extend our services, including potential for off-framework services

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.

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

For the year ended 31 March 2022

suitability and subsequently, candidates are invited to meet the Chair and to a more formal panel interview with other trustees.

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.

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.

For the year ended 31 March 2022

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.

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. 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 donates 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

For the year ended 31 March 2022

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's 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 2022 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 30 August 2022 and signed on their behalf by

Helena Wallis
Company Secretary

For the year ended 31 March 2022

Opinion

We have audited the financial statements of Heart of England Mencap (the 'charitable company') for the year ended 31 March 2022 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 2022 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 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

For the year ended 31 March 2022

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 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

For the year ended 31 March 2022

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.
- 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.

For the year ended 31 March 2022

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)
2 December 2022
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 2022

	Note	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income from:							
Donations	2	9,081	73,813	82,894	119,280	-	119,280
Charitable activities							
Residential care	3	176,155	-	176,155	169,985	-	169,985
Short stay	3	1,215,054	-	1,215,054	1,118,707	-	1,118,707
Domiciliary care and support	3	2,567,757	-	2,567,757	2,471,336	-	2,471,336
Daytime activities	3	273,002	-	273,002	277,559	-	277,559
Complex needs service	3	936,737	-	936,737	928,609	-	928,609
Other trading activities	4	73,784	-	73,784	27,891	10,230	38,121
Other income	5	-	148,706	148,706	34,924	173,949	208,873
Investments	6	4,018	-	4,018	5,422	-	5,422
Total income		5,255,587	222,519	5,478,107	5,153,713	184,179	5,337,892
Expenditure on:							
Raising funds	7	-	-	-	1,087	3,450	4,537
Charitable activities							
Residential care	7	166,052	5,084	171,136	148,441	12,055	160,496
Short stay	7	1,129,981	37,257	1,167,238	959,538	63,296	1,022,834
Domiciliary care and support	7	2,659,824	73,287	2,733,111	2,329,723	102,012	2,431,735
Daytime activities	7	353,110	19,230	372,340	322,075	6,864	328,938
Complex needs service	7	931,233	37,681	968,914	810,638	10,683	821,321
Exceptional items	7	57,756	49,842	107,598	-	-	-
Total expenditure		5,297,955	222,381	5,520,336	4,571,502	198,359	4,769,861
Net income / (expenditure) before net gains / (losses) on investments		(42,368)	138	(42,230)	582,211	(14,180)	568,031
Gains / (losses) on revaluation of investment assets	14	28,460	14,138	42,599	21,577	27,691	49,268
Net income / (expenditure) for the year	8	(13,908)	14,276	369	603,788	13,510	617,299
Transfers between funds		(2,976)	2,976	-	-	-	-
Net movement in funds		(16,884)	17,252	369	603,788	13,510	617,299
Reconciliation of funds:							
Total funds brought forward		2,820,137	283,633	3,103,771	2,216,349	270,123	2,486,472
Total funds carried forward		2,803,254	300,886	3,104,140	2,820,137	283,633	3,103,771

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 2022

	Note	£	2022 £	£	2021 £
Fixed assets:					
Tangible assets	13		1,253,964		869,605
Investments	14		398,917		357,916
			<u>1,652,881</u>		<u>1,227,521</u>
Current assets:					
Debtors	15	784,559		726,010	
Cash at bank and in hand		1,144,721		1,758,655	
		<u>1,929,281</u>		<u>2,484,665</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	(478,022)		(427,860)	
			<u>1,451,259</u>		<u>2,056,805</u>
Net current assets					
Creditors: amounts falling due after one year	17		-		(180,556)
			<u>3,104,140</u>		<u>3,103,771</u>
Total net assets					
The funds of the charity:					
Restricted income funds	20		300,886		283,632
Unrestricted income funds:					
General funds		2,803,254		2,820,137	
		<u>2,803,254</u>		<u>2,820,137</u>	
Total unrestricted funds			<u>2,803,254</u>		<u>2,820,137</u>
Total charity funds			<u><u>3,104,140</u></u>		<u><u>3,103,770</u></u>

Approved by the trustees on 30 August 2022 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 2022

	Note	2022	2021
		£	£
Cash flows from operating activities	21		
Net cash (used in) / provided by operating activities		(189,415)	722,777
Cash flows from investing activities:			
Dividends and interest from investments		4,018	5,422
Purchase of fixed assets		(428,537)	(21,915)
Cash in transit not yet invested		-	(3,825)
Net cash provided used in investing activities		(424,519)	(20,318)
Cash flows from financing activities:			
Repayments of borrowing		(46,911)	(27,777)
Cash inflows from new borrowing		-	250,000
Net cash (used in) / provided by financing activities		(46,911)	222,223
Change in cash and cash equivalents in the year		(660,844)	924,682
Cash and cash equivalents at the beginning of the year		1,980,878	1,056,196
Cash and cash equivalents at the end of the year		1,320,034	1,980,878

Analysis of cash and cash equivalents and of net debt

	At 1 April 2021	Cash flows	At 31 March 2022
	£	£	£
Cash at bank and in hand	1,758,655	(613,934)	1,144,721
Total cash and cash equivalents	1,758,655	(613,934)	1,144,721
Loans falling due within one year	41,667	133,644	175,311
Loans falling due after more than one year	180,556	(180,556)	-
Total debt	222,223	(46,911)	175,311
Total	1,980,878	(660,843)	1,320,034

Notes to the financial statements

For the year ended 31 March 2022

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 continually review progress against budget, their cash flow forecasts and borrowing plans. 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. Funding levels and the fair cost of care will be discussed with funders and off framework packages be sought where possible. 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.

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.

Notes to the financial statements

For the year ended 31 March 2022

1 Accounting policies (continued)

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.

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 buildings | 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.

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 financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the financial statements

For the year ended 31 March 2022

1 Accounting policies (continued)

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 £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Donations	9,081	73,813	82,894	13,280	-	13,280
Accrued Legacy	-	-	-	106,000	-	106,000
	<u>9,081</u>	<u>73,813</u>	<u>82,894</u>	<u>119,280</u>	<u>-</u>	<u>119,280</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income from Warwickshire County Council	176,155	-	176,155	169,985	-	169,985
Sub-total for Residential care	<u>176,155</u>	<u>-</u>	<u>176,155</u>	<u>169,985</u>	<u>-</u>	<u>169,985</u>
Income from Warwickshire County Council	770,889	-	770,889	548,883	-	548,883
Income from Continuing Health Care (CHC)	276,445	-	276,445	307,093	-	307,093
Other income from Short stay	167,721	-	167,721	262,731	-	262,731
Sub-total for Short stay	<u>1,215,054</u>	<u>-</u>	<u>1,215,054</u>	<u>1,118,707</u>	<u>-</u>	<u>1,118,707</u>
Income from Warwickshire County Council	2,237,328	-	2,237,328	2,313,663	-	2,313,663
Other income from Domiciliary care and support	330,429	-	330,429	157,673	-	157,673
Sub-total for Domiciliary care and support	<u>2,567,757</u>	<u>-</u>	<u>2,567,757</u>	<u>2,471,336</u>	<u>-</u>	<u>2,471,336</u>
Income from Warwickshire County Council	202,600	-	202,600	183,441	-	183,411
Other income from Daytime activities	70,402	-	70,402	94,148	-	94,148
Sub-total for Daytime activities	<u>273,002</u>	<u>-</u>	<u>273,002</u>	<u>277,559</u>	<u>-</u>	<u>277,559</u>
Income from Warwickshire County Council	674,728	-	674,728	670,049	-	670,049
Income from Continuing Health Care (CHC)	262,009	-	262,009	258,560	-	258,560
Sub-total for Complex needs service	<u>936,737</u>	<u>-</u>	<u>936,737</u>	<u>928,609</u>	<u>-</u>	<u>928,609</u>
Total income from charitable activities	<u><u>5,168,704</u></u>	<u><u>-</u></u>	<u><u>5,168,704</u></u>	<u><u>4,966,196</u></u>	<u><u>-</u></u>	<u><u>4,966,196</u></u>

4 Income from other trading activities

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Fundraising events and small grants	3,438	-	3,438	89	10,230	10,319
Customer holidays, WDF and other income	70,346	-	70,346	27,802	-	27,802
	<u>73,784</u>	<u>-</u>	<u>73,784</u>	<u>27,891</u>	<u>10,230</u>	<u>38,121</u>

5 Other income

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Infection Control, Rapid Testing and Workforce Grants	-	148,706	148,706	-	173,949	173,949
Coronavirus Job Retention Scheme	-	-	-	34,924	-	34,924
	<u>-</u>	<u>148,706</u>	<u>148,706</u>	<u>34,924</u>	<u>173,949</u>	<u>208,873</u>

6 Income from investments

	Unrestricted £	Restricted £	2022 Total £	Unrestricted £	Restricted £	2021 Total £
Income from UK listed investments	3,978	-	3,978	5,307	-	5,307
Bank interest receivable	40	-	40	115	-	115
	<u>4,018</u>	<u>-</u>	<u>4,018</u>	<u>5,422</u>	<u>-</u>	<u>5,422</u>

7a Analysis of expenditure (current year)

	Charitable activities							2022 Total £	2021 Total £	
	Fundraising	Residential Care £	Short Stay £	Domiciliary Care and Support £	Daytime Activities £	Complex Needs Service £	Governance costs £			Support costs £
Staff costs (Note 9)	-	107,805	762,961	2,052,218	234,067	655,044	-	442,639	4,254,735	3,566,696
Staff costs (Note 9) – (R)	-	5,084	34,766	73,200	8,657	26,998	-	-	148,706	173,949
Office rent	-	-	-	-	-	-	-	16,000	16,000	16,000
Audit fees	-	-	-	-	-	-	11,580	-	11,580	14,460
Training costs	-	-	3,533	1,728	2,800	84	-	51,011	59,156	28,243
Other direct costs	-	14,798	98,584	40,129	28,800	76,852	-	77,445	336,608	319,551
Computer Supplies/Telephone	-	772	2,664	5,032	764	2,251	-	128,051	139,533	106,802
Cleaning/Hygiene/H&S	-	1,793	11,091	9,969	2,736	25,552	-	11,331	62,471	133,798
Housing costs/Rent	-	5,002	15,000	70,495	26,474	-	-	35	117,005	107,458
Licences, fees and insurance	-	1,337	11,248	16,877	1,333	368	-	149,012	180,174	239,660
Miscellaneous	-	-	1,214	874	-	(521)	-	28,097	29,664	8,968
Fundraising expenditure – (R)	-	-	-	-	-	-	-	-	-	4,596
Fundraising expenditure	-	-	-	360	2,385	2,724	-	7,461	12,929	2,551
Depreciation	-	499	11,488	5,337	10,292	11,048	-	5,514	44,178	47,127
		137,090	952,549	2,276,220	318,307	800,399	11,580	916,594	5,412,739	4,769,861
Support costs	-	31,339	214,293	451,191	53,359	166,413	-	(916,594)	-	-
Governance costs	-	2,707	396	5,700	674	2,102	(11,580)	-	-	-
Total expenditure 2022	-	171,136	1,167,238	2,733,111	372,340	968,914	-	-	5,412,739	
Total expenditure 2021	4,537	160,496	1,022,834	2,431,735	328,938	821,321	-	-		4,769,861
Exception items										
Digital Transformation – IT Review:								57,756		
Review of internal IT systems primarily conducted by Entec-Si								49,842		
Expenditure incurred on new software and associated project										
Total expenditure 2022 inc exceptionals	-	171,136	1,167,238	2,733,111	372,340	968,914	-	107,598	5,520,336	

*(R) = Restricted funds

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

7b Analysis of expenditure (prior year)

Charitable activities

	Fundraising £	Employment Support (R)*	Residential Care £	Short Stay £	Domiciliary Care and Support £	Daytime Activities £	Complex Needs Service £	Governance costs £	Support costs £	2021 Total £
Staff costs (Note 9)	-	-	96,138	610,078	1,717,081	197,663	544,873	-	400,864	3,566,696
Staff costs (Note 9) – (R)	-	-	12,055	59,882	102,012	-	-	-	-	173,949
Office rent	-	-	-	-	-	-	-	-	16,000	16,000
Audit fees	-	-	-	-	-	-	-	14,460	-	14,460
Training costs	-	-	-	2,943	225	-	169	-	24,906	28,243
Other direct costs	-	-	13,320	81,666	37,621	26,557	67,030	-	93,357	319,551
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
Licences, fees and insurance	-	-	1,306	8,483	31,609	1,810	315	-	196,137	239,660
Miscellaneous	-	-	-	611	593	78	204	-	7,483	8,968
Fundraising expenditure – (R)	3,450	-	-	923	-	223	-	-	-	4,596
Fundraising expenditure	1,087	-	-	50	432.34	(103)	1,084	-	-	2,551
Welfare – (R)	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	975	10,621	3,393	11,075	11,582	-	9,481	47,127
	4,537	-	131,107	807,296	1,965,930	269,083	647,547	14,460	929,901	4,769,861
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

*(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 2022

8 Net income / (expenditure)

This is stated after charging / (crediting):

	2022 £	2021 £
Depreciation	44,178	47,127
Operating lease rentals:		
Property	115,253	111,440
Other	8,982	13,045
Auditors' remuneration (excluding VAT):		
Audit	9,950	9,450
	<u>44,178</u>	<u>47,127</u>

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

Staff costs were as follows:

	2022 £	2021 £
Salaries and wages	3,740,447	3,252,208
Redundancy and termination costs	35,084	-
Social security costs	301,076	255,316
Employer's contribution to defined contribution pension schemes	130,356	115,283
Total employee costs	<u>4,206,963</u>	<u>3,622,808</u>
Agency and Community Service Volunteers costs	196,478	117,838
Total staff costs as per note 7	<u>4,403,441</u>	<u>3,740,645</u>

The redundancy and termination costs were settled and paid by 31 March 2022.

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

	2022 No.	2021 No.
£40,000 – £49,999	-	1
£60,000 – £69,999	1	-
£80,000 – £89,999	1	1
	<u>2</u>	<u>2</u>

The total employee benefits (including employer's national insurance and employer's pension contributions) of the key management personnel were £173,276 (2021: £143,446).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2021: £nil). No charity trustee received payment for professional or other services supplied to the charity (2021: £nil).

The amount claimed by trustees for the reimbursement of travel and subsistence was £149 (2021: £nil). This was claimed by 2 trustees (2021: nil)

10 Staff numbers

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

	2022 No.	2021 No.
Chief Executive	1	1
Care and support staff, including Registered Managers	186	171
Administration	10	10
	<u>197</u>	<u>182</u>

Notes to the financial statements

For the year ended 31 March 2022

11 Related party transactions

There are no related party transactions to disclose for 2022 (2021: none).

There was a donation of £60 from a related party, there are 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	182,365	216,669	14,000	1,233,035
Additions in year	377,000	-	28,116	23,421	-	428,537
Disposals in year	-	-	-	-	(1,000)	(1,000)
At the end of the year	1,127,000	70,000	210,481	240,090	13,000	1,660,571
Depreciation						
At the start of the year	56,000	11,200	91,920	190,310	14,000	363,429
Charge for the year	8,508	1,400	23,083	11,187	-	44,178
Eliminated on disposal	-	-	-	-	(1,000)	(1,000)
At the end of the year	64,508	12,600	115,003	201,497	13,000	406,608
Net book value						
At the end of the year	1,062,492	57,400	95,478	38,594	-	1,253,964
At the start of the year	694,000	58,800	90,446	26,360	-	869,605

Land with a value of £475,400 (2021: £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

	2022 £	2021 £
Fair value at the start of the year	357,916	304,824
Additions at cost	106,000	-
Disposal proceeds	(107,598)	3,825
Net gain / (loss) on change in fair value – Unrestricted	28,460	21,577
Net gain / (loss) on change in fair value – Restricted	14,138	27,691
Fair value at the end of the year	398,917	357,916
Investments comprise:		
	2022 £	2021 £
COIF Deposit Fund	14,034	14,028
COIF Ethical Investment Fund	248,072	171,374
COIF Charities Investment Fund	136,811	172,514
	398,917	357,916

Notes to the financial statements

For the year ended 31 March 2022

15 Debtors	2022 £	2021 £
Trade debtors	436,144	319,700
Prepayments	83,089	58,348
Accrued legacy	-	106,000
Accrued income	265,327	241,962
	784,559	726,010
	2022 £	2021 £
16 Creditors: amounts falling due within one year		
Trade creditors	43,028	22,127
Bank loans	175,311	41,667
Taxation and social security	177,842	191,517
Pensions creditors	6,868	7,867
Individual Service Funds	7,843	6,832
Accruals	67,130	157,850
	478,022	427,860
	2022 £	2021 £
17 Creditors: amounts falling due after one year		
Bank loans	-	180,556
	-	180,556

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. This loan was repaid in full in April 2022.

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 £68,829 (2021: £54,721).

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 £880 (2021: £1,002).

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 £60,647 (2021: £59,560).

Notes to the financial statements

For the year ended 31 March 2022

19a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	1,215,382	38,582	1,253,964
Investments	262,106	136,811	398,917
Net current assets	1,325,766	125,493	1,451,259
Net assets at 31 March 2022	2,803,254	300,886	3,104,140

19b Analysis of net assets between funds (prior 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

20a Movements in funds (current year)

	At 1 April 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2022 £
Restricted funds – fixed assets:					
Bike 4 Bikes	-	-	-	-	-
Valley Road grants	15,420	-	(1,040)	-	14,381
Sensory Grant (WCC)	14,679	-	(11,825)	-	2,855
Stratford Town Trust – Elta House refurbishment	20,000	-	(6,000)	-	14,000
General Fundraising	5,158	-	(787)	2,976	7,346
Total restricted funds fixed assets	55,257	-	(19,651)	2,976	38,582
Restricted funds:					
Trust Reserve – investments	172,515	14,138	(49,842)	-	136,811
Infection Control, Rapid Testing and Workforce Grants	-	148,706	(148,706)	-	-
56 Ash Grove – sensory equipment and summer house	19	-	-	-	19
Welfare Fund	29,207	-	-	-	29,207
Friends of Mencap	1,642	-	-	-	1,642
Bike 4 Bikes	734	-	(734)	-	-
Stratford Town Trust – Stratford Pathway	1,753	-	(1,576)	-	178
Kenilworth Ladies Circle – Warwick Pathway	1,085	-	-	-	1,085
Valley Road grants	557	-	-	-	557
Sensory Grant (WCC)	1,910	-	(1,178)	-	733
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
Let's Get Digital	1,070	972	(463)	-	1,579
Healthier Me	6,030	-	(126)	-	5,904
Beacon Grant – Mencap	-	21,250	(105)	-	21,145
H Bannister	-	51,591	-	-	51,591
Total other restricted funds	228,376	236,658	(202,730)	-	262,304
Total restricted funds	283,633	236,658	(222,381)	2,976	300,886
Unrestricted funds:					
General funds (unrestricted)	2,820,137	5,284,048	(5,297,955)	(2,976)	2,803,254
Total unrestricted funds	2,820,137	5,284,048	(5,297,955)	(2,976)	2,803,254
Total funds	3,103,771	5,520,705	(5,520,336)	-	3,104,140

Notes to the financial statements

For the year ended 31 March 2022

20b Movements in funds (prior year)

	At 31 March 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 1 April 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

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 £128,972 (2021: £114,834) which is included in the restricted fund. The use of the fund is restricted to the general welfare of customers.

Coronavirus/Infection Control, Rapid Testing and Workforce Grants – throughout the year we have been allocated various funds from the Local Authority for specified uses against additional costs incurred due to Coronavirus. These have been spent in accordance with the restrictions given within the allocated time periods and reported on.

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.

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.

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.

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.

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).

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.

Beacon Grant – Mencap – This grant is to support a community-led development programme in partnership with Royal Mencap. The aim of the funding was to establish and test a community led approach over the next two years to enable people with a learning disability to drive and shape local system changes.

H Bannister – a customer of Heart of England Mencap, sadly died and as the beneficiary of a fund in her mother's will, which was left in trust, Heart of England Mencap was the beneficiary of the residual fund. The general restrictions stated in the will identified that the funds should be used towards projects that benefit services delivered in Stratford upon Avon, without specifically stating any binding limitations or obligations.

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.

21 Reconciliation of net income / (expenditure) to net cash flow from operating activities	2022	2021
	£	£
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	369	617,299
Depreciation charges	44,178	47,127
(Gains)/losses on investments	(42,599)	(49,268)
Dividends and interest from investments	(4,018)	(5,422)
Transfer of investment from accrued income	(106,000)	-
Transfer of investment from CCLA	107,598	-
(Increase)/decrease in debtors	(58,549)	(151,184)
Increase/(decrease) in creditors	50,162	83,670
Increase/(decrease) in long term creditors	(180,556)	180,556
Net cash provided by operating activities	(189,415)	722,777

22 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	
	2022	2021	2022	2021
	£	£	£	£
Less than one year	56,805	73,185	6,634	8,982
One to five years	-	-	10,452	17,086
	56,805	73,185	17,086	26,068

23 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.

24 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.