

Company Number: 02814177
Charity Number: 1038862



**Report and Financial Statements
for the year ended 31 March 2023**

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For the year ended 31 March 2023

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	Vice Chair
Francis Sprules	
Kathryn Stevens	
Amy Batchelor	(resigned 01.06.2022)
Katherine Barber	
Gurjit Bhogal	(resigned 28.02.2023)
Susan Johnson-Gregory	(appointed 16.11.2022)
Janinah McKenzie	(appointed 01.09.2022)

Key management personnel	Helena Wallis	Chief Executive
	Edd Terrey	Director of Operations (left 07.02.2023)
	Rebecca Davies	Commercial Director

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

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

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

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

For the year ended 31 March 2023

Investment advisors	First Actuarial LLP Mayesbrook House Redvers Close Leeds, LS16 6QY
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditor Invicta House 108-114 Golden Lane LONDON, EC1Y 0TL

For the year ended 31 March 2023

CHAIR'S REPORT

We continue to remain focused on the delivery of our organisational strategic intentions, which has meant the ongoing need to steer the organisation through continued challenges and uncertainty linked to the post-pandemic impact and funding issues that the Third Sector faces. However, I am delighted and proud to say that, Heart of England Mencap continues to deliver a progressive, solution based and aspirational strategy, that identifies opportunities for growth in our service offer and which continues to put the people we support at the heart of everything we do.

Our ability to remain adaptable, responsive, agile and creative is key to staying focused on our objectives and business plans and as a result, this has enabled us to achieve the outcomes we had planned to deliver and to continue to build on our existing strengths. Much of this is down to the people within the organisation and the passion that drives them to ensure we deliver professional care and support services that we can all be proud of.

As a Board of trustees and Directors we are collectively committed to ensuring we spend time visiting services to understand the challenges faced by our care workforce and to see the impact of what we do on people's lives. This provides an ideal opportunity to receive feedback directly from our workforce and connect with the people we support. This has been a key factor in influencing our review of achievements and in our planning for future services. All the trustees feel this connection to the people we support is critical to our leadership role in the organisation.

As part of our strategic objectives we have continued to include the need to ensure the voice of the people we support contributes to our plans and I am delighted to see the development of opportunities to encourage this through the customer co-production work we have done with the *Reach Out Group*. This has provided increased opportunities for improving engagement with the people that choose Heart of England Mencap as their service provider, providing opportunities to influence the local and national agenda for people with a learning disability and to facilitate direct engagement between the Board and the customer representative group. The work on co-production and involvement will continue as a key theme in our strategic direction in the future.

Our aspiration to ensure the people we support, and all people with a disability, live a fulfilling and meaningful life remains at the heart of everything we do. Whilst we acknowledge new approaches to the way health and social care are aiming to become more 'aligned', through the development of the Integrated Care Boards – in reality, it is still early days and the way that services are commissioned and funded requires us to influence where we can, with the right partners and to continue to navigate through the complex organisational structures that exist across health and social care. We advocate 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.

The post-pandemic recovery has continued to impact upon the health and care sector and this has made many people involved in care feel they have been 'forgotten'. Whilst the population went back to relative normality, things were slow to change in the health and social care sector, for example, the ongoing requirement for infection prevention and control protocols requiring staff to continue to have to wear face masks, when much of the world had been able to remove these. The ongoing need to test and isolate in the case of a positive test for Covid-19 meant people had to take sick leave, even though they didn't feel unwell. All these actions reinforced the view of the care sector isn't valued and continues to

For the year ended 31 March 2023

be a the poor relative of the health and care system. Despite all this we have continued to aspire to provide more opportunities across all our services, keep a focus on continuous improvements and consider how we support our workforce during these difficult times.

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. A key feature of these meetings has been the opportunity to reflect, learn, review and plan.

The ongoing development of our digital capabilities is a key are of focus in terms of organisational development and despite some early challenges, the momentum has continued and we are now back on track to deliver against our project timescales and business plans. We see this as a key culture change requirement for the organisation and our approach to care and as such recognise the need to invest in the appropriate support, expertise and skills to enable us to deliver this during the coming 12-24 months.

A significant organisation change will be taking place during the next financial year, as our current Chief Executive, Helena, has announced her retirement after a period of over 10 years providing significant leadership and direction, through some challenging times. Helena will continue to work until the end of August 2023 and during her notice period we will be actively recruiting for her successor. I would like to take this opportunity to thank Helena for her inspiration, dedication and resilience, she has worked very hard and the organisation has benefitted immensely from her tenure as CEO.

I know that Helena is proud to have in place a knowledgeable and empowered team that are commitment to continuing the journey with us and to deliver on their objectives. We will ensure they are supported to achieve their individual and collective goals and aspirations during this period of leadership change. The Executive team includes Becky Davies, our Commercial Director; Becky has also been instrumental in supporting the delivery of our key strategic objectives and she will continue to provide continuity to our remaining senior leadership team. I am proud how the Executive team have continued to lead, adapt, and respond effectively to the challenges and 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 enables us to work collectively and collaboratively to achieve our business objectives and our charitable aims.

My continued thanks go to the many fabulous, dedicated teams and individuals that continue to provide our professional care services, their ongoing commitment and belief in enabling the people they support to have their best lives possible continues to be at the heart of everything we do.

Together we celebrate what we all do in paying attention to ensuring that we deliver the best possible services for our customers.

For the year ended 31 March 2023



Robert Pearce

Chair

For the year ended 31 March 2023

Chief Executive's Review

Throughout this year we have continued to focus on delivering our objectives and ensuring our overall mission is achieved and the people we support are at the heart of everything we do. I am proud with our achievements, despite the continuing challenges of operating in a post-pandemic environment, alongside the funding challenges we continue to face. In reality post-pandemic 'recovery' feels to have taken longer in the social care sector and I am sure the impact of this will be felt across the sector for many years to come.

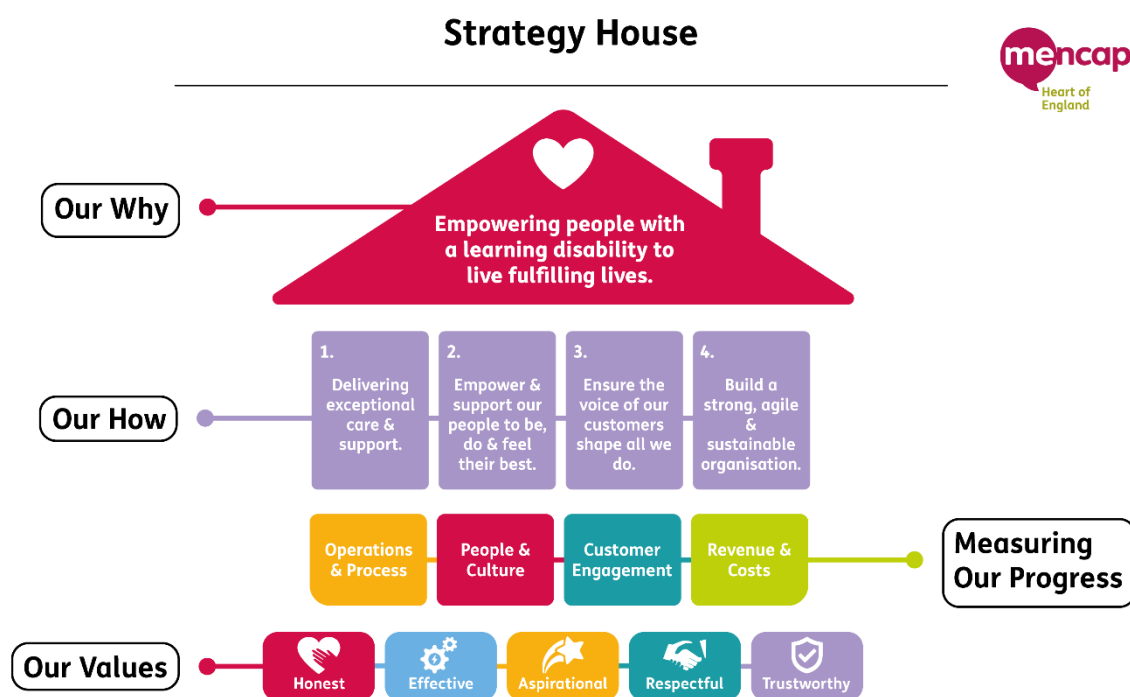
Reflecting on this year's achievements and performance, I am delighted to say we have continued to ensure all our regulated services have a GOOD rating from CQC. Services that are not overseen by the regulator continue to be delivered to a good standard and we have had positive feedback from our local authority contract monitoring teams.

Of note this year was the re-commissioning for all our framework services across our main funder, Warwickshire County Council, which required us to decide which contracts we would re-tender for and carry out significant work to complete this within the allocated timeframes. The outcome of this is that we have secured all our existing services for the coming 5 years, with the ability for a 2 year extension. This ensures we have a sustainable business model on which to continue to grow and develop.

The ongoing challenges facing providers in terms of workforce availability is a continued area of risk as the battle for good resources is not just between providers in the care sector, but now competition exists across wider industry groups, such as retail, travel and tourism. We know that the inequalities that exist between the health sector remuneration levels is another area of disparity and we need to continue to aim for equal recognition of the value of the roles in the care sector in line with those in the health sector.

Our strategy continues to focus on the key themes identified in 2021 and each year we review our business plan actions that will enable us to deliver this. This underpins our approach to everything we do and we continue to share this with our team members and colleagues to ensure they see continuity in our aims and objectives. Along with the annual Budget review process that supports our financial performance and supports sustainability, this will allow us to continue to be responsive to the needs of the people we support today and consider the business opportunities for the future.

For the year ended 31 March 2023



A key area of investment during this year and the following year will be supporting our teams and individuals through a change management programme, which is linked to new ways of working and the development of our digital capabilities. During the year we started on a journey to work with a new Care Management System, however as time progressed we felt we were not getting to where we expected to be. As a result of this we took the brave step to stop and reflect and determine a much clearer way forward. The outcome of this was that we went back to the initial project requirements, restated these and set up a clear project outline that we could all be held accountable to. We are now back on track with our delivery plan and have re-selected a new CMS partner, Birdie, to work with. With this enhanced focus on digital operations, we have continued to review the security of our digital assets, including information and data, and following the successful accreditation with Cyber Essentials, we aim to pursue addition recognition of Cyber Essentials Plus. This will ensure we remain in line with best practices around information and systems management in the care sector.

As this is my last full financial year as Chief Executive for Heart of England Mencap, the overriding message I'd like to give is one of immense pride in everything we do and have achieved this year and during my time as CEO. I'd like to recognise and acknowledge the endless passion, commitment and tenacity of the teams and individuals across all the services we provide. We have kept the focus on achieving our mission a key driver for change and a catalyst to influence the stakeholders and systems we work with both at local and national levels. All the senior leadership team have been instrumental in achieving positive outcomes for the people we support, through determination, drive and commitment. I know the organisation is in a secure position to continue to focus on delivering exceptional care and support that is consistent across all our services and to achieve our growth aspirations for the future and ultimately enabling more people with a learning disability to live their best and most meaningful life.

For the year ended 31 March 2023



Helena Wallis

Chief Executive

For the year ended 31 March 2023

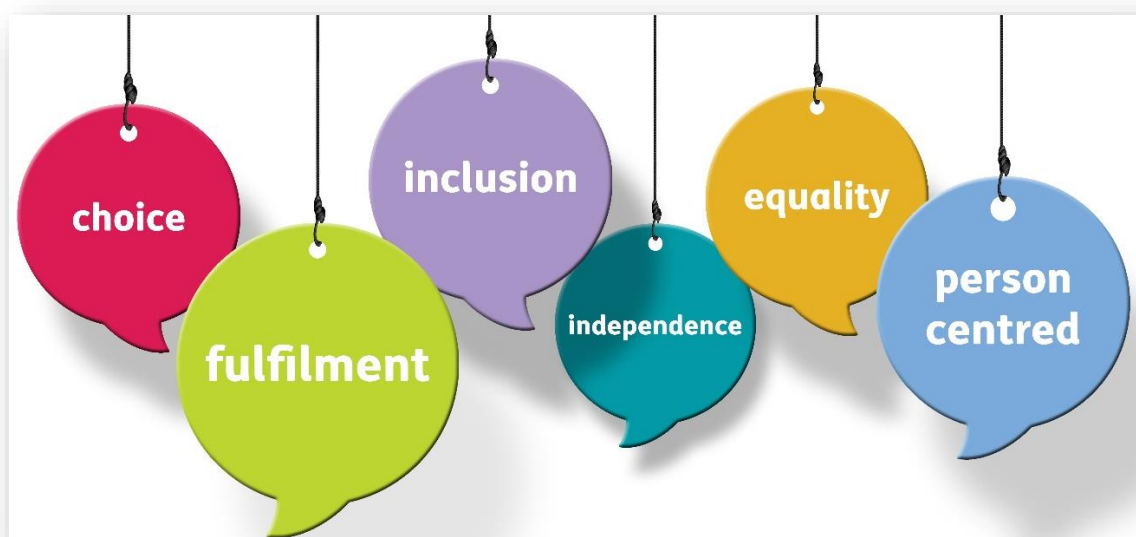
The trustees present their report and the audited financial statements for the year ended 31 March 2023.

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.

For the year ended 31 March 2023

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

Public benefit

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

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

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

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

For the year ended 31 March 2023

Activities and services

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



Our Values

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

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.

For the year ended 31 March 2023



Honest



Effective



Aspirational



Respectful



Trustworthy

Achievements and performance

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

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 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.

Since the Covid-19 restrictions were lifted, some services have continued to have a slow recovery 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 – 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 leadership team changes and improvement in the way the team works as a whole
- 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

During the year we took time to review our digital transformation project which was underway with the intention of moving our care management system from a paper-based system to a digital solution with Unique:IQ. As part of this reflection process we also looked at other providers within the market to ensure our needs were most effectively met.

Given the developments by other software providers it was felt that other solutions were more suited to the needs of the whole organisation. Our selected partner, Birdie, will allow us to electronically monitor 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

For the year ended 31 March 2023

many of the paper-based manual systems, which often result in duplication and can result in errors. The 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.

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:

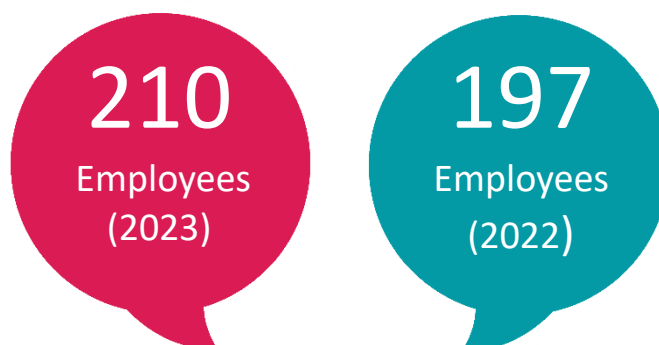
- Embedding values at the first point of entry to the organisation and within the recruitment and induction process
- The launch of induction day training for all new employees to the organisation
- Reinforcing communications of our values across the services, linking recognition and rewards to the values
- 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
- Increasing the Employee Referral rewards for new employee introductions, emphasising the value that our existing workforce bring as ambassadors to the care sector

The customer co-production team, **Reach Out Group** have continued throughout the year with their work and attended Board meetings as well as working with 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 provided 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, NCVO, Risk Evolves, SCCS, Birdie, Acutec, Pink Connect, 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.

For the year ended 31 March 2023



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!

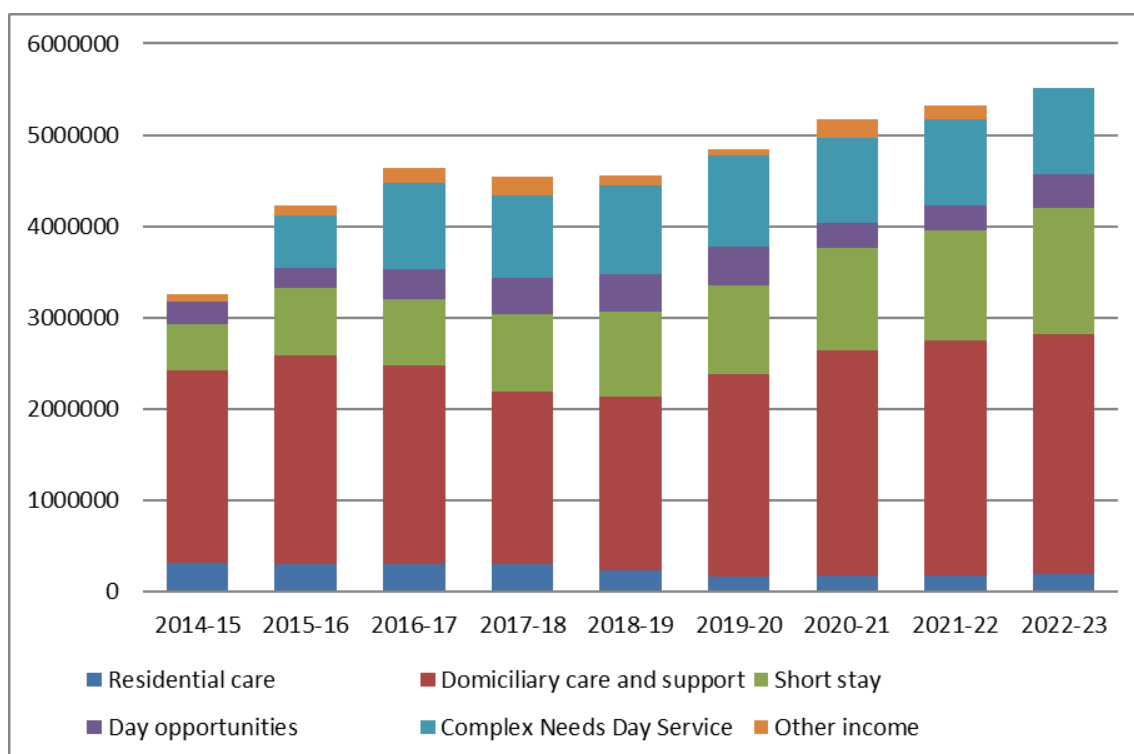
Financial review

The loss of income over expenditure for the year, before revaluation gains and losses, is £206,295 compared with a loss of £42,230 for the year ended 31 March 2022.

Operational income increased by 6.1% (2022: 2.0%). 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. Central function costs were minimised wherever possible. The unrestricted loss (before gains/losses on investments) was £198,556 (2022: £42,368).

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

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In the prior year 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 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 0.7% for the year (2022: 1.6%) 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;

For the year ended 31 March 2023

- 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

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"> • a defined Designated Safeguarding Lead is identified across all services and regular DSL Reviews are held • all staff, including volunteers, receive appropriate 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 • Safeguarding is a standing agenda item on Board Agendas- decisions are recorded
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

For the year ended 31 March 2023

	<ul style="list-style-type: none"> ● The Nominated Individual role is recognised as a key role and an external individual is appointed to ensure transparency and clear definitions of responsibilities.
<p>People and Resources - the local area has very low levels of unemployment and recruitment presents a significant challenge</p>	<ul style="list-style-type: none"> ● various initiatives are in place, including 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 ● Employee engagement activities including communication initiatives, employee surveys and opportunities for feedback support greater collaboration and involvement in regular recruitment campaigns and targeted initiatives are developed and delivered

For the year ended 31 March 2023

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 2023, the General Reserve was £1,056,375 (2022: £1,325,766), which represents around 10 weeks' expenditure (2022: 13 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 is under the 13 weeks' target. The Executive team and Trustees continue to focus on the growth of the organisation and to achieve a surplus in future financial years to rebuild the reserves to the levels felt appropriate.

At 31 March 2023, the restricted net current assets were £126,394 (2022: £125,493). These funds are restricted and not available for general purposes.

The trustees continue to review progress against budget, their cash flow forecasts and borrowing plans. 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 influence 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 2023

Plans for the future

The priorities for 2023/24 are:

- implement the organisational change management programme to support 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
- 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 suitability and subsequently, candidates are invited to meet the Chair and to a more formal panel

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interview with other trustees. Throughout the trustee recruitment process we apply the principles of diversity, equity and inclusion to enable us to attract candidates from all community groups.

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 required to undertake specific mandatory training, including Safeguarding and GDPR compliance. These are delivered either as attendance at a targeted programme for trustees or via our internal e-learning platform MyLearningCloud. Additional training and development is also encouraged in line with individual needs and aspirations. .

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

For the year ended 31 March 2023

snippets of information are disseminated through this route. Staff often share information between themselves and with Central Services via this route.

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

Funds held as custodian trustee on behalf of others

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

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.

Local fundraising events and activities are managed and arranged 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

For the year ended 31 March 2023

- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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 2023 was 58 (2022: 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 29 August 2023 and signed on their behalf by

Helena Wallis
Company Secretary

Heart of England Mencap

Opinion

We have audited the financial statements of Heart of England Mencap (the 'charitable company') for the year ended 31 March 2023 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 2023 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

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misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements 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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

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

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

Heart of England Mencap

rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Fleur Holden (Senior statutory auditor)
21 September 2023
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 2023

	Note	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from:							
Donations	2	22,077	–	22,077	9,081	73,813	82,894
Charitable activities							
Residential care	3	183,788	–	183,788	176,155	–	176,155
Short stay	3	1,376,657	–	1,376,657	1,215,054	–	1,215,054
Domiciliary care and support	3	2,639,218	–	2,639,218	2,567,757	–	2,567,757
Daytime activities	3	371,374	–	371,374	273,002	–	273,002
Complex needs service	3	942,171	–	942,171	936,737	–	936,737
Other trading activities	4	37,097	27,772	64,869	73,784	–	73,784
Other income	5	–	–	–	–	148,706	148,706
Investments	6	6,116	–	6,116	4,018	–	4,018
Total income		5,578,497	27,772	5,606,269	5,255,587	222,519	5,478,107
Expenditure on:							
Charitable activities							
Residential care	7	199,298	–	199,298	166,052	5,084	171,136
Short stay	7	1,232,010	2,491	1,234,501	1,129,981	37,257	1,167,238
Domiciliary care and support	7	2,845,188	19,409	2,864,596	2,659,824	73,287	2,733,111
Daytime activities	7	442,976	13,611	456,587	353,110	19,230	372,340
Complex needs service	7	1,057,582	–	1,057,582	931,233	37,681	968,914
Exceptional items	7	–	–	–	57,756	49,842	107,598
Total expenditure		5,777,053	35,511	5,812,564	5,297,955	222,381	5,520,336
Net (expenditure) / income before net (losses) / gains on investments		(198,556)	(7,739)	(206,295)	(42,368)	138	(42,230)
(Losses) / gains on revaluation of investment assets	14	(4,616)	(5,128)	(9,745)	28,460	14,138	42,599
Net (expenditure) / income for the year	8	(203,173)	(12,867)	(216,040)	(13,908)	14,276	369
Transfers between funds		–	–	–	(2,976)	2,976	–
Net movement in funds		(203,173)	(12,867)	(216,040)	(16,884)	17,252	369
Reconciliation of funds:							
Total funds brought forward		2,803,253	300,886	3,104,140	2,820,137	283,633	3,103,771
Total funds carried forward		2,600,081	288,019	2,888,100	2,803,253	300,886	3,104,140

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 2023

	Note	£	2023 £	£	2022 £
Fixed assets:					
Tangible assets	13		1,316,159		1,253,964
Investments	14		389,172		398,917
			<u>1,705,331</u>		<u>1,652,881</u>
Current assets:					
Debtors	15	1,024,675		784,559	
Cash at bank and in hand		523,792		1,144,721	
		<u>1,548,467</u>		<u>1,929,281</u>	
Liabilities:					
Creditors: amounts falling due within one year	16	(365,699)		(478,022)	
			<u>1,182,769</u>		<u>1,451,259</u>
Net current assets			<u>1,182,769</u>		<u>1,451,259</u>
Total net assets			<u><u>2,888,100</u></u>		<u><u>3,104,140</u></u>
The funds of the charity:					
Restricted income funds	19		288,019		300,886
Unrestricted income funds:					
General funds		2,600,081		2,803,254	
		<u>2,600,081</u>		<u>2,803,254</u>	
Total unrestricted funds			<u>2,600,081</u>		<u>2,803,254</u>
Total charity funds			<u><u>2,888,100</u></u>		<u><u>3,104,140</u></u>

Approved by the trustees on 29 August 2023 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 2023

	Note	2023 £	£	2022 £	£
Cash flows from operating activities	20				
Net cash used in operating activities			(346,140)		(250,101)
Cash flows from investing activities:					
Dividends and interest from investments		6,116		4,018	
Purchase of fixed assets		(105,594)		(428,537)	
Proceeds from the sale of investments		-		107,598	
Net cash provided used in investing activities			(99,478)		(316,921)
Cash flows from financing activities:					
Repayments of borrowing		(175,311)		(46,912)	
Net cash used in financing activities			(175,311)		(46,912)
Change in cash and cash equivalents in the year			(620,929)		(613,934)
Cash and cash equivalents at the beginning of the year			1,144,721		1,758,655
Cash and cash equivalents at the end of the year			523,792		1,144,721

Analysis of cash and cash equivalents and of net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	1,144,721	(620,929)	523,792
Total cash and cash equivalents	1,144,721	(620,929)	523,792
Loans falling due within one year	(175,311)	175,311	-
Total debt	(175,311)	175,312	-
Total	969,412	(445,616)	523,792

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.

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 2023

1 Accounting policies (continued)

q) Coronavirus Business Interruption Loan Scheme

During the prior 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. This was repaid in full in April 2022.

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 £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Donations	22,077	-	22,077	9,081	73,813	82,894
	22,077	-	22,077	9,081	73,813	82,894

3 Income from charitable activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from Warwickshire County Council	183,788	-	183,788	176,155	-	176,155
Sub-total for Residential care	183,788	-	183,788	176,155	-	176,155
Income from Warwickshire County Council	843,267	-	843,267	770,889	-	770,889
Income from Continuing Health Care (CHC)	259,143	-	259,143	276,445	-	276,445
Other income from Short stay	274,247	-	274,247	167,721	-	167,721
Sub-total for Short stay	1,376,657	-	1,376,657	1,215,054	-	1,215,054
Income from Warwickshire County Council	2,311,193	-	2,311,193	2,237,328	-	2,237,328
Income from Continuing Health Care (CHC)	217,725	-	217,725	-	-	-
Other income from Domiciliary care and support	110,300	-	110,300	330,429	-	330,429
Sub-total for Domiciliary care and support	2,639,218	-	2,639,218	2,567,757	-	2,567,757
Income from Warwickshire County Council	253,306	-	253,306	202,600	-	202,600
Income from Continuing Health Care (CHC)	3,474	-	3,474	-	-	-
Other income from Daytime activities	114,594	-	114,594	70,402	-	70,402
Sub-total for Daytime activities	371,374	-	371,374	273,002	-	273,002
Income from Warwickshire County Council	674,570	-	674,570	674,728	-	674,728
Income from Continuing Health Care (CHC)	266,131	-	266,131	262,009	-	262,009
Other income from Complex Needs	1,470	-	1,470	-	-	-
Sub-total for Complex needs service	942,171	-	942,171	936,737	-	936,737
Total income from charitable activities	5,513,207	-	5,513,207	5,168,704	-	5,168,704

4 Income from other trading activities

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Fundraising events and small grants	100	27,772	27,872	3,438	-	3,438
Customer holidays, WDF and other income	36,997	-	36,997	70,346	-	70,346
	<u>37,097</u>	<u>27,772</u>	<u>64,869</u>	<u>73,784</u>	<u>-</u>	<u>73,784</u>

5 Other income

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Infection Control, Rapid Testing and Workforce Grants	-	-	-	-	148,706	148,706
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,706</u>	<u>148,706</u>

6 Income from investments

	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from UK listed investments	2,867	-	2,867	3,978	-	3,978
Bank interest receivable	3,248	-	3,248	40	-	40
	<u>6,116</u>	<u>-</u>	<u>6,116</u>	<u>4,018</u>	<u>-</u>	<u>4,018</u>

7a Analysis of expenditure (current year)

	Charitable activities							2023 Total £	2022 Total £
	Residential Care £	Short Stay £	Domiciliary Care and Support £	Daytime Activities £	Complex Needs Service £	Governance costs £	Support costs £		
Staff costs (Note 9)	140,209	826,914	2,237,581	278,104	764,409	-	461,698	4,708,914	4,254,735
Staff costs (Note 9) - (R)	-	-	-	-	-	-	-	-	148,706
Office rent	-	-	-	-	-	-	16,456	16,456	16,000
Audit fees	-	-	-	-	-	11,500	-	11,500	11,580
Training costs	-	850	50	-	500	-	55,339	56,739	59,156
Other direct costs	14,219	101,540	49,276	47,494	87,587	-	50,771	350,887	336,608
Computer Supplies/Telephone	717	2,955	4,145	750	2,105	-	152,538	163,211	139,533
Cleaning/Hygiene/H&S	2,700	15,951	10,474	6,531	23,963	-	10,481	70,101	62,471
Housing costs/Rent	6,923	15,000	45,154	28,398	-	-	1,656	97,130	117,005
Licences, fees and insurance	1,323	10,879	29,472	1,237	378	-	178,576	221,865	180,174
Miscellaneous	-	213	2,807	(5)	193	-	14,344	17,552	29,664
Fundraising expenditure	-	468	1,089	16,962	3,769	-	32,521	54,809	12,929
Depreciation	266	12,988	11,748	10,251	2,911	-	5,235	43,399	44,178
	166,357	987,757	2,391,796	389,721	885,816	11,500	979,617	5,812,564	5,412,739
Support costs	32,559	243,881	467,315	66,089	169,773	-	(979,617)	-	-
Governance costs	382	2,863	5,486	776	1,993	(11,500)	-	-	-
Total expenditure 2023	199,298	1,234,501	2,864,596	456,587	1,057,582	-	-	5,812,564	
Total expenditure 2022	171,136	1,167,238	2,733,111	372,340	968,914	-	-		5,412,739

*(R) = Restricted funds

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

Heart of England Mencap

Notes to the financial statements

For the year ended 31 March 2023

7b Analysis of expenditure (prior year)

Charitable activities

	Residential Care £	Short Stay £	Domiciliary Care and Support £	Daytime Activities £	Complex Needs Service £	Governance costs £	Support costs £	2022 Total £
Staff costs (Note 9)	107,805	762,961	2,052,218	234,067	655,044	-	442,639	4,254,735
Staff costs (Note 9) – (R)	5,084	34,766	73,200	8,657	26,998	-	-	148,706
Office rent	-	-	-	-	-	-	16,000	16,000
Audit fees	-	-	-	-	-	11,580	-	11,580
Training costs	-	3,533	1,728	2,800	84	-	51,011	59,156
Other direct costs	14,798	98,584	40,129	28,800	76,852	-	77,445	336,608
Computer Supplies/Telephone	772	2,664	5,032	764	2,251	-	128,051	139,533
Cleaning/Hygiene/H&S	1,793	11,091	9,969	2,736	25,552	-	11,331	62,471
Housing costs/Rent	5,002	15,000	70,495	26,474	-	-	35	117,005
Licences, fees and insurance	1,337	11,248	16,877	1,333	368	-	149,012	180,174
Miscellaneous	-	1,214	874	-	(521)	-	28,097	29,664
Fundraising expenditure – (R)	-	-	-	-	-	-	-	-
Fundraising expenditure	-	-	360	2,385	2,724	-	7,461	12,929
Depreciation	499	11,488	5,337	10,292	11,048	-	5,514	44,178
	137,090	952,549	2,276,220	318,307	800,399	11,580	916,594	5,412,739
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

*(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 2023

8 Net income / (expenditure)

This is stated after charging / (crediting):

	2023 £	2022 £
Depreciation	43,399	44,178
Operating lease rentals:		
Property	113,586	115,253
Other	28,647	8,982
Auditors' remuneration (excluding VAT):		
Audit	11,500	9,950
	<u>11,500</u>	<u>9,950</u>

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

Staff costs were as follows:

	2023 £	2022 £
Salaries and wages	3,955,546	3,740,447
Redundancy and termination costs	-	35,084
Social security costs	333,270	301,076
Employer's contribution to defined contribution pension schemes	131,142	130,356
Total employee costs	<u>4,419,958</u>	<u>4,206,963</u>
Agency and Community Service Volunteers costs	288,956	196,478
Total staff costs as per note 7	<u>4,708,914</u>	<u>4,403,441</u>

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

	2023 No.	2022 No.
£40,000 – £50,000	1	-
£60,000 – £69,999	-	1
£80,000 – £89,999	1	1
	<u>1</u>	<u>1</u>

The total employee benefits (including employer's national insurance and employer's pension contributions) of the key management personnel were £213,135 (2022: £173,276).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2022: £nil). No charity trustee received payment for professional or other services supplied to the charity (2022: £nil).

The amount claimed by trustees for the reimbursement of travel and subsistence was £213 (2022: £149). This was claimed by 2 trustees (2022: 2)

10 Staff numbers

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

	2023 No.	2022 No.
Chief Executive	1	1
Care and support staff, including Registered Managers	197	186
Administration	12	10
	<u>210</u>	<u>197</u>

Notes to the financial statements

For the year ended 31 March 2023

11 Related party transactions

There are no related party transactions to disclose for 2023 (2022: none).

There are no donations from related parties and no restricted donations from related parties.

12 Taxation

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

13 Tangible fixed assets

	Freehold property £	Long leasehold property £	Short leasehold property £	Contents and equipment £	Motor vehicles £	Total £
Cost						
At the start of the year	1,127,000	70,000	210,481	240,090	13,000	1,660,571
Additions in year	-	-	86,695	18,899	-	105,594
Disposals in year	-	-	(4,874)	(46,479)	(5,000)	(56,353)
At the end of the year	<u>1,127,000</u>	<u>70,000</u>	<u>292,301</u>	<u>212,510</u>	<u>8,000</u>	<u>1,709,812</u>
Depreciation						
At the start of the year	64,508	12,600	115,003	201,497	13,000	406,608
Charge for the year	13,032	1,400	15,111	13,855	-	43,399
Eliminated on disposal	-	-	(4,874)	(46,479)	(5,000)	(56,353)
At the end of the year	<u>77,540</u>	<u>14,000</u>	<u>125,240</u>	<u>168,873</u>	<u>8,000</u>	<u>393,653</u>
Net book value						
At the end of the year	<u>1,049,460</u>	<u>56,000</u>	<u>167,062</u>	<u>43,637</u>	<u>-</u>	<u>1,316,159</u>
At the start of the year	<u>1,062,492</u>	<u>57,400</u>	<u>95,478</u>	<u>38,594</u>	<u>-</u>	<u>1,253,964</u>

Land with a value of £475,400 (2022: £475,400) 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

	2023 £	2022 £
Fair value at the start of the year	398,917	357,916
Additions at cost	-	106,000
Disposal proceeds	-	(107,598)
Net gain / (loss) on change in fair value – Unrestricted	(4,616)	28,460
Net gain / (loss) on change in fair value – Restricted	(5,128)	14,138
Fair value at the end of the year	<u>389,172</u>	<u>398,917</u>
Investments comprise:		
	2023 £	2022 £
COIF Deposit Fund	14,283	14,034
COIF Ethical Investment Fund	243,207	248,072
COIF Charities Investment Fund	131,683	136,811
	<u>389,172</u>	<u>398,917</u>

Notes to the financial statements

For the year ended 31 March 2023

15 Debtors	2023 £	2022 £
Trade debtors	673,763	436,144
Prepayments	99,246	83,089
Accrued income	251,666	265,327
	1,024,675	784,559

16 Creditors: amounts falling due within one year	2023 £	2022 £
Trade creditors	102,682	43,028
Bank loans	-	175,311
Taxation and social security	176,660	177,842
Pensions creditors	23,462	6,868
Individual Service Funds	6,250	7,843
Accruals	56,645	67,130
	365,699	478,022

17 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 £73,428 (2022: £68,829).

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 £395 (2022: £880).

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 £57,519 (2022: £60,647).

18a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	1,316,159	-	1,316,159
Investments	257,490	131,683	389,172
Net current assets	1,056,375	126,394	1,182,769
Net assets at 31 March 2023	2,630,023	258,076	2,888,100

18b Analysis of net assets between funds (prior 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

19a Movements in funds (current year)

	At 1 April 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2023 £
Restricted funds – fixed assets:					
Valley Road grants	14,381	-	(1,040)	-	13,341
Sensory Grant (WCC)	2,855	-	(1,142)	-	1,713
Stratford Town Trust – Elta House refurbishment	14,000	-	(6,000)	-	8,000
General Fundraising	7,346	-	(458)	-	6,888
Total restricted funds fixed assets	38,582	-	(8,640)	-	29,942
Restricted funds:					
Trust Reserve – investments	136,811	-	(5,128)	-	131,683
56 Ash Grove – sensory equipment and summer house	19	-	-	-	19
Welfare Fund	29,207	-	-	-	29,207
Friends of Mencap	1,642	-	(1,642)	-	-
Stratford Town Trust – Stratford Pathway	178	-	(178)	-	-
Kenilworth Ladies Circle – Warwick Pathway	1,085	-	(97)	-	988
Valley Road grants	557	-	-	-	557
Sensory Grant (WCC)	733	-	-	-	733
Joint Healthy South Warwickshire (WCC)	1,280	-	(1,143)	-	136
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	1,579	-	(1,579)	-	-
Healthier Me	5,904	-	(2,564)	-	3,340
Beacon Grant – Mencap	21,145	21,250	(15,553)	-	26,842
H Bannister	51,591	-	-	-	51,591
Think Active	-	2,500	(94)	-	2,406
Together Fund	-	4,022	(4,022)	-	-
Total other restricted funds	262,304	27,772	(32,000)	-	258,077
Total restricted funds	300,886	27,772	(40,639)	-	288,019
Unrestricted funds:					
General funds (unrestricted)	2,803,254	5,578,497	(5,781,669)	-	2,600,081
Total unrestricted funds	2,803,254	5,578,497	(5,781,669)	-	2,600,081
Total funds	3,104,140	5,606,269	(5,822,309)	-	2,888,100

Notes to the financial statements

For the year ended 31 March 2023

19b Movements in funds (prior year)

	At 31 March 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 1 April 2022 £
Restricted funds – fixed assets:					
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)	-	-
Purchase of fixed assets from restricted funds	-	-	-	-	-
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	283,634	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

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 £123,844 (2022: £128,972) 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 – during the prior year we were 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 2021/22 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.

Think Active – This grant from B2022 small grants funding is restricted to promote eco-friendly activities and community engagement, focusing on minority groups within the community.

Together Fund – Sport England – This grant paid was restricted for the costs for 9 employees training, 2 green dragon trikes and 5 safety helmets.

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.

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

	2023	2022
	£	£
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	(216,040)	369
Depreciation charges	43,399	44,178
Losses/(gains) on investments	9,745	(42,599)
Dividends and interest from investments	(6,116)	(4,018)
Transfer of investment from accrued income	-	(106,000)
(Increase)/decrease in debtors	(240,116)	(58,549)
(Decrease)/increase in creditors	62,988	(83,482)
Net cash used in operating activities	(346,140)	(250,101)

21 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	
	2023	2022	2023	2022
	£	£	£	£
Less than one year	50,154	56,805	40,340	6,634
One to five years	-	-	72,945	10,452
	50,154	56,805	113,285	17,086

22 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 complex needs service contract. Security will need to be maintained for the duration of the contract.

23 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.