

# Harpenden Mencap

Report and Financial Statements  
for the year ended 31 March 2021



A Company limited by Guarantee  
Company Number (England & Wales): 02903642  
Charity Registration Number: 1035252

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## Officers and Advisers:

<b>Registered Office and operational address</b>	Stairways 19 Douglas Road Harpenden AL5 2EN Company Number (England and Wales): 02903542 Charity Number: 1035252
<b>Trustees, Directors &amp; Members of Executive:</b>	Julie Caseberry (Chair) Nick Latham (Treasurer) Caroline Rosser-Smith Gary Caseberry (appointed 30 November 2020) Peter Taylor (appointed 30 November 2020)
	Co-opted in the period: Elise Huddleston John Wallace Resigned: Anne Hignell (9 March 2021)
<b>Chief Executive Officer:</b>	Angela Duce
<b>Bankers:</b>	Triodos Bank UK Ltd Deanery Road Bristol BS1 5AS
<b>Solicitors:</b>	Taylor Walton TW House Station Approach Harpenden AL5 4SP
<b>Independent Auditors:</b>	Miller & Co Chartered Accountants 5 Imperial Court Laporte Way Luton LU4 8FE
<b>Contact details:</b>	website: <a href="http://www.harpendenmencap.org.uk">www.harpendenmencap.org.uk</a> email: <a href="mailto:office@harpendenmencap.co.uk">office@harpendenmencap.co.uk</a> phone: 01582 460055 facebook: <a href="https://www.facebook.com/localHarpdenMencap/">www.facebook.com/localHarpdenMencap/</a> twitter: <a href="https://twitter.com/HarpdenMencap">twitter.com/HarpdenMencap</a>

## Chairperson and CEO Statement

What a year 2021 has been!

Harpden Mencap is held in such high regard by the people we support and their families and the past year has demonstrated that the quality of care and support delivered by our staff is second to none.

The year has been marked with challenges as we continued to ride out the pandemic whilst keeping all our residents, tenants and staff safe from Covid-19 and ensuring the mental wellbeing of everyone. We know that protection from the virus, response and recovery efforts are not effective unless everyone is equally valued and included.

Harpden Mencap has consistently advocated for the rights of the people we support and focused on their understanding and resilience throughout the pandemic to ensure that no-one is left behind. We have gone above and beyond throughout the past year; we have maintained our trusted reputation for high standards and constantly worked towards ensuring that everyone with a learning disability can access the support they require to live the life they want to lead.

During the past year alone, Harpenden Mencap has provided:

- 40,400 hours of residential care;
- 19,600 hours of supported living;
- 18,300 hours of Domiciliary Care

All provided by our team of 61 full-time equivalent staff.

We are truly thankful to all of our staff for the service they have provided throughout the pandemic. Their rigorous commitment to the ever-changing guidelines meant that we managed to keep everyone well and prevented any transmission of infection within our services. We are so proud of them all.

The people we support and their families have also played an enormous part in keeping Covid-19 away. We cannot underestimate the sacrifices made as families were separated for months during 2020, many remaining apart during key holiday periods in order to keep everyone safe.

However, even with the easing of restrictions, we have not ridden out the pandemic unscathed. The closure of the shop for long periods of time and the inability to carry out fundraising events has had an impact on our finances leading us to continue to seek new and innovative ways to boost our funds for the year ahead.

We remain ever-positive and committed to our core purpose providing support to people with learning disabilities and their families in the Harpenden Area. We are ambitious for our future and look to the year ahead with optimism and the belief that we will ensure that more people will be able to live the life they want to lead and be active citizens of their local community.

Julie Caseberry  
Chair of Trustees



Angela Duce  
Chief Executive Officer



## Trustees Report

The Trustees are pleased to present their combined annual report and the audited accounts including the Directors report for the year ended 31 March 2021 which have been prepared in accordance with the accounting policies set out in the note to these accounts. The Trustees, and Directors of the Company other administrative details are shown on page 7.

## Governance, Structure and Management

Governance	<p>The Charity was founded in 1959. It is a charitable company, limited by guarantee and incorporated on 2 March 1994. We are also a registered charity.</p> <p>The company was established under a Memorandum of Association and Articles, last reviewed in 2012. The Memorandum establishes the powers and objectives of the charitable company and is governed by the Articles. In the event that the company is wound up the members are required to contribute a maximum of £1. They do not share in any assets if there is a surplus.</p> <p>Harpenden Mencap is a totally self-funded company and rely on our own resources. We are affiliated to Royal Mencap but receive no financial support from them.</p>
Structure	<p>The Charity has an Executive Committee, up to 12 members. The Committee meets monthly and is responsible for the strategy and direction of the charity. The members of the Executive Committee are Directors of the Company and Trustees of the Charity.</p> <p>The Executive Committee has overall control of the charity. It is responsible for the day to day activities of the charity, although this may be delegated. In addition to the strategic input members of the Committee support campaigning, publicity and other activities. All members of the committees give their time voluntarily and receive no benefits from the charity other than the incidental benefits of being closer to the care being offered to some of their family members.</p> <p>Appointments are confirmed by the members at the Annual General Meeting, including any Trustees co-opted since the previous AGM. Potential trustees are invited to attend Executive Committee meetings or working party groups before being appointed. On appointment there is an induction process including a pack with background information and guidelines on duties and responsibilities, covering both general Charity Commission guidance and items specific to the Charity.</p> <p>Currently there is no fixed term or rotation of Trustees.</p> <p>Members of the Executive Committee have specific areas of expertise and skill set reviews are undertaken to identify strengths and weaknesses as different circumstances arise.</p>
Management	<p>The responsibility for the day to day running of the charity is delegated to the Chief Executive Officer (CEO) and Senior Management team.</p> <p>The CEO attends and presents at the Executive Committee meetings. The CEO also liaises regularly with Chair, Treasurer and other members of the Executive Committee.</p> <p>The Executive Committee were pleased to welcome Angela Duce, appointed as the CEO on 1 April 2020.</p>

## Objectives and Activities

Objectives	<p>The charity's objectives set out in the Company's Memorandum of Association are:</p> <ul style="list-style-type: none"> <li>• The relief of people with a learning disability in particular by the provision of help and support for them and their families, dependents and carers, and to prevent learning disabilities for the public benefit;</li> <li>• to provide or assist in the provision of facilities for the recreation or leisure time occupation for people who have need thereof by reason of learning difficulty with the objective of improving their conditions of life.</li> </ul>
Activities	<p>Harpenden Mencap currently runs three support services from two sites that are registered with the Care Quality Commission.</p> <p>These services provide residential care to eleven people and supported living to eight people at Stairways, Douglas Road. In addition the charity provides domiciliary care to eleven tenants at Pine Court and to other people living in their own homes in the local area.</p>

## The last year and looking ahead

The past year has been dominated by the covid pandemic.

Our day-to-day effort has largely been around safeguarding the people we support and unfortunately, we have not been able to deliver the 'added-value' services in the same way. However, throughout the year, we have maintained our trusted reputation for high standards and constantly worked towards ensuring that everyone has been able to access the support they require to live the life they want to lead.

We were unable to continue with our Supported Employment through our shop during the past year but have plans in place to develop and modernise our service over the year ahead. We are ambitious for all the adults with learning disabilities we support and will provide the learning and development opportunities to enable them to achieve their aspirations.

Our leisure service, the Britannia Club also had to take a hiatus whilst we implemented the changes needed to initially provide activities online. Once restrictions were eased the club was able to begin face to face sessions for small groups of people.

Our focus in the year ahead is to build on our relationships with the local community through volunteering to widen the experiences and inclusion of the people we currently support and those who wish to be involved, enabling them to take part in local activities.

We began our transition to digital planning and record keeping during the year which will serve to increase efficiency and enable the people we support to have more input into their own care planning and rostering.

## Some highlights

Despite a reduction in fundraising activity and donations during the year we were able to improve the services we provide by:

- Making sure the people we support had everything they needed to follow their interests and hobbies, including exercising, gardening, baking, arts and crafts and pamper sessions.
- Purchasing new garden furniture so 11 people could socialise comfortably outdoors.
- Adapting an individual bedroom to meet the specific needs of one of our residents
- Enjoy regular Afternoon Tea events during the lockdowns
- Celebrate religious festivals and held Christmas and Easter parties with the people we support.
- Purchasing 28 tablets and 3 computers to support our move to digital and help the people we support have input into their own record keeping.

We have continued to work closely with St Albans City and District Council and a Housing Association on the redevelopment of the Harpenden Public Halls with a commitment to purchasing a number of purpose-built flats once the development is completed.

In addition, we continue to work with planning consultants and the housing association to plan for the redevelopment of the Stairways site so that we can continue to provide accommodation for local people with a learning disability securing the future of Harpenden Mencap in the area.

As we look ahead and to provide for our ambitious plans for the future, we took steps to strengthen our Trustee Board. Over the coming months, in collaboration with the people we support, their families, our staff and our donors, we plan to review our values and our strategic objectives to ensure that they reflect our core purpose and provide for a sustainable future for Mencap in Harpenden.

## Risk

The Executive Committee has conducted a review of the major risks to which the charity is exposed. A risk register has been established and is updated at least annually. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces.

Significant external risks to funding have led to the development of a strategic plan which will allow for the diversification of funding and activities.

The principal risks are:

Principal risks	What the risks mean	How we manage the risks
The current coronavirus pandemic caused the UK Government to implement varying restrictions on social and business activities.	<p>Whilst the restrictions have been lifted to some extent, the day to day and economic consequences are having an impact on our working practices.</p> <p>We have had a higher than usual level of staff absences as people have either been furloughed, on long term sick leave or shorter isolation periods. We have been unable to swap staff internally to cover.</p> <p>The social restrictions are also impacting our ability to hold fund raising events and to interact with our donor base.</p>	In the shorter term we employ additional agency staff. We are now building up the number of our bank staff, who are familiar to the organisation, residents and procedures and would be available at short notice.
Loss of earned income	A lot of our existing service provision is based on the number of current service users. We can increase the level of support relatively quickly if demand increases but it is harder to react to a loss of income, especially where fixed costs have to be absorbed amongst fewer users.	<p>We have to minimise the level of fixed costs, although not always within our control.</p> <p>We also have to maintain a sufficient level of reserves and cash resources to cover extended periods of depleted income.</p>
Loss of fundraising income	<p>Fundraising income is used to support our charitable objectives and allows us to go the extra mile to support our residents and clients.</p> <p>If this fundraising fails to materialise this enhanced provision would be curtailed</p>	<p>The Trustees reviewed the fundraising strategy, including investing in additional resources to support the fundraising effort.</p> <p>We continue to re-engage with our existing funders and are extending our list of contacts and fundraising opportunities.</p>
Property not being fit for purpose	If any of our properties became unfit for purpose we would, at worst case, have to relocate our residents, possibly to other service providers.	<p>In the short term we adopt a reactive maintenance and repair programme.</p> <p>For the longer-term plan we need to look at, and implement, the opportunities available to us, particularly in respect of the Stairways building.</p>

Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers, residents and visitors. These procedures are periodically reviewed to ensure that they continue to meet the needs of the charity.

## Approach to Fundraising

In preparation for the development of a new Five Year Strategy, we developed our new fundraising strategy setting ambitious targets for the future:

- Each year our fundraised income helps us to deliver projects and purchase equipment that is above and beyond the basic cost of living support we receive from the local authority.
- We have bold plans to move our tenants and residents to new, purpose-built accommodation, which will better meet their individual needs. We also plan to expand and develop our supported employment, lifelong learning and leisure opportunities as well as add support for parents of children with learning disabilities. Our ambitious plans will see the needs of people with learning disabilities being met more than ever, within the Harpenden community.
- To deliver these plans, we are reliant on additional income generated through fundraising. We have been lucky to receive generous donations in the past, however we are now particularly reliant on donations

secured through proactive fundraising. This is to fill the gap between government allowances and the cost of living, ensure the people who use our services can achieve their aspirations and expand our services, supporting even more people.

- We have reviewed our historic fundraising performance, understood our strengths and weaknesses, opportunities, and threats, benchmarked our performance against similar organisations and reviewed our current fundraising offer, case for support and resources. With this in mind, we are proud to have a new five-year fundraising strategy which will see us double fundraised income to £200k over the next five years.

## Financial Review

Income	<p>Income in the year under review showed an increase of £100k to £2,331k (2020: £2,231).</p> <p>Whilst this was enhanced by £180k of covid related grants and cost recoveries, there were decreases in the shop income to £16k (2020: £85k) as it was closed for most of the year although we received retail grants which offset some of the lost income. Likewise fundraising income fell to £7k (2020: £27k) as we were not able to hold events. Donations and legacies received were the same as the previous year at £83k.</p> <p>We are grateful to all the donors who have contributed to the charity. What you contribute is what allows us to go that bit further to help our service users.</p>
Expenditure	<p>Total expenditure increased by £73k to £2,251k. This compares to £2,188k last year.</p> <p>Whilst our expenditure on activities decreased because of the pandemic restrictions we incurred significant costs on infection control and staff related costs arising from the pandemic, albeit a lot of which were covered by grants and support from local government.</p> <p>Fundraising costs decreased to £8k (2020: £19k).</p>
Net surplus and cash balance	<p>Overall there was a surplus in the year of £69k, an increase of £26k on the 2020 result of £43k. However it was a highly unusual year with the impact of covid and the variations outlined above; it cannot be viewed as indicative of a trend.</p> <p>The deficit on charitable activities, our principal activity, is funded by a surplus from the shop and from the net income from donations and fundraising.</p> <p>The cash balance at 31 March 2021 was £445k (2020: £412k).</p>

## Reserves policy

The Executive Committee have assessed that the free reserve requirement is £450k to cover working capital requirements and potential fluctuations in earned and donated income and having regard to prevailing conditions. Given the uncertainty relating to the coronavirus pandemic, we need to maintain our reserves at the highest level to cover potential net outflows in the foreseeable future.

The overall reserves at 31 March 2021 were £2,648k of which £35k was restricted.

The unrestricted reserves, including designated funds amounted to £2,613k:

	£'000
• fixed assets, less the associated property mortgage	2,739
• designated funds	138
• free reserves	235

There is a shortfall on free reserves of £213k compared to the assessed requirement. Accordingly, we need to monitor reserve levels, and cash balances.



## Coronavirus Pandemic

The coronavirus pandemic, which emerged in 2020 is still ongoing. Albeit, at the time of writing, the restrictions have eased the impact is still ongoing as society adapts to a different way of living and working. At the time of the approval of these accounts there is still uncertainty about the future. As noted elsewhere, it has had an impact on our activities and our ability to raise funds.

The direct financial effect is given in Note 8 to the accounts but the overall impact of the pandemic is far greater and cannot be quantified in just financial terms.

We are particularly grateful to Hertfordshire County Council and St Albans District Council for the level of support towards the additional costs we incurred, and resources we had to divert during the year combatting the Covid Pandemic.

## Staff

As noted elsewhere, Angela Duce was appointed as CEO as the effects of the pandemic began to impact in Spring 2020. Given the events since then it has not been the easiest of introductions. The Trustees would like to thank her, together with all members of the senior management team, and especially all other members of the staff, whether front line or support, for an incredible contribution and support in what have been some very difficult times.

## Plans for future periods

We have three main ambitions going forward:

- to develop the range and quality of our services through collaboration with the people we support, their families and the community;
- to provide modern, sustainable, and innovative housing solutions to enable every local person with a learning disability to receive the support of Harpenden Mencap if they wish;
- promote knowledge and change in the local community through effective marketing, lobbying and education.

## Going concern

The Trustees have a duty to ensure that when presenting this report that the charity will be in a position to continue its activities and meet its liabilities for at least the next 12 months.

The Executive Committee frequently confer with the CEO and Management team on current events and future projections and the impact on the future of the company. An annual budget is prepared, and regular forecast updates for the current year and future periods are reviewed by the Executive Committee.

In the early part of 2020, a coronavirus pandemic emerged which caused economic uncertainty and the United Kingdom government to implement significant restrictions on social and business activities. The trustees have considered the potential impact of this on the finances of the charity and have concluded that the Charity is unlikely to be significantly affected financially by this event.

Our current projections show that the charity is expected to be able to meet its liabilities as they fall due for the foreseeable future.

After careful consideration of these factors, the trustees have concluded that the going concern basis of preparation is appropriate.

## Statement of Trustee's responsibilities

The Executive Committee Members as Directors and Trustees are responsible for preparing the Annual Report and the Accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law applicable to charities in England & Wales requires the Trustee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period including expenses of the charitable company for that period.

In preparing these accounts, the Trustee is required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 (FRS102)
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Executive Committee Members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Executive Committee confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have regard to the guidance published by the Charity Commission, including public benefit guidance.

#### Disclosure of information to auditors

The trustees confirm that so far as they are aware:

- there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the charitable company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

#### Appointment of Auditors

During the year Andrew Wiggott resigned. He has been associated with the charity for a number of years and the Executive Committee would like to thank him for his support during that period.

Miller & Co of Luton and Harpenden have been appointed in his place for the current financial year and a resolution that they be re-appointed will be put to the Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small entities.

This report was approved by the Trustees. Signed on their behalf on 11 December 2021 by:



Julie Caseberry  
Chairman of Executive Committee  
& Trustee



Nick Latham  
Member of the Executive Committee  
& Trustee

## Report of the Independent Auditors to the Members of Harpenden Mencap

### Opinion

We have audited the financial statements of Harpenden Mencap (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

The trustees are responsible for the other information. The other information comprises the information in the Trustees Report but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 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 Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 Trustee's Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### Responsibilities of directors

As explained more fully in the Statement of Trustees' Responsibilities set out on page eight, the trustees 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 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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' 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 a Report of the Auditors 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, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to these risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

#### Identifying and assessing potential risks related to irregularities

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

#### Audit response to risk identified

- the nature of the industry, control environment and charity performance;
- results of our enquiries of management about their own identification and assessments of the risks of irregularities;
- any matters we identified having obtained and reviewed the charitable company's policies and procedures relating to:

- identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of noncompliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified no areas with potential for fraud. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the charitable company operates in, focussing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. In addition we considered the provisions of other laws and regulations that do not have a direct effect of the financial statements but compliance with which may be fundamental to the charitable Company's ability to operate or to avoid a material penalty.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remain alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

## Other Matters

The financial statements of the Charitable Company for the year ended 31 March 2020 were audited by another auditor whose audit report dated 20 July 2020 was an unqualified opinion on the financial statements.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in a Report of the Auditors 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.



R A Cox (Senior Statutory Auditor)  
for and on behalf of Miller & Co  
Statutory Auditors  
Chartered Accountants  
5 Imperial Court  
Laporte Way  
Luton  
Bedfordshire  
LU4 8FE

14 December 2021

## Statement of Financial Activities

(Including Income and Expenditure Account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Total Funds 2020 £
<b>Income:</b>					
Donations and legacies	2	77,896	4,768	82,664	87,613
<b>Charitable Activities</b>					
Residential Care		1,160,868	-	1,160,868	1,089,549
Supported living		489,526	-	489,526	460,875
Domiciliary living		516,210	-	516,210	487,740
Other activities		-	-	-	2,112
<b>Total Income from Charitable Activities</b>	3	2,166,604	-	2,166,604	2,039,976
Other trading activities	4	77,310	-	77,310	84,981
Fundraising income	5	2,590	-	2,590	21,539
Investment income: bank interest		1,587	-	1,587	1,981
<b>Total Income</b>		<b>2,325,987</b>	<b>4,768</b>	<b>2,330,755</b>	<b>2,231,090</b>
<b>Expenditure:</b>					
<b>Charitable activities</b>					
Residential Care		1,257,015	-	1,257,015	1,180,864
Supported living		478,880	-	478,880	464,149
Domiciliary services		452,084	-	452,084	431,017
Other activities		562	13,895	14,457	48,440
	3	2,189,441	13,895	2,203,336	2,124,470
Other trading activities	4	50,265	-	50,265	45,084
Fundraising costs	5	7,825	-	7,825	18,573
<b>Total Expenditure</b>		<b>2,247,531</b>	<b>13,895</b>	<b>2,261,426</b>	<b>2,188,127</b>
<b>Net Income/(Expenditure) before transfers</b>	7	<b>78,456</b>	<b>(9,127)</b>	<b>69,329</b>	<b>42,963</b>
Transfers between funds		2,798	(2,798)	-	-
<b>Net movement in funds for the year</b>		<b>81,254</b>	<b>(11,925)</b>	<b>69,329</b>	<b>42,963</b>
<b>Total Funds at 1<sup>st</sup> April 2020</b>		<b>2,531,203</b>	<b>47,189</b>	<b>2,578,392</b>	<b>2,535,429</b>
<b>Total funds at 31 March 2021</b>	17	<b>2,612,457</b>	<b>35,264</b>	<b>2,647,721</b>	<b>2,578,392</b>

All income and expenditure derive from continuing activities. The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 16 to 24 form part of these financial statements.

## Balance Sheet

	Notes	Total 2021 £	Total 2020 £
<b>Fixed assets</b>			
Freehold property	12	3,187,330	3,187,330
Other tangible fixed assets	13	70,723	87,728
<b>Total Fixed Assets</b>		<b>3,258,053</b>	<b>3,275,058</b>
<b>Current Assets</b>			
Debtors and prepayments	14	122,161	61,808
Cash at bank and in hand		445,454	412,914
		<b>567,615</b>	<b>474,722</b>
<b>Creditors</b>			
Amounts falling due within one year	15	(210,680)	(152,652)
<b>Net Current Assets</b>		<b>356,935</b>	<b>322,070</b>
<b>Creditors</b>			
Amounts falling due after more than one year	16	(967,267)	(1,018,736)
<b>Total Net Assets</b>		<b>2,647,721</b>	<b>2,578,392</b>
<b>The Charity Funds</b>	17		
Unrestricted funds		2,474,741	2,393,566
Designated funds		137,716	137,637
<b>Total unrestricted funds</b>		<b>2,612,457</b>	<b>2,531,203</b>
Restricted funds		35,264	47,189
<b>Total Charity Funds</b>		<b>2,647,721</b>	<b>2,578,392</b>

The Financial Statements which have been prepared in accordance with the special provisions relating to the small companies regime within Part 15 of the Companies Act 2006 were approved and authorised for issue by the Board on: 13 December 2021

Signed on behalf of the Board of Directors by:



J Coseberry  
Chairman of Executive Committee  
& Trustee



N Latham  
Member of Executive Committee  
Treasurer & Trustee

The notes on pages 15 to 24 form part of these financial statements

## Statement of Cash Flows

	2021	2020	
	£	£	
Reconciliation of net income to net cash flow from operating activities:			
Net income for year	69,329	42,963	
Investment income	(1,587)	(1,981)	
Depreciation on tangible assets	41,858	39,615	
Loss on sale of assets	500	502	
(Increase)/Decrease in debtors	(60,353)	9,737	
Increase/(Decrease) in creditors	56,260	(42,352)	
Net cash inflow from operating activities	106,007	48,484	
Cash flows from investing activities:			
Investment income	1,587	1,981	
Purchase of tangible fixed assets	(25,353)	(43,288)	
Net cash (absorbed) by investing activities	(23,766)	(41,307)	
Cash flows from Financing activities			
Repayment of loan	(49,701)	(47,994)	
Net cash absorbed in financing activities	(49,701)	(47,994)	
Change in cash or cash equivalents in the reporting period	32,540	(40,817)	
Cash and cash equivalents at 31st March 2020	412,914	453,731	
Cash and cash equivalents at 31st March 2021	445,454	412,914	
Analysis of changes in net debt:	At 31 March	Cash	At 31 March
	2020	Flow	2021
	£	£	£
Cash at bank and in hand	412,914	32,540	445,454
Debt: Secured bank loan	(1,068,437)	49,701	(1,018,736)
Total	£ (655,523)	£82,241	£ (573,282)



## Notes to the Financial Statements

### 1. Accounting Policies

#### (a) Basis of accounting

Harpden Mencap is a private company limited by guarantee registered in England and Wales. The charitable company constitutes a public benefit entity as defined by FRS 102. 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 issued in October 2019, the Financial Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention.

The financial statements are presented in pounds sterling which is the functional currency of the charitable company and are rounded to the nearest pound.

#### (b) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity. Designated funds are unrestricted funds earmarked by the Executive Committee for particular purposes. Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal. Details of the nature and purpose of each fund are set out in notes 17 and 18.

#### (c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. The costs of minor additions or those costing below £300 are not capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following basis:

Freehold land	Nil
Freehold buildings	2%
Vehicles, furniture, and equipment	25% - 33 1/3% on cost

#### (d) Income

All incoming resources are included in the Statement of Financial Activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- charges for residents are included in the financial statements on the basis of amounts receivable in the year.
- Donations, Subscriptions, Charity shop and other fundraising income is accounted for as received by the Charity.
- Legacies are included when the Charity is advised by the personal representative of an estate that payment will be made and the amount involved can be quantified.
- clothing and other items donated for resale through the Charity Shop are included as incoming resources within activities for generating funds when they are sold.
- investment income is included when receivable.
- the value of services provided by volunteers has not been included in these accounts.

#### (e) Expenditure

Expenditure is recognised on an accruals basis as liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the cost associated with attracting voluntary income and the costs of trading for fundraising purposes including the Charity Shop.

## (e) Expenditure (Continued)

Charitable expenditure comprises those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others where material are apportioned on appropriate bases, comprising per capita and estimated usage.

## (f) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable and payable within one year are recorded at transaction price.

## (g) Pensions

The Charity provides a defined contribution personal pension scheme arrangement for its employees. The pension charge in the accounts represents the amounts payable by the charity to the funds in respect of the year for employee members.

## (h) Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lessor are charged to the accounts as incurred.

## (i) Financial Instruments

The charity only has financial assets and 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.

## (j) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in paragraph 1 Schedule 6 Finance Act 2010 therefore it meets the definition of a charitable company for UK Corporation tax purposes.

## (k) Going Concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist, except as disclosed below. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the levels of reserves for the charity to be able to continue as a going concern.

## (l) Judgements and the key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements in applying the accounting policies of the charitable company and estimates and assumptions that have significant effect on the recognition and measurement of assets, liabilities, income, and expenses. Actual results may be different to those estimates.

## (m) Government Grants

Income from Government grants is recognised in the period for which they are received.

## 2. Donations and legacies

	Unrestricted £	Restricted £	2021 £	2020 £
Donations	27,426	3,824	1,250	62,414
Legacies	50,000	-	50,000	-
Subscriptions	470	-	470	485
Grants	-	1,944	1,944	19,274
Other	-	-	-	460
	77,896	4,768	82,664	82,613

## 3. Charitable Activities

	Unrestricted £	Restricted £	2021 £	2020 £
<b>Incoming Resources</b>				
From Public Authorities	1,710,965	-	1,710,965	1,689,781
Grants and government pandemic support	118,972	-	118,972	2,089
Rental income	294,455	-	294,455	280,537
Fees for using facilities and services	42,212	-	42,212	58,569
<b>Total services income</b>	<b>2,166,604</b>		<b>2,166,604</b>	<b>2,030,976</b>
<b>Charitable activities costs</b>				
Staff Costs	1,838,071	-	1,838,071	1,772,094
Depreciation	39,468	-	39,468	37,760
Secured Loan Interest payable	39,599	-	39,599	38,310
Other direct costs	262,688	13,895	276,583	266,566
Governance costs	6 9,615	-	9,615	9,140
	<b>2,189,441</b>	<b>13,895</b>	<b>2,203,336</b>	<b>2,124,470</b>
<b>Net deficit on charitable activities</b>	<b>(22,837)</b>	<b>(13,895)</b>	<b>(36,372)</b>	<b>(84,494)</b>

## 4. Other Trading Activities

	Unrestricted £	Restricted £	2021 £	2020 £
Shop income	16,090	-	16,090	84,981
Grants and government pandemic support	61,220	-	61,220	-
<b>Total income</b>	<b>77,310</b>		<b>77,310</b>	<b>84,981</b>
<b>Shop expenditure:</b>				
Staff costs	(31,250)	-	(31,250)	(20,275)
Other	(19,015)	-	(19,015)	(24,809)
	<b>27,045</b>		<b>27,045</b>	<b>39,897</b>

## 5. Fundraising activities

	Unrestricted £	Restricted £	2021 £	2020 £
Income	2,590		2,590	21,539
Expenditure	(7,825)		(7,825)	(18,573)
	(5,235)	-	(5,235)	2,966

## 6. Governance costs

	2021 £	2020 £
Professional fees - Auditor's remuneration	4,800	4,800
Administrative salaries	3,825	2,958
Insurance - Trustee Indemnity	990	1,387
	9,615	9,140

## 7. Net Income/Expenditure

Net Income/(Expenditure) in the year is stated after crediting/ (charging):

	Note	2021 £	2020 £
Pandemic related support	8	180,192	2,089
Staff costs	9	(1,879,869)	(1,821,315)
Auditor's remuneration		(4,800)	(4,800)
Depreciation		(41,858)	(39,764)

Non-audit services: In common with many other businesses of our size and nature we use our auditors to assist us with the provision of other services from time to time. During the year ended 31st March 2021 no other services were provided.

## 8. Pandemic related support

Pandemic related support	Grants £	Cost recovery £	2021 £	2020 £
Hertfordshire County Council (HCC):				
Grants towards costs of infection control	63,321	-	63,321	-
Personal Protective Equipment (PPE)	-	29,787	29,787	2,089
Job retention scheme (furlough)	-	43,277	43,277	-
Statutory Sick pay - covid related	-	3,450	3,450	-
St Albans District Council:				
Retail grants and rate rebates	40,357	-	40,357	-
	103,678	76,514	180,192	-

The Grants from HCC are towards costs of staff diverted from their normal duties to combat the pandemic and deal with covid related issues. The cost recovery was in respect of specific additional costs incurred because of the pandemic. The retail grants were to compensate for the loss of income whilst our charity shop was closed for extensive periods due the lockdowns.

## 9. Staff costs

	2021	2020
	£	£
Salaries	1,521,458	1,467,089
Social security costs	124,169	112,453
Employer contributions to pension schemes	70,139	67,466
Other employment costs	33,292	62,005
Total employment costs	1,749,058	1,709,013
Agency costs	130,811	117,302
	1,879,869	1,821,115

Total emoluments of £316,105 (2020 : £285,563) were paid to 6 (2020: 6) key management personnel. One employee received emoluments of between £60,000 and £70,000 (2020 nil).

No emoluments were paid to Trustees (2020:nil).

The charity provides a defined contribution pension arrangement for its eligible employees. The pension contributions made in the year, disclosed above, are in respect of 69 (2020-75) present employees.

The average full time equivalent monthly number of employees was:

Staff numbers	2021	2020
Support Services	55	56
Administration	6	8
	61	64

## 10. Trustee Remuneration & Related Party Transactions

No member of the Executive Committee received any remuneration for this year and no relevant expenses were reimbursed to Trustees for this year.

No Trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the year except in connection with the provision of services by the charity in the normal course of its operations and on its standard terms.

## 11. Taxation

The Charity is exempt from tax on income and gains falling within section 905 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied in furtherance of its charitable objects. No charges to taxation have arisen on the charity in the year. (2020 -none)

## 12. Freehold Property

	2021	2020
	£	£
Cost:		
Pine Court	2,608,309	2,608,309
Stairways	579,021	579,021
	<b>3,187,330</b>	<b>3,187,330</b>

### Freehold Property: 'Pine Court'

The freehold property known as 'Pine Court' is situated in Carlton Road, Harpenden. The building is wholly used for charitable purposes and is held to provide services to the charity's beneficiaries. Accordingly, the value in use comprises the present value of the asset's service potential which is best represented by depreciated replacement cost. This is greater than the actual cost which therefore remains the appropriate carrying value in the accounts and, accordingly, no depreciation is required in accordance with accounting policy 1c.

### Freehold Property: 'Stairways'

The freehold property, known as 'Stairways' is situated in Douglas Road, Harpenden. The building is mainly used for charitable purposes and is held to provide services to the charity's beneficiaries. Given that the indicative current market value of the property and, accordingly, the probable residual value is in excess of £3,000,000 the appropriate carrying value in the accounts remains cost and no depreciation is required in accordance with accounting policy 1c.

The application of the buildings depreciation policy 1c is reviewed annually by the Executive Committee and depreciation will be provided for at the point in time when amortisation of cost is recognised as being required.

## 13. Other Tangible Fixed Assets

	Furniture & equipment:		Motor	
	property	office	Vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2020	352,978	63,003	35,905	451,886
Additions	19,722	5,631	-	25,353
Disposals	(11,633)	(1,444)	(13,000)	(26,077)
At 31 March 2021	361,067	67,190	22,905	451,162
<b>Depreciation</b>				
At 1 April 2020	289,484	38,769	35,905	364,158
Charge for year	28,454	13,404	-	41,858
Disposals	(11,133)	(1,444)	(13,000)	(25,577)
At 31 March 2021	306,805	50,729	22,905	380,439
<b>Net book value:</b>				
At 31 March 2021	54,262	16,461	-	70,723
At 31 March 2020	63,494	24,234	-	87,728

The property and office furniture and equipment and the motor vehicles are all used wholly for charitable purposes.

## 14. Debtors

	2021	2020
	£	£
Residents' charges invoiced	15,235	21,867
Other debtors	71,616	11,004
Prepayments	35,310	28,937
	<b>£122,161</b>	<b>£ 61,808</b>

## 15. Creditors: amounts falling due within one year

	Note	2021	2020
		£	£
Bank loan repayable within one year	16	51,469	49,701
Income in advance		6,913	6,278
Trade creditors		55,680	31,732
Social Security and other taxes		36,214	26,268
Pension contributions		10,612	9,110
Other creditors		12,300	5,300
Accruals		37,492	24,263
		<b>210,680</b>	<b>152,652</b>

## 16. Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Within one year - (Capital only for the next year)	51,469	49,701
Bank Loan repayable after more than 1 year:		
Between one and two years	53,299	51,469
Between two and five years	171,544	165,652
After more than five years	742,424	801,615
Bank Loan repayable after more than 1 year:	<b>967,267</b>	<b>1,018,736</b>
Total bank loan at 31st March 2021	<b>1,018,736</b>	<b>1,068,437</b>

The bank loan is a non-residential mortgage agreement with the Charity's bankers Triodos Bank UK Ltd, for a total sum of £1,400,000, which was raised to part finance the purchase and construction of Pine Court, Carlton Road, Harpenden (see note 12). At the balance sheet date the loan is secured on the Charity's freehold property "Stairways" and comprised approximately 35% of its estimated market value.

The loan is repayable in monthly instalments over 25 years commencing July 2012, with interest charged at base rate plus 2.5% with a minimum rate of 3.5%.

## 17. Analysis of Net Assets Between Funds

	Restricted Funds	Designated Funds	General Fund	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	3,258,053	3,258,053
Current assets	35,264	137,716	394,635	567,615
Current liabilities	-	-	(210,680)	(210,680)
Long term liabilities	-	-	(967,267)	(967,267)
<b>Total net assets</b>	<b>35,264</b>	<b>137,716</b>	<b>2,474,741</b>	<b>2,647,721</b>

## 18. Movements In Funds

	1 April 2020	Income	Expenditure	Transfers	31 March 2021
<b>Unrestricted funds:</b>					
General fund	2,393,566	2,325,908	(2,247,532)	2,798	2,474,741
<b>Designated funds:</b>					
Building	101,231	58	-	-	101,289
Major Building Repairs	36,406	21	-	-	36,427
<b>Total unrestricted funds</b>	<b>2,531,203</b>	<b>2,325,988</b>	<b>(2,247,532)</b>	<b>2,798</b>	<b>2,612,457</b>
<b>Restricted funds:</b>					
Building	18,648	1,310	(3,354)	-	16,604
IT & Communication	-	595	-	(595)	-
Employment opportunities	7,500	-	(7,500)	-	-
Access to work grant	-	1,349	-	(1,349)	-
Amenities	21,041	1,513	(3,040)	(854)	18,660
<b>Total restricted funds</b>	<b>47,189</b>	<b>4,767</b>	<b>(13,894)</b>	<b>(2,798)</b>	<b>35,264</b>
<b>Total Funds</b>	<b>2,578,392</b>	<b>2,330,755</b>	<b>(2,261,426)</b>	<b>-</b>	<b>2,647,721</b>

The description of the fund types is covered in the Accounting Policies (Note 1). The specific funds held by the charity are:

### General Fund:

The unrestricted and general fund is available for use in fulfilling the general objects of the charity.

At 31 March 2021 the balance available of on this fund was £2,474,741 of which £2,235,317 has been used to acquire functional fixed assets.

The remaining balance of £235,424 is available to be applied towards meeting the charity's currently assessed reserve requirement of £500,000.

In view of the apparent funding shortfall of £264,576 at the year end, the Executive Committee continue to monitor both the reserves level requirement and the funds available in the current year.



## Designated funds:

- **Building Fund** The Executive Committee designated a fund of £100,000 to be retained for future building projects and to which a share of bank interest is accumulated annually.
- **Major Repairs Fund** In the light of the Charity's investment in freehold property, the Executive Committee considered it appropriate in 2013/4 to set up a designated fund to cover major repairs

## Restricted funds:

- **Building Fund** donations and other monies received towards the upkeep and renewal of the buildings, as specified by the donors.
- **IT and Communication** towards the acquisition and maintenance of charity owned IT and communications equipment
- **Employment Opportunities** grants and donations towards helping service users access work
- **Access to Work** grants received and expenditure for this purpose
- **Amenities** donations towards items used to improve the lives of residents.

## 19. Other Commitments

As at 31 March 2021 the charity had no capital commitments (2020-£n). However, there were financial commitments under non-cancellable operating leases as follows:

	Land and Buildings:	Other equipment:		
	2021	2020	2021	2020
	£	£	£	£
Expiry date:				
less than 1 year	21,000	21,000	2,137	1,417
between one and five years	84,000	84,000	2,880	3,247
after more than five years	45,500	66,500	-	-