

Company Number: 02814177
Charity Number: 1038862



Report and Financial Statements
for the year ended 31March 2024

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For the year ended 31 March 2024

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For the year ended 31 March 2024

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 - Re-elected as Chair -
Margaret Harrison	5.12.2023 Vice Chair/Hon Treasurer
Richard Lane	Vice Chair
Kathryn Barber	
Sally Fyffe	
Sue Johnson-Gregory	
Robert Ginton	
Frank Sprules	
Kate Stevens	Retired as Trustee - 29.2.2024
Jane Reed	Appointed as Formal Trustee - 5.12.2023
Natasha Mills	Appointed as Formal Trustee - 5.12.2023
Opusdei Aghanenu	Appointed as Formal Trustee - 27.2.2024
Keith Yates	

Key management personnel

Claire Mould	Chief Executive (1.9.2023 - 31.10.2023 - Interim. Permanent 1.11.2023 - Present)
Helena Wallace	Chief Executive (until 31.8.2023)
Rebecca Davies	Commercial Director (Maternity leave 29.1.2024. Resigned from 31.7.2024.)

Bankers

Santander	Lloyds Bank
21 Wood Street, Stratford-upon-Avon Warks CV37 6JU	14 Church Street, Rugby CV213PL

Solicitors

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham B3 2ES

Fund Managers

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

For the year ended 31 March 2024

**Investment
advisors**

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

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
110 Golden Lane
LONDON, EC1Y0TG

CHAIR'S REPORT

In reflecting on the past year, I can report that it has been a time of significant change and development for the organisation. The main change has been in the senior leadership of the charity; Helena Wallis our Chief Executive Officer (CEO) retired in September 2023 having tirelessly served for the organisation for ten years. We are very grateful to her and wish her a long and enjoyable retirement. Trustees, on behalf of the organisation, led an intensive CEO recruitment campaign which took place in July and August 2023. As approved by the Board, Claire Mould joined us on an interim basis as CEO in August 2023, in order to enable a hand over period between Helena and Claire and to ensure continuity in the CEO role. The outcome of the recruitment campaign was that the Board asked Claire to take on the responsibility of CEO on a permanent basis in November 2023. We welcome Claire on this permanent basis and wish her well working in this challenging environment.

The primary focus of our organisation is supporting customers to live the life that they wish to live and to enjoy life in the best possible way. In order to do that the organisation has also to be financially sustainable, our financial commitment is to maintain a financially healthy organisation so that going forward we can offer a continuity of care to our customers.

Our two Board Sub Committees, Assurance and Quality, and Finance focus on those two primary aims. Each Sub Committee is chaired by a Vice Chair of the organisation and has by mutual agreement assigned Trustees as core members. Any Trustee can attend any Sub Committee and committee papers are shared with all Trustees before and after each meeting. The two Sub Committees are supported by the appropriate senior leader or leaders.

Our primary focus in the latter half of this year has been in getting these two primary building blocks of the organisation functioning efficiently so that high quality services can be delivered in a sustainable way.

I am very privileged to lead a Board made up of highly competent individuals whose main motivation is to support and develop an exemplary organisation that fully benefits our Customers. My thanks go to the Trustees who volunteer their time for the good of others.

Our leadership team work really hard on a day-to-day basis bringing out the best that they can in our staff in order to benefit Customers. My thanks go to them and the wider staff team.

Whilst maintaining our focus on the two key priorities we will now outline our short and longer term strategic development plans together with the associated implementation plans.



Robert Pearce

Chair

Chief Executive's Review

Since joining the organisation as permanent CEO of Heart of England Mencap (HoEM) in November 2023, it has been a period of listening, learning, monitoring, analysis, reflection and planning for development. HoEM's underlying philosophy centres on delivering our objectives and ensuring our overall mission is achieved and, most importantly, the people we support are at the heart of everything we do.

It is gratifying to report that all HoEM regulated services continue to be rated by CQC as GOOD. Our non-regulated community day care services have continued to receive positive feedback from our local authority contract monitoring teams and are delivered to a good standard. These services currently all sit within a secure funded framework, predominantly funded by our main funder, Warwickshire County Council (WCC). However, there is no room for complacency. The WEE 2024/25 funding uplifts are nearly 50% lower than the 2023/24, and the challenge of external competitors continues. It is therefore essential that the next twelve months are focused on ensuring that HoEM are providing the highest quality, customer centred delivery that is financially viable.

Extending from this perspective and drawing on the analysis of monitoring and evaluation completed in the last six months, HoEM have just launched a focused business development plan. This will concentrate on the following three areas, that address the identified challenges and areas of underperformance:

1. **Property:** All our properties will demonstrate that they are positively working for us, focusing on two key factors;
 - Properties and maintenance spend.
 - Voids.
2. **Staffing:** Clarity of roles and responsibilities, supervisions, and performance monitoring. This will prevent;
 - Confusion about who is accountable.
 - Staff reluctance to take responsibility and use initiative.
 - Poor teamwork and communication.
 - Underperformance.
 - No benchmark of what the acceptable HoEM level of good practice is.
3. **Compliance and governance:** Consistent use of policies and procedures across the organisation. This will result in;
 - Lack of organisation wide compliance.
 - Insufficient monitoring and tracking of trends.
 - An increased risk of undetected or inadequately recorded errors and incidents.

For the year ended 31 March 2024

The new business plan includes the reviewed and refined strategic themes. This will ensure that HoEM demonstrates disciplined, intelligent, strategic thinking and is in the appropriate place to facilitate the organisation to grow in a compliant and effective manner.

Refined Strategic Themes:

- ❖ People and Culture.
- ❖ Systems and Processes.
- ❖ Monitoring and Evaluation.
- ❖ Properties - Procuring, Decanting and Registration.
- ❖ Revenue and Costs.

It has been a very interesting first few months as the new CEO of Heart of England Mencap (HoEM). There are some exciting opportunities for HoEM as we develop in a clear, considered and compliant way over the next few months. Growing, a strong staff team, with the necessary partnerships and resources needed to facilitate coherent, effective, and sustainable high quality, customer focused delivery.

I look forward to working together with the HoEM team (employees, customers, families and Trustees) over the next twelve months as we develop and grow and deliver the highest quality, genuinely inclusive and person focused care and support.



Claire Mould
Chief Executive

For the year ended 31 March 2024

The Trustees present their report and the audited financial statements for the year ended 31 March 2024.

Reference and administrative information set out on page one and two 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 optimise their potential and live fulfilling and independent lives. This is achieved through providing a wide range of support, enabling individuals to live independently whether that is through residential, supported living, respite, or community day care services.

It is essential that this support is tailored to meet their needs, enabling individuals to access meaningful support. All delivery must be person centred to ensure that HoEM genuinely facilitate 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 through community day activities. We offer short break services (respite 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 2024

Our approach is to provide the right support in the right setting - facilitating individuals to develop independent living skills as well as ensuring clinical compliance, safety, and security. People will be supported to lead an active social life, with the reassurance of highly sensitive and person-centred support. This support is formally commissioned through a variety of commissioning frameworks.

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. It has been essential to continue to review our delivery to ensure that our customers receive person-centred care and meaningful, high level support.



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 have a learning disability and/or autism. The public interest is served best when a sufficient number 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 (April 2023 / March 2024). 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.

Trustees' annual report

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



Activities and services

HoEM charitable activities focus on the provision of care and support to people with a learning disability and are undertaken to further Heart of England Mencap's charitable purposes for the public benefit.

The charity operates various services, residential, supported living, respite/short break, community day services, 24 hours per day, 365 days per year for the benefit of individuals with a learning disability. Our services are practical, outcomes-focused and designed to be purposeful and to provide support, encouraging independence and autonomy.



Our Values

HoEM is a value based organisation, our strong value base underpins every aspect of the support we provide.



Honest



Effective



Aspirational



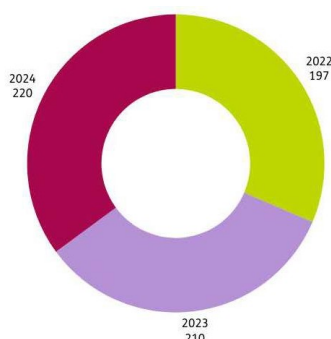
Respectful



Trustworthy

For the year ended 31 March 2024

We have reviewed our recruitment process to ensure that the right people are recruited. This begins with value based recruitment, leading coherently on to value based employment and development. Through training and regular team meetings, and supervisions, 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. We continue to be proud that HoEM is recognised as an Investor in People.



Achievements and performance

There have been several key achievements during the year:

Achievements in operational delivery and customer centred experience

- Customers who have previously refused to access the community have been effectively supported to gradually leave their service. This has resulted in them enjoying trips to town, attending parties, and visiting their relations in their family's homes.
- Customers have been involved in planning trips and activities. This has resulted in customers going to theatre trips, shows and other activities that they have chosen and planned.
- Customers have been supported to plan and go on holiday together with their support staff. This included supporting a customer to go on holiday who has never gone on holiday before.

Achievements in compliance

- All our services that were inspected by CQC or monitored as part of the Local Authority Quality Assurance retained Good.
- HoEM have moved from having an external nominated individual, to an internal nominated individual which has enabled there to be rigorous auditing and process-oriented observations and evaluations.
- Focus on ensuring that there is organisational consistency in relation to recording

Trustees' annual report
and reporting.

For the year ended 31 March 2024

Achievements in governance

- The HoEM Board subcommittees have been refined to guarantee that there is representation from Trustees with the most relevant experience.
- Trustee Champions have been introduced with the following specialisms: Safeguarding, Medication, Systems and Processes, IT, and People and Culture.
- In person training and service visits are now a standing item on the agenda part of the whole day Full Board meetings.
- HoEM successfully achieved Cyber Essentials Accreditation which was effective from May 2023 followed by the Cyber Essentials Plus certification.

Achievements in employee effectiveness

- Employees roles and job descriptions have been reviewed and revised to ensure that everyone has a job description that clearly and correctly describes the role that they are doing.
- Heads of Department now meet in person with the CEO on a weekly basis, and are involved in strategic and financial discussions, and are working more collaboratively across the departments. This has increased the effectiveness of employee engagement in some teams and subsequently the level of quality they provide.

Achievements in partnership working

- Establishing partnership working relationships has resulted in increased events and opportunities for our staff and customers with other organisations.

Achievements in customer co-production

- HoEM has a formal customer co-production team, the Reach Out group, have been very productive. The members of the Reach Out group sit on a variety of national and local boards this includes;
 - ▶ Working in Partnership Learning Disability board.
 - As members of the Working in Partnership Learning Disability board, the Reach Out Group meet regularly throughout the year (usually every 6 - 8 weeks), to discuss and share life experiences on the given topic/agenda. The agendas over the year have included: Direct Payments, Social Housing, Public Transport, and accessing NHS services.
 - The Direct Payments focus led to a more detailed discussion about what we know about them, what advantages/disadvantages there are, how accessible are they, how can councils improve public access and knowledge. From these meetings, it was agreed that the current Direct Payments information on the council's webpage could be

Trustees' annual report

improved and made more accessible. This led to members of the Reach Out Group, to join with other organisations to design an easy read version for the councils to share.

For the year ended 31
March 2024

- ▶ ARC (Association for Real Change).
 - The Reach Out group meet with ARC (Association for Real Change) every 8 weeks on-line. This has led to customers meeting lots of other groups and individuals and creating their own internal group name and logo - Together for Change.

- ▶ Coventry and Warwickshire Grapevine.
 - This group have been instrumental in helping HoEM to connect with the wider community organisations.

- The Reach Out group have created Easy Read documents/ surveys to share with HoEM customers, such as 'My Care at Home'.

Each member that attends these meetings are paid in vouchers at£20 per hour- they are funded for up to £250 per person per financial year.



Partnership working

HoEM recognise and value the many groups and individuals that have contributed to and enabled progress. Without this support, we couldn't have achieved the significant progress we have made, and HoEM 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, Myton Church, Garfield Weston Trust, Michael Marsh, 29th May 1961 Charity, Wills Charitable Trust, Clothworkers, Bernard Sunley Foundation, Eveson Trust, My Learning Cloud, and Restraint Reduction Network. In response to the identified need to improve our IT systems and move towards digitalisation we have strengthened our relationship with Pink Connect, and now refer to them as our IT department.

Financial Review

The surplus of income over expenditure for the year, before revaluation gains and losses, is £162,536 compared with a loss of £206,295 for the year ended 31 March 2023.

Operational income increased by 15.3% (2023: 6.1%). This was achieved through a combination of a 10% uplift awarded when the main service contracts were relet following a retender process, the full year effect of the new growth opportunities launched in 2023 and some additional work being won. Expenditure stabilised and there was a focus on cost control wherever possible. The unrestricted surplus (before gains/losses on investments) was £37,637 (2023 a loss of £198,556).

The charity holds investments in three COIF Charity Funds, with CCLA Investment Management, one of which is restricted and known as the Edith Rose Trust. These 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 restricted fund achieved an income of 2.7% for the year (2023: 0.7%) 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:

For the year ended 31 March 2024

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



Heart of England Mencap

Statement of financial activities (incorporating an income and expenditure account)
 activities
 For the year ended 31 March 2024

	Note	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Income from:							
Income from:							
Donations	2	-	167,610	167,610	22,077	-	22,077
Charitable activities				1,513,001			
Residential care	3	188,618	-	188,618	183,788	-	183,788
Short stay	3	1,513,001	-	1,513,001	1,376,657	-	1,376,657
Domiciliary care and support	3	3,160,105	-	3,160,105	2,639,218	-	2,639,218
Daytime activities	3	437,562	-	437,562	371,374	-	371,374
Complex needs service	3	1,081,836	-	1,081,836	942,171	-	942,171
Other trading activities	4	39,927	7,500	47,427	37,097	27,772	64,869
Total income	5	12,082	-	6,608,241	6,116	-	6,116
Investments							
Total income		6,433,131	175,110	6,608,241	5,578,497	27,772	5,606,269
Expenditure on:							
Expenditure on:				190,407			
Charitable activities				1,367,785			
Residential care	6	189,737	670	1,367,785	199,298	-	199,298
Short stay	6	1,360,031	7,754	1,367,785	1,232,010	2,491	1,234,501
Domiciliary care and support	6	3,224,835	13,129	3,237,964	2,845,188	19,409	2,864,596
Daytime activities	6	428,402	20,143	448,545	442,976	13,611	456,587
Complex needs service	6	1,192,489	8,515	1,201,004	1,057,582	-	1,057,582
Total expenditure		6,395,494	50,211	6,445,705	5,777,053	35,5115	5,812,564
Net income / (expenditure) before net gains / (losses) on investments				162,536			
Gains / (Losses) on revaluation of investment assets	13	37,637	124,899	162,536	(198,556)	(7,739)	(206,295)
	7	31,317	11,547	42,864	(4,616)	(5,128)	(9,745)
Net income / (expenditure) for the year		68,954	136,446	205,400	(203,173)	(12,867)	(216,040)
Transfers between funds		2,623	(2,623)	0	-	-	-
Net movement in funds		71,577	133,823	205,400	(203,173)	(12,867)	(216,040)
Reconciliation of funds:				0			
Total funds brought forward		2,600,081	288,019	2,888,100	2,803,253	300,8863	3,104,140
Total funds carried forward		2,671,658	421,842	3,093,500	2,600,081	288,0192	2,888,100

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.

Balance sheet
sheet

Company no. 02814177

As at 31 March 2024

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	Note	£	2024 £	£	2023 £
Fixed assets:					
Tangible assets	12		1,553,338		1,316,159
Investments	13		414,895		389,172
			1,968,233		1,705,331
Current assets:					
Debtors					
Cash at bank and in hand	14			1,024,675	
		1,141,102		489,157	
		1,630,259		1,548,467	
Liabilities:					
Creditors: amounts falling due within one year	15			(365,699)	
		(504,992)			
Net current assets			1,125,267	1,125,267	1,182,769
assets					
Total net assets		3,093,500	3,093,500		2,888,100
The funds of the charity:					
Restricted income funds	18				288,019
Unrestricted income funds:					
General funds			421,842		
		2,671,658		2,600,081	
Total unrestricted funds					2,600,081
			2,671,658		
Total charity funds		3,093,500	3,093,500		2,888,100
funds					

Approved by the trustees on 24 September 2024 and signed on their behalf by

Robert Pearce
ChairClaire Mould
Chief Executive Officer

Heart of England
Heart of England Mencap
Statement of cash flows

For the year ended 31 March 2024

h. 4

	Note	2024	2023
	19	£	£
Cash flows from operating activities:			
Net cash provided by (used in) operating activities		228,984	(346,140)
Cash flows from investing activities:			
Dividends and interest from investments		12,082	6,116
Purchase of fixed assets		(292,842)	(105,594)
Proceeds from the sale of investments		17,141	-
Net cash used in investing activities		(263,619)	(99,478)
Cash flows from financing activities:			
Repayments of borrowing		-	(175,311)
Net cash used in financing activities		-	(175,311)
Change in cash and cash equivalents in the year		(34,635)	(620,929)
Cash and cash equivalents at the beginning of the year		489,157	523,792
Cash and cash equivalents at the end of the year		489,157	489,157
Analysis of cash and cash equivalents and of net debt			
		At 1 April 2023	Cash flows
		£	£
Cash at bank and in hand		523,792	(34,635)
Total cash and cash equivalents		523,792	(34,635)
equivalents		489,157	489,157

Notes to the financial statements

For the year ended 31 March 2024

1 Accounting policies

a) Statutory information

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

b) Basis of preparation

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

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

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

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

c) Public benefit entity

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

d) Going concern

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

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

The trustees continually review progress against budget, their cash flow forecasts and borrowing plans. They recognise that there will have to be changes in the way that some services are delivered in the medium term and that this will have an effect on the contributions which can be achieved from the various services. Funding levels and the fair cost of care will be discussed with funders and off framework packages be sought where possible. Although there will almost certainly be services which cannot continue, they believe that there are opportunities to reshape services and for the teams to introduce creative new solutions to satisfy the needs of customers and they have therefore concluded that it is reasonable to consider that the charity continues to be a going concern.

e) Income

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

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

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

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably

and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

f) Interest receivable

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

g) Fund accounting

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

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

Notes to the financial statements

For the year ended 31 March 2024

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	2% straight line
● Improvements buildings	5% straight line
● Contents and equipment	5% straight line
● Vehicles	20% straight line
●	25% straight line

l) Listed investments

) Listed 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 2024

1 Accounting policies (continued)

q) 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 £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Donations and grants	-	167,610	167,610	22,077	-	22,077
	-	167,610	167,610	22,077	-	22,077

The figures in 2024 include capital grants to fund works at Ash Grove - see note 18a for details of donors.

3 Income from charitable activities

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Income from Warwickshire County Council	188,618	-	188,618	183,788	-	183,788
Sub-total for Residential care	188,618	-	188,618	183,788	-	183,788
Income from Warwickshire County Council	984,903	-	984,903	843,267	-	843,267
Income from Continuing Health Care (CHC)	272,675	-	272,675	259,143	-	259,143
Other income from Short stay	255,423	-	255,423	274,247	-	274,247
Sub-total for Short stay	1,513,001	-	1,513,001	1,376,657	-	1,376,657
Income from Warwickshire County Council	2,491,717	-	2,491,717	2,311,193	-	2,311,193
Income from Continuing Health Care (CHC)	574,059	-	574,059	217,725	-	217,725
Other income from Domiciliary care and support	94,329	-	94,329	110,300	-	110,300
Sub-total for Domiciliary care and support	3,160,105	-	3,160,105	2,639,218	-	2,639,218
Income from Warwickshire County Council	242,666	-	242,666	253,306	-	253,306
Income from Continuing Health Care (CHC)	-	-	-	3,474	-	3,474
Other income from Daytime activities	194,896	-	194,896	114,594	-	114,594
Sub-total for Daytime activities	437,562	-	437,562	371,374	-	371,374
Income from Warwickshire County Council	767,030	-	767,030	674,570	-	674,570
Income from Continuing Health Care (CHC)	314,046	-	314,046	266,131	-	266,131
Other income from Complex Needs	760	-	760	1,470	-	1,470
Sub-total for Complex needs service	1,081,836	-	1,081,836	942,171	-	942,171
Total income from charitable activities	6,381,122	-	6,381,122	5,513,207	-	5,513,207

Notes to the financial statements

For the year ended 31 March 2024

4 Income from other trading activities

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Fundraising events and small grants	4,249	-	4,249	100	27,772	27,872
Customer holidays, WDF and other income	35,678	7,500	43,178	36,997	-	36,997
	39,927	7,500	47,427	37,097	27,772	64,869

The restricted income was a digital transformation grant from Coventry City Council which contributed to the development of a robust digital enhancement project

5 Income from investments from

	Unrestricted £	Restricted £	2024 Total £	Unrestricted £	Restricted £	2023 Total £
Income from UK listed investments	4,643	-	4,643	2,867	-	2,867
Bank interest receivable	7,439	-	7,439	3,248	-	3,248
	12,082	-	12,082	6,116	-	6,116

6a Analysis of expenditure (current year)

	Charitable activities							2024 Total £	2023 Total £
	Residential Care £	Short Stay £	Domiciliary Care and Support £	Daytime Activities £	Complex Needs Service £	Governance costs £	Support costs £		
Staff costs (Note 8)	130,794	972,876	2,563,791	299,646	855,759	-	438,157	5,261,023	4,708,914
Office rent	-	-	-	-	-	-	18,609	18,609	16,456
Audit fees	-	-	-	-	-	12,300	-	12,300	11,500
Training costs	-	693	180	-	-	-	42,219	43,092	56,739
Other direct costs	21,395	116,810	63,034	33,919	121,334	-	51,728	408,220	350,887
Computer Supplies/Telephone	1,168	3,580	5,344	1,081	2,206	-	178,387	191,766	163,211
Cleaning/ Hygiene/H&S	2,157	15,267	10,287	4,239	25,699	-	12,183	69,832	70,101
Housing costs/ Rent	5,191	16,479	12,741	30,467	-	-	4,782	69,660	97,130
Licences, fees and insurance	363	4,954	2,609	886	318	-	262,690	271,820	221,865
Miscellaneous	158	2,079	552	1,182	2,256	-	8,081	14,308	17,552
Fundraising expenditure	-	-	-	555	304	-	28,521	29,380	54,809
Depreciation	266	19,972	12,646	10,327	3,945	-	8,539	55,695	43,399
	161,492	1,152,710	2,671,184	382,302	1,011,821	12,300	1,053,896	6,445,705	5,812,564
Support costs	28,581	212,594	560,241	65,479	187,001	-	(1,053,896)		
Governance costs	334	2,481	6,539	764	2,182	(12,300)			
Total expenditure 2024	190,407	1,367,785	3,237,964	448,545	1,201,004			6,445,705	
Total expenditure 2023	199,298	1,234,501	2,864,596	456,587	1,057,582				5,812,564

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

6b Analysis of expenditure (prior year)
b year)

	Charitable activities							2023 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
Staff costs (Note 9) - (R)	-	-	-	-	-	-	-	-
Office rent	-	-	-	-	-	-	16,456	16,456
Audit fees	-	-	-	-	-	11,500	-	11,500
Training costs	-	850	50	-	500	-	55,339	56,739
Other direct costs	14,219	101,540	49,276	47,494	87,587	-	50,771	350,887
Computer Supplies/Telephone	717	2,955	4,145	750	2,105	-	152,538	163,211
Cleaning/Hygiene/H&S	2,700	15,951	10,474	6,531	23,963	-	10,481	70,101
Housing costs/Rent	6,923	15,000	45,154	28,398	-	-	1,656	97,130
Licences, fees and insurance	1,323	10,879	29,472	1,237	378	-	178,576	221,865
Miscellaneous	-	213	2,807	(5)	193	-	14,344	17,552
Fundraising expenditure	-	468	1,089	16,962	3,769	-	32,521	54,809
Depreciation	266	12,988	11,748	10,251	2,911	-	5,235	43,399
	166,357	987,757	2,391,796	389,721	885,816	11,500	979,617	5,812,564
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

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 2024

7 Net income / (expenditure) (expenditure) This is stated after charging / (crediting):	2024 £	2023 £
Depreciation	55,695	43,399
Operating lease rentals: Property	88,268	113,586
Other	28,647	28,647
Auditors' remuneration (excluding VAT): Audit	12,300	11,500

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

Staff costs were as follows:

	2024 £	2023 £
Salaries and wages	4,110,811	3,955,546
Social security costs	339,086	333,270
Employer's contribution to defined contribution pension schemes	76,315	131,142
Total employee costs	4,526,212	4,419,958
Agency and Community Service Volunteers costs	734,812	288,956
Total staff costs as per note 7	5,261,024	4,708,914

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

	2024 No.	2023 No.
£80,000 - £89,999	-	1

The total employee benefits (including employer's national insurance and employer's pension contributions) of the key management personnel were £137,522 (2023: £213,135).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2023: £nil). No charity trustee received payment for professional or other services supplied to the charity (2023: £nil).

The amount claimed by trustees for the reimbursement of travel and subsistence was £0 (2023: £213). This was claimed by 0 trustees (2023: 2)

9 Staff numbers

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

	2024 No.	2023 No.
Chief Executive	1	1
Care and support staff, including Registered Managers	190	197
Administration	12	12
Total	203	210

Notes to the financial statements

For the year ended 31 March 2024

10 Related party transactions

There are no related party transactions to disclose for 2024 (2023: none).

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

11 Taxation

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

12 Tangible fixed assets

	Freehold property	Long leasehold property	Short leasehold property	Contents and equipment	Motor vehicles	Total £
Cost	£	£	£	£	£	
At the start of the year						
Additions in year	1,127,000	70,000	292,302	212,510	8,000	1,709,812
	-	-	240,066	52,776	-	292,842
At the end of the year	1,127,000	70,000	532,368	265,286	8,000	2,002,654
Depreciation						
At the start of the year	77,540	14,000	125,240	168,873	8,000	393,653
Charge for the year	13,032	1,400	22,032	19,199	-	55,663
At the end of the year	90,572	15,400	147,272	188,072	8,000	449,316
Net book value						
At the end of the year	1,036,428	54,600	385,096	77,214	-	1,553,338
At the start of the year	1,049,460	56,000	167,062	43,637	-	1,316,159

Land with a value of £475,400 (2023: £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.

13 Listed investments

	2024 £	2023 £
Fair value at the start of the year	389,172	398,917
Disposal proceeds	(17,141)	-
Net gain / (loss) on change in fair value - Unrestricted	31,317	(4,616)
Net gain / (loss) on change in fair value - Restricted	11,547	(5,128)
Fair value at the end of the year	414,895	389,172
Investments comprise:		
	2024 £	2023 £
COIF Deposit Fund	14,977	14,283
COIF Ethical Investment Fund	262,170	243,207
COIF Charities Investment Fund	137,748	131,683
	414,895	389,172

Notes to the financial statements

For the year ended 31 March 2024

14 Debtors

	2024 £	2023 £
Trade debtors	778,044	673,763
Prepayments	77,091	99,246
Accrued income	285,967	251,666
	1,141,102	1,024,675

15 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	194,612	102,682
Taxation and social security	69,349	71,719
Pensions creditors	17,981	23,462
Individual Service Funds	7,240	6,250
Accruals	215,810	161,586
	504,992	365,699

16 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 £76,315 (2023: £73,428).

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 £0 (2023: £395).

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 but it was agreed that the scheme was holding adequate funding so currently no employer contributions are payable. The situation will be reviewed at the next valuation. As a result, employer contributions in the year totalled £0 (2023: £57,519).

17a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	1,422,282	131,056	1,553,338
Investments	277,147	137,748	414,895
Net current assets	972,229	153,038	1,125,267
Net assets at 31 March 2024	2,671,658	421,842	3,093,500

17b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	1,316,159	29,942	1,346,101
Investments	257,490	131,682	389,172
Net current assets	1,026,432	126,395	1,152,827
Net assets at 1 April 2023	2,600,081	288,019	2,888,100

Notes to the financial statements

For the year ended 31 March 2024

18a Movements in funds (current year)

	At 1 April 2023	Income & gains	Expenditure & losses	Transfers	At 31 March 2024
	£	£	£	£	£
Restricted funds – fixed assets:					
Valley Road grants	13,341	-	(586)	-	12,755
Sensory Grant (WCC)	1,713	-	(1,596)	-	117
Stratford Town Trust - Elta House refurbishment	8,000	-	(6,000)	-	2,000
Ash Grove (various donors)	-	-	(2,186)	114,447	112,261
General Fundraising	6,888	-	(2,965)	-	3,923
Total restricted funds fixed assets	29,942	-	(13,333)	114,447	131,056
Restricted funds:					
Trust Reserve - investments	131,683	11,547	-	(5,482)	137,748
56 Ash Grove - sensory equipment and summer house	19	-	-	-	19
Welfare Fund	29,207	1,461	(14,233)	1,061	17,496
Malvern Pathway	-	-	(120)	120	-
Digital transformation grant	-	7,500	(7,500)	-	-
Kenilworth Ladies Circle - Warwick Pathway	988	-	-	-	988
Valley Road grants	557	-	-	-	557
Sensory Grant (WCC)	733	-	-	-	733
Joint Healthy South Warwickshire (WCC)	136	-	-	-	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
Healthier Me	3,340	-	(3,352)	12	-
Beacon Grant - Mencap	26,842	21,250	(8,132)	340	40,300
H Bannister	51,591	-	-	-	51,591
Think Active	2,406	-	(32)	-	2,374
WCC Green Shoots funding	-	12,240	(895)	-	11,345
Ash Grove (various donors)	-	130,000	-	(114,447)	15,553
England Hockey	-	1,449	(78)	-	1,371
Fordsfield	-	1,210	(2,536)	1,326	-
Total other restricted funds	258,077	186,657	(36,878)	(117,070)	290,786
Total restricted funds	288,019	186,657	(50,211)	(2,623)	421,842
Unrestricted funds:					
General funds (unrestricted)	2,600,081	6,464,448	(6,395,494)	2,623	2,671,658
Total unrestricted funds	2,600,081	6,464,448	(6,395,494)	2,623	2,671,658
Total funds	2,888,100	6,651,105	(6,445,705)	-	3,093,500

The largest transfer in the current year was in relation to Ash Grove where funds were transferred to a restricted fixed assets fund of the same name. Other transfers from the general fund into restricted funds have arisen where small amounts of expenditure from the general fund have subsequently been reclassified to restricted fund expenditure.

Notes to the financial statements

For the year ended 31 March 2024

18b Movements in funds (prior year)

	At 31 March 2022 £	Income & gains £	Expenditure & losses £	Transfers £	At 2 April 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)	-	258,076
					26,842
Total restricted funds	300,886	27,772	(40,639)	-	288,019
					2,406
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

Purposes of restricted funds
funds

Trust Reserve - In 1994 Heart of England Mencap received a donation in the form of investments worth £62,661. The cumulative unrealised gain relating to these investments is £75,087 (2023: £69,022) which is included in the restricted fund. The use of the fund is restricted to the general welfare of customers. A portion of the fund has been realised to contribute towards the digital transformation project, which will benefit all customers.

56 Ash Grove - Sensory Equipment and Summer House - This fund is restricted to the purchase of sensory equipment and a summer house at 56 Grove Road, Evesham, Warwickshire, CV22 6JH.

Welfare Fund - These are donations received and are restricted to the general welfare of the customers in specific groups. Various donors - donations totalling £130,000 were received from the Garfield Weston Foundation, the 29th May 1961 Charity, Michael Asher, the Wills Charitable Trust, the Clothworkers foundation, the Bernard Sunley Foundation and the Eveson Trust to enable the addition of 2 new rooms with en suite wet rooms and a new living room and orangery at Ash Grove. This extension will play a significant role in the strategic changes of the future and we are grateful to all the donors for their generosity.

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 with the CV37 postcode.

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

Valley Road Grants - This grant was from Warwickshire County Council to develop the sensory space at Fordsfield to provide the opportunity for sensory trials and members of the local community to have the stimulation and experiences that are difficult to achieve through every-day experiences.

Joint Healthy South Warwickshire (JHSW) - This grant is from Warwickshire County Council to fund our 'Being Healthy project' - supporting our customers with a more healthy lifestyle.

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 care pilot project.

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 16-19 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 day service in Stratford upon Avon town centre.

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

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 Beacon Grant is to trial 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.

England Hockey - funding for hockey training and kit.

Green Shoots - community climate change initiative, encouraging cycling to reduce car use. New adapted bikes have been sourced and regular cycle hire provided.

Digital Transformation - monies received from Coventry City Council to support digital transformation

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.

Notes to the financial statements

For the year ended 31 March 2024

19	Reconciliation of net income // (expenditure) to net cash flow from operating activities	2024	2,023
	activities	£	£
	Net income / (expenditure) for the reporting period	205,400	
	Depreciation charges	0	(216,040)
	(Gains) / losses on investments	55,663	43,399
	Dividends and interest from investments	(42,864)	9,745
	Transfer of investment from accrued income	(12,082)	(6,116)
	(Increase) in debtors	-	-
		(116,427)	(240,116)
		139,294	
	Net cash provide by // (used in) operating activities	228,984	(346,140)
	activities		
20	Operating lease commitments		
0	commitments		
	(Increase) in creditors	139,294	62,988

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

Property		Equipment	
2024	2023	2024	2023
£	£	£	£
228,984		208,202	
		£	

<p>Less than one year</p> <p>One to five years</p>	<p>50,838</p> <p>-</p>	<p>50,154</p> <p>-</p>	<p>38,181</p> <p>70,786</p>	<p>40,340</p> <p>72,945</p>
	<p>50,838</p>	<p>50,154</p>	<p>108,967</p>	<p>113,285</p>
<p>21 Contingent assets or liabilities</p> <p>liabilities</p> <p>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.</p> <p>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.</p>				
<p>22 Legal status of the charity</p> <p>charity</p>				

Principal risks and uncertainties

Risk: Safeguarding - a customer suffers harm while in the care of the charity, leading to reputational and/or financial damage to the organisation.

Mitigation:

- A defined Designated Safeguarding Lead group is identified with representation from across all departments. This group meets monthly, regular DSL Reviews are held, and these are fed back to these monthly DSL meetings.
- All employees, including volunteers, receive appropriate training. In addition to learning monthly in person training sessions are held to ensure everyone has regular in person safeguarding training.
- There are robust procedures for supporting customers appropriately, and the introduction of rigorous monitoring to ensure these procedures are being followed.
- Regular review of Health and Safety which feeds into a monthly Health and Safety meeting, that has with representation from across all departments.
- Whistleblowing policy in place, and a clear process that employees and customers are made aware of if they need to use this in practice.
- Safeguarding is a standing agenda item on Board Agendas- decisions are recorded. A Trustee Champion with specific responsibility for Safeguarding has been appointed to meet regularly with the Heads of Departments and CEO.

Risk: Financial - the organisation faces unmanageable financial demands that mean it is unable to continue as a going concern.

Mitigation:

- 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 reliance 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.

For the year ended 31 March

Risk: Regulatory - the organisation fails to maintain good ratings across all services
Mitigation:

- The organisation has a strong operational leadership team who are aware of the requirements and regulations.
- The Nominated Individual role is recognised as a key role, this role has now moved from an external appointment to an internal role to ensure rigorous and consistent compliance throughout the departments.

Risk: People and Culture - recruitment presents a significant challenge. Recruiting the wrong people risking lack of specialist and appropriate staff.

Mitigation:

- HoEM have reviewed and revised recruitment process to ensure that the right people are recruited, as a result of suitably targeted recruitment, supported by a rigorous induction and training process.
- We have reviewed staff performance and all managers have received compassionate leadership training which provided clear processes to monitor and address any staff performance issues. The appropriate training and guidance provided supportive, compassionate leadership strategies that managers can be implemented to support colleagues to personally and professionally develop and mitigate the risk of under performance.



Reserves policy and going concern

HoEM 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 2024, the General Reserve was £972,229 (2023: £1,056,375), which represents around 8 weeks' expenditure (2023: 10 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.

During the two years to 31 March 2024 there was also significant expenditure on projects to implement a Care Management System (CMS) across the organisation. This did not lead to securing a suitable solution. The Executive Team will be adopting a different approach in future years as this project is still critical to our future success.

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 2024, the restricted net current assets were £153,038 (2023: £126,395). 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 2024

Plans for the future

Plans for the future - key areas of identified growth*(2025/27)

- Demonstrate coherent and accessible care and support customer pathway transitions across all HoEM services.
- Reinforce HoEM's external reputation in providing highly effective transition services. This will involve the facilitation of clear, consistent support for families and potential customers from various points of entry to HoEM including home, school, college, care farm or hospital.
- Increase the number of HoEM Supported Living and Respite services that are CQC Registered, and subsequently the number of Registered Managers.
- Embed the detailed robust business continuity plans, written and agreed throughout 24/25 [IT backups, customer and staff data, financial information, and operational documentation].
- Establish effective, sustainable IT Configurations/Care Management Systems that provide rigorous recording and reporting will be used consistently across the organisation.

*The implementation on the analysis of the implementation of the first twelve months of the business plan (2024/5).



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, its sub-committees, and our newly introduced Trustee Champions.

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 skills or qualifications required. In a lot of cases though applications come to us without advertising, through networking connections.
- Letter of interest is received as to why they are interested in becoming a trustee. They are asked standardised questions. Then they will meet with other Trustees
- The prospective candidate meets with the Chairman of the Board and the CEO in the first instance.
- 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

- An acknowledgment letter is sent with an application form for the candidate to complete, plus we request compliant documentation, ID evidence, DBS certificate (or we apply for one), Reference forms.
- Once everything is received an acceptance letter is sent to confirm the appointment.
- Charity commission is informed, and the website is updated.
- Trustee completes declaration forms.
- Pink Connect are notified of the new trustee for IT equipment and log in details. Trustees are also set up on our E learning platform.
- Trustee completes relevant/mandatory training as agreed by the Board and the CEO. Safeguarding, GDPR, Equality and Diversity, physical Disabilities, Mental Capacity act, Deprivation of Liberty, Fire Safety, Data Protection and GDPR. This is done through both face to face and e-learning,

For the year ended 31 March 2024

- Finally, a confidentiality agreement is signed alongside the fit and proper person's form.
- Trustees are given their ID and lanyard.
- New Trustees 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. In addition to full Board meetings, Finance and Assurance and Quality subcommittees are also held quarterly. These are diarised 12 months in advance.



Related parties and relationships with other organisations

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

Remuneration policy for personnel

The charity previously focused this remuneration policy on key management personnel. However, this year we have established a remuneration committee that ensures that HoEM will remunerate all 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 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

HoEM'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. Were an employee to become disabled during the course of their employment, the same considerations would apply, and any necessary amendments would be made to adequately accommodate their needs.

For the year ended 31 March 2024

Employee information

- The HR Manager liaises regularly with Head of Departments initially to discuss any developments and updates that need to be communicated and cascaded down. The HR Manager visits services to be visible to allow Managers and employees to discuss and concerns or queries.
- Wellbeing meetings have been taking place which has improved relationships by sharing information.
- All Managers and Team Leaders meet regularly with each other and their teams so that they are informed of any developments, to share best practice and to maintain strong relationships.
- All employees should now have access to a works mobile phone as a key tool to manage their movements and record their time and attendance, plus constant access to their emails.
- The charity has a Yammer account to which people are signed up and notices and snippets of information are disseminated through this route. Staff often share information between themselves and with Central Services via this route.
- We provide electronic payslip 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 is through the Sage app which they can register for. We sometimes use the payslip process to share important information.



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.

We only undertake very limited, ad hoc direct fundraising with the general public, at customer-facing activities in the community, to give passers-by the opportunity to support our customers if they wish to do so. No complaints have been received about the fundraising undertaken by Heart of England Mencap.

Statement of responsibilities of the trustees

The Trustees (who are also directors of Heart of England Mencap for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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 2024 was 60 (2023: 60). The Trustees are members of the charity, but this entitles them only to voting rights. The Trustees have no beneficial interest in the charity.



England

Auditor

After being re-appointed as charitable company's auditor, Sayer Vincent LLP have continued 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 24th September 2024 and signed on their behalf by Rob Pearce, Chair

Rob Pearce
Chair of Trustees



Opinion

We have audited the financial statements of Heart of England Mencap (the 'charitable company') for the year ended 31 March 2024 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 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do

not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

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

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

Capability of the audit in detecting irregularities

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

- We enquired of management, and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become

aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud

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

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

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)

Date: 15 October 2024

for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

