

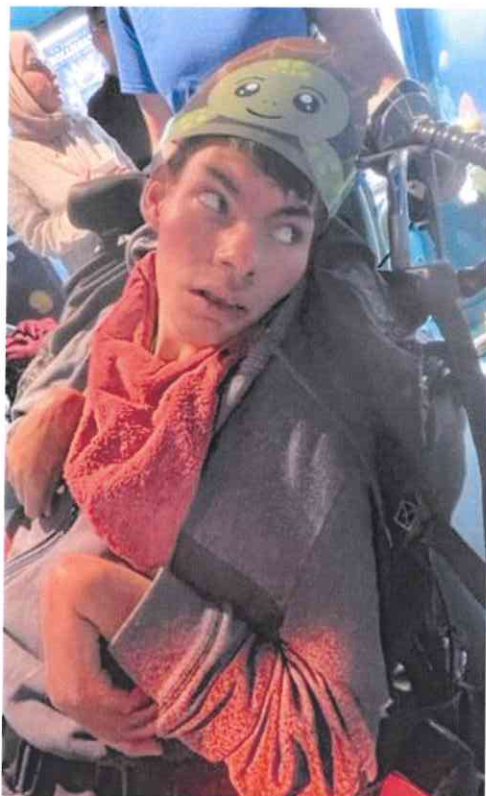


Trustee Report & Financial Statements for the year ended 31st March 2023

Registered Company Number: 02636705 (England and Wales)

A Company limited by Guarantee

Registered Charity Number: 1004431



WATFORD AND DISTRICT MENCAP SOCIETY
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FOR THE YEAR ENDED 31 MARCH 2023

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WATFORD AND DISTRICT MENCAP SOCIETY

REFERENCE AND ADMINISTRATIVE DETAILS

FOR THE YEAR ENDED 31 MARCH 2023

COUNCIL OF MANAGEMENT	Mr R F Jones	(Chair)
	Mrs P Joy	(Acting Vice Chair, Treasurer)
	Mrs L C Green	
	Mrs P Robertson	
	Mr J R Teague	
	Mr J Good	

COMPANY SECRETARY	Miss J K Pattinson
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REGISTERED OFFICE	92a Langley Road Watford Hertfordshire WD17 4PJ
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REGISTERED COMPANY NUMBER	02636705 (England and Wales)
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REGISTERED CHARITY NUMBER	1004431
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INDEPENDENT AUDITORS	Mercer & Hole LLP Chartered Accountants Trinity Court Church Street Rickmansworth Hertfordshire WD3 1RT
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CHIEF EXECUTIVE	Miss J K Pattinson
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PRINCIPAL BANKER	NatWest 72 High Street Watford Hertfordshire WD17 2GZ
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WEBSITE	www.watfordmencap.org.uk
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WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

The trustees (also known as the Council of Management) who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives

The charity's objects are set out in the Articles of Association and are:

The relief of people with a learning disability in particular by the provision of help and support for them and their families, dependants and carers and to prevent or alleviate learning disabilities for the public benefit by education, research and life-enhancing medical intervention.

The provision or assistance in the provision of facilities for the recreation or other leisure time occupation for people who have need thereof by reason of learning disability with the object of improving their conditions of life.

"Learning disability" means any developmental disability of the mind and any associated condition howsoever caused and whether mild, moderate or severe.

The charity aims to achieve its objects by seeking to provide user-led and person-centred services which enable people with a learning disability to make the most of life. Services are constantly under review in the light of user needs, government policy, funding availability, and changing needs and practices. Watford Mencap seeks to work with other voluntary and statutory organisations to promote the welfare of people with a learning disability.

Our Values

We are **INCLUSIVE** People with learning disabilities are at the heart of everything that we do.

We are **RESPECTFUL** We work in a person-centred way, whilst listening to the views of all.

We are **WELCOMING** We are approachable and value all.

We are **PROGRESSIVE** We promote learning to support everyone to achieve their potential.

We are **CHALLENGING** Through our work we will push the boundaries for individuals, organisations and society.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES - Continued

Our Mission

Enabling people with learning disabilities and their families to make the most of life.

To help make this happen we will

- Support people to enjoy choice and control over their own lives, to enable them to work towards fulfilling their life ambitions and to achieve their potential
- Provide a range of high quality, individually tailored services that focus on the individual and their family
- Support people to obtain their rights and to understand their responsibilities as members of society
- Recognise that people have skills, abilities and expertise and use these to inform our growth and progress
- Campaign to ensure the rights of people with a learning disability and their families are respected and to ensure that they have access to the services they need and to challenge discrimination
- Involve and include learning disabled people in evaluation and decision making at all levels within Watford Mencap

Activities

All of the charity's activities focus on the objects set out in the Articles of Association noted on page 2. It is the charity's aim to be the first port of call in South West Herts for all people with a learning disability, their families and carers. Support may be given in partnership with other relevant organisations. There are no restrictions on access to services other than the charity's capacity and capability to provide the support required to live a fulfilling life.

A life-long journey supported by Watford Mencap every step of the way

People with learning disability are one of the least understood, least visible and most vulnerable sections of our society. They are also a sizeable group.

The Improving Health and Lives (IHAL) profiles produced by the North East Public Health Observatory estimates that approximately 2.5% of the total population have some form of learning disability, which equates to an estimated 1.5 million people in the United Kingdom with a learning disability. This population is predominantly (60%) male and unknown to services; of the estimated 1.2 million adults with a learning disability in England, only 189,000 (21%) are known to local authority or health services. Around 24% of the estimated population with learning disabilities are believed to be children and 76% are believed to be adults. (IHAL, 2011).

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES - Continued

The Summary Needs Assessment: Fulfilling Lives for People with Learning Disabilities estimates there may be 5,500 children with learning disabilities in Hertfordshire and Projecting Adult Needs and Service Information 2015 states there are 21,109 people over 18 with a learning disability in the county. This is 1.76% of the total adult population. As of December 2020, Hertfordshire County Council (HCC) adult social care were supporting 4,600 adults with learning disabilities. Public Health England 2016 states there were 22.4 per 1,000 children with a learning disability known to schools in Herts and that 2.5% of children in England have a learning disability. The Herts Learning Disability Joint Commissioning Strategy 2019-24 states only 3,000 adults with learning disabilities were receiving help from local social care services and that local doctors only have 5,000 people on their register of people with learning disabilities in Hertfordshire.

The number of people over 18 with a learning disability is predicted to increase by 9% by 2025 and the largest projected growth area over the next 10 years is in the 75-84 and 85+ age range with projected increases of 32% and 47% respectively. It was recognised very early on in the pandemic that people with learning disabilities were extremely vulnerable to Covid19 so extra caution would be required. In seeking to serve this section of society Watford Mencap has developed a wide range of services.

The pandemic meant that needs have changed and services have had to constantly evaluate not just what is needed but also what can be safely provided. Services continued to run throughout the pandemic, with large group activities restarting again in April 2022.

Services can be purchased privately by self-funders, people with individual budgets and direct payments as well as through Herts County Council (HCC) commissioned services.

Community Activities

This range of services are offered within the community and have a focus on connecting with others whilst meeting individuals' needs. The aim is to provide attractive and fun activities which promote well-being and independence. Activities are available across all age ranges and are based on feedback from people who use the services. Many charge fees that are affordable to people from their weekly income, although help with fees may be sought for those in crisis. These activities are funded largely by grant or fundraising income but may also be subsidised by reserves during start-up, funding gaps or when broadening access for hard-to-reach groups. These services can also be commissioned or paid for privately. During the year many of these services managed to return to their pre-pandemic levels with some expanding to help people who had been isolated to reconnect.

The following activities are offered:

Advice and Information

Initial and ongoing contact through the Advice and Information Service is free to all and funded through fundraising, grants, and reserves if necessary. This service provides information, supports people, and facilitates their efforts to plan their lives and access services. No distinction is made between those who might wish to access services provided by the charity and those for whom

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES - Continued

another service provider or organisation might be more appropriate - the interests of the individual are paramount. The service started to hold a weekly open house at the Community Hub inviting people to come and reconnect with their local community as well as Watford Mencap. This has now grown to over 30 people attending each week.

The information gathered also supports Watford Mencap's campaigning work to highlight unmet needs to local authorities through the co-production groups. The National Lottery Funded Building Better Opportunities project came to an end, which reduced the team part way through the year, but they still supported 99 individual people with 141 queries resulting in 2,245 contacts.

Children

The Short Break Contract from HCC continued to enable a range of leisure activities to be delivered, including weekend sessions, 1:1 sessions and holiday activity schemes. All referrals for these services must come through the HCC Short Breaks process. Fundraising supports evening sessions as well as a group for under 5s which supports families with a stay and play session. These services continued to grow as they settled into the new community hub which enabled additional sessions to be offered in a more welcoming environment. 73 children accessed these activities across the year, attending a total of 1,061 sessions.

Young People

This contract also includes young people and enabled a range of leisure activities including a weekly youth club, weekend sessions, 1:1 sessions and holiday activity schemes for those at both school and college. Young People must come through the HCC Short Breaks Contract process which affects our ability to offer services to some people. Fundraising supports evening activities focusing on life skills such as cooking and shopping. These services were also able to grow as Covid restrictions were lifted. Like those for children, evening weekend activities continued alongside the weekly youth club. Holiday activity schemes were also available for those at school and college. 52 young people accessed these activities across the year, attending a total of 1,500 sessions.

Adults

Adults Day Opportunities – This service developed and expanded during the year, offering support to a range of individuals who often need 1:1 support. The service also started to be commissioned by the local NHS Integrated Care Board. Those accessing the service receive tailored support, enabling them to choose individual activities in their local community. Over the year the team provided over 7,591 hours of support to a total of 19 people.

Employability – The Café in the Library and training kitchen offer learning opportunities for people with learning disabilities to gain skills in all areas of the business including customer service, handling money and food hygiene. The Café managed a full year of trading although the way of life has changed in the local community, meaning the team are still learning people's new preferences.

During the year 13 people accessed these services attending 363 sessions.

The charity also provides volunteering opportunities for people with learning disabilities to gain retail, administration, and customer care skills. The shop and other trading initiatives provide opportunities to many volunteers, some of whom have a learning disability.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES - Continued

Leisure Activities –

The monthly Nightclub continued, including a move to POPWORLD and a new Social Hub started on a Tuesday evening for those living in the community. In total 102 people accessed these activities across the year, attending a total of 833 sessions.

Having your Say – Watford Mencap continues to host the Hertfordshire county-wide network that supports people with profound and multiple learning disabilities and their carers. Any feedback received is passed on to the local authority through the relevant networks.

Watford and Three Rivers Learning Disability Local Area Forum is hosted and facilitated by the charity. The Forum focused on local and national topics linking with the local authority to raise issues.

Watford Mencap has a service user and carer base of over 1,210 people with learning disabilities and their carers for its various services. The charity aims to raise awareness of learning disability among the wider population, and of the existence of the charity and the services it provides to those with learning disabilities, their families and carers, as well as other relevant professionals. The charity aims to act as a central point of contact in relation to learning disability in South West Herts, providing information, contacts, advice and, where relevant and possible, services, to all who need them.

Services at Home

This range of services are offered in people's homes supporting them in their daily lives to gain independence and to promote choice and control.

1:1 Support in your own Home

The Care and Support Agency provides individualised and person-centred support for people with learning disabilities within the local community. People can be supported with a range of everyday activities, some practical, others more focused on social skills and learning. This service also supports children as part of our Short Break offer. All work is focused on enablement and helping people to maximise their independence. Work remained sporadic for the team as the pandemic continued and some clients declined a service. The team provided over 6,842 hours of support to a total of 56 people with learning disabilities.

24-Hour support in your own Home

The Supported Living team supports 10 people living in 4 different properties across South West Herts. Funding for individuals is from various sources including Individual Service Funds and commissioned hours from HCC's Supported Living Framework. During the year the focus was getting people back out into the community and a return to some sense of normality. The team has kept everyone safe and provided 28,007 hours of support.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES - Continued

24-hour support in a Registered Care Home

18 people are supported in 3 registered care homes run by Watford Mencap. Many people have lived in their home for many years and receive support in all aspects of their life. Care homes continued to be identified as posing a higher risk to individuals during the pandemic, so teams worked hard to maintain infection control and manage Covid outbreaks. The residents' needs have continued to increase, with teams adapting their practices and the environment, to support them. Recruiting new workers was a challenge but the teams kept everyone safe and provided 58,113 hours of support.

Public benefit

In planning and reviewing the above activities, the Council of Management have given careful consideration as to whether they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

The members, staff and volunteers of Watford Mencap strongly believe in the importance and worth of every individual in our society. The aim inherent in all of the charity's activities is to enable and facilitate the ability of people with a learning disability to make the choices that most of us take for granted. By making a contribution to this aim, the charity provides a public benefit of not only alleviating the potential distress and waste of individuals frustrated by the inability to lead a fulfilling life and the associated impact on their families and carers, but also, in some small way, to make society more tolerant, compassionate and inclusive.

Staff and volunteers

Watford Mencap benefits greatly from the commitment of its 172 paid staff. It also benefits from the support of a number of volunteers in the office, trading and fundraising activities, leisure services and community hub. The contribution of the 54 regular helpers and volunteers who worked with the charity over the year is estimated to be approximately 3,018 hours (representing the equivalent of approximately 1.54 full-time staff) and their contribution is gratefully acknowledged. Throughout the pandemic and beyond we have continued to be supported by a wide range of helpers who donate regular time to help in the garden, at fundraising events and to support our projects. We estimate this additional help from our helpers and supporters to be 216 hours, the approximate equivalent of another 0.1 members of staff. We are truly thankful for this and would not have been able to sustain our projects without this very generous support.

Lower than normal social care sector turnover of front-line staff and a consistent senior management team continue to be a significant achievement for the charity, however the last year has seen a much greater turnover of staff than usual for the organisation and a greater reliance of agency staffing to ensure we can meet minimum staffing levels in our projects. The national social care recruitment and retention crisis is a very significant challenge in South West Herts. It is very important to the people and families that the charity supports to know and trust the staff and volunteers. A dedicated team of casual workers work alongside contracted staff, volunteers and regular agency workers to help the charity achieve this consistency of support.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

REVIEW OF THE PAST YEAR

At the beginning of 2022 we still had a strong focus on keeping people safe and well, all of our Covid 19 measures remained in place for several months and our thanks must go to everyone that played a part in keeping everyone safe and well. Our infection rates remained low, and we continued to run Covid secure services. We celebrated the restart of our weekly Friday coffee mornings at 92a and our monthly club nights in Watford. It was lovely to be able to safely bring large groups of people together again. In June 2022 we held a combined AGM and official opening of 92a Langley Road and over 250 people enjoyed the celebration day. In Spring 2023 we stopped wearing masks on a day-to-day basis, in July 2023 we ceased workforce lateral flow testing, however we remain vigilant as Covid cases have recently started to rise again.

Staffing

Having retained all of our managers during Covid we were then faced with a higher management turnover than we have ever experienced before. With the loss of experienced managers and the ongoing recruitment crisis in social care, we faced a significant staffing challenge. In November 2022 our vacancy rate hit a high of 38%. The impact of Covid, fatigue and its effect on staff wellbeing was significant, sadly some people chose to move out of social care, take retirement or to take a break. We continue to work incredibly hard to support our staff with HR (Human Resource) and day to day management support, access to free confidential helplines, additional training and showing our appreciation and acknowledging the exceptional work as people continue to support others in the most challenging circumstances. Very sadly what faced Watford Mencap was common within social care at both a local and national level and impacted significantly on the ability to recruit staff.

For several months it was an extreme challenge to staff our residential homes and supported living, we used significant amounts of agency staff and relied heavily on our casual bank along with our own staff working overtime. We maintained contractual staffing levels, but this placed extreme pressure on our workforce and led to a reprioritisation of our work.

One positive from our management turnover was the internal promotion and movement of several staff members into new management development positions accompanied by intensive senior management support, our Inspire leadership programme and for several new managers the start of level 4 and 5 management qualifications. This succession plan helped to stabilise our management team and by March 2023 our vacancy rate had fallen from 38% to 8%. We welcomed Lorrain Barratt's move from supported living to manage Thorpedale, Hollie James became the development manager at the café and Sarah Sullivan the manager of our community and children's activities. We were extremely thankful to Siani Avent who stabilised Hillside until Paul Morris an experienced registered manager joined us in January 2023. The increased funding from HCC for Hillside has also enabled us to create a new deputy manager position and we welcomed Sylwia Bosek to the team in June 2023.

Lynsey Sale joined as our new office manager and executive assistant in July 2022, Dipika Thakrar as our new finance manager and Laureen Roberts our new fundraiser both in January 2023. We also took the opportunity to reflect on how we managed our Care and Support agency and supported living services and created a new position of outreach manager, this appointment was made in July 2023.

WATFORD AND DISTRICT MENCAP SOCIETY**REPORT OF THE TRUSTEES****FOR THE YEAR ENDED 31 MARCH 2023**

REVIEW OF THE PAST YEAR - Continued

Our decision to increase the hourly rates of front-line staff to £11.50 and £12 an hour from January 2023 had a major impact in helping us reach this reduced 8% vacancy level. Our recruitment and retention strategy was successful, we had benchmarked our frontline support worker and personal assistant salaries to the top quartile of local social care providers and above the local retail and hospitality rates of pay. This increase in hourly rates supported by the continuation of our values-based recruitment and our extensive staff training programme (including the move this year to Click online training) and the introduction of our Care Friends employee and reward scheme in December 2022, have all helped to attract and retain workers.

Care Friends also enables us to reward staff for picking up shifts at short notice, reducing agency spend and ensuring greater continuity of support. Our staff forum also launched our People's Choice award, rewarding and acknowledging staff, whose work truly reflects our values, for going above and beyond. Nominations have grown every quarter with families, people we support, staff and managers all nominating staff members who are all thanked for their exceptional contribution.

With so many new staff it has been a year of significant change for Watford Mencap, we have invested in team days, induction, training and team building to enable people to settle into their new roles. We now have new induction lunches, held a Christmas curry for staff and facilitated events such as a Jubilee party and Christmas celebration day. We have built up a committed workforce, many of whom can now happily work across a range of projects, enabling us to resource projects more effectively and efficiently.

Impact on quality

In September 2022 our Hillside project was rated inadequate following an unannounced CQC (Care Quality Commission) inspection. We were shocked as HCC had rated the project as good in the previous month and we challenged the inspection. We later also made a complaint to CQC about the style of the inspection. Some acknowledgement was given to our concerns and some apologies received, however the complaint itself was not upheld. Regardless, however, of any issues with the inspection itself, we aim to maintain the very highest standards of care for our residents. It is fundamental to our values that we undertake our work as well as we possibly can and meet the expectations of not only our residents but all regulatory bodies. Following the inspection, we produced a very detailed service improvement and audit plan, which we have used to document improvements and changes we have made to all of our CQC registered services. We were pleased that when CQC returned in February 2023 that they spent time talking with residents and families and that they then acknowledged the progress that had been made. We wait for a full inspection where our ratings can now be reviewed again.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

REVIEW OF THE PAST YEAR - Continued

An unannounced CQC inspection at Thorpedale led to a “requires improvement” rating, our Berrywood and outreach services have had satisfactory assessments and their ratings remain good. It seemed that after several years of absence during Covid CQC expectations had changed, whilst at the same time Watford Mencap faced an extreme staffing challenge and several years of not being able to carry out the maintenance and refurbishment work that we had wanted on properties due to Covid restrictions.

For the previous 4 years we had been asking HCC to assess Hillside and Thorpedale residents’ needs, as we believed the projects were significantly underfunded. This work was completed following the CQC inspections. In March 2023 we received a significant uplift in the weekly bed price at Hillside to reflect the true costs of the care we provide alongside a payment from the sustainability fund in recognition of the extent to which the projects had been underfunded in the past. HCC are also now considering an application made in July 2023 for a significant rise in the bed price at Thorpedale to enable the service to meet residents’ changing needs. We were relieved and greatly appreciated the sustainability funding, which meant that both projects could look forward to a sustainable future. We are excited to be working with HCC to consider significant changes to the environment at Thorpedale to enable the project to provide ongoing support to people’s changing needs. We hope this reconfiguration and funding will now enable voids to be filled in each care home.

Project achievements

Despite being faced with significant staffing and CQC challenges we managed to deliver 4,000 more hours of support this year along with completing a significant refurbishment of the ground floor at our Berrywood residential care home in Mill End, Rickmansworth. Herts Care Providers Association nominated us for the most innovative learning disability provider at the annual Care Awards and the Advice Quality Mark assessment and Investors in People assessments went very well, enabling us to retain both of those quality marks. We also secured our place on the HCC day opportunities framework and received a significant grant from the Wolfson Foundation that covered the costs of the replacement conservatory on 92a. We were kindly donated an accessible vehicle by a local family, started the renegotiation of the Bushey shop lease which expires in September 2023 and have continued to implement our Doing It Together project plan.

Services settled into 92a Langley Road, and the stage 2 and 3 building refurbishment was completed. We also submitted a successful planning pre-application to Watford Council for the next stage of play barn and garden works and commenced a partnership with the Groundworks charity to help us complete this next stage of this garden work by Easter 2024. We enjoyed a new close working relationship with West Herts College, having regular support in the garden from students and 2 interns with us throughout the year for 2 days per week working in the office and helping to run our weekly coffee morning. Our café and training kitchen trainees have baked and prepared healthy treats each week to support the coffee morning which regularly has over 40 people coming along to meet and make friends, whilst getting help and support from our advice and information service.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

REVIEW OF THE PAST YEAR - Continued

It is wonderful to see the building at 92a turning into a community hub. The move has exceeded all our expectations and gives the people that we support so many new experiences and opportunities. Having our office amongst our services and the people we support is such a positive experience for everyone.

New mobile and VOIP (Voice Over Internet Protocol) phone systems and cloud-based working have helped ensure that we can communicate well, the historical problems of IT at Hillside have also been sorted with new broadband supply, new infrastructure and cabling. Playskill continued to use the activity space at 92a until September 2023, when they moved to the Stanborough Centre, a new venue with more space. They will continue to lease office space on our 2nd floor until November 2023. We were also very pleased to launch a new Bumble club for under 5s working in partnership with Watford and Three Rivers Home Start.

Trustees recommenced project visits, once Covid restrictions were removed. We set up a new operations subcommittee to give trustees and senior staff more time to meet together and welcomed John Good to become a trustee after many years as a co-opted advisor on our audit committee. We said goodbye and thank you to trustee Melvyn Enoch and welcomed Nicola Cowap as a co-opted advisor, who we hope will become a trustee at our 21st October 2023 AGM. We are also currently working with Langton Not 4 Profit a recruitment agency on a trustee recruitment campaign.

FUNDRAISING ACTIVITIES

Watford Mencap is an independent local charity that is responsible for raising all its own funding to support local people with learning disabilities. Although affiliated to the national Royal Mencap charity, it receives no funding from them other than grants they distribute on behalf of other funders.

The charity's small team manages a portfolio of activities that generate income to fund the projects we believe are of value to our clients, but which do not attract local authority funding. By engaging in a variety of fundraising methods we believe that we are reducing our risk and ensuring we do not become over-reliant on a single source of income generation.

Our biggest fundraising source remains grants and trusts and we are grateful for the support of the Gannett Foundation, Marks & Spencer, Watford & Three Rivers Trust, Hertfordshire County Council (Family & Health Services Commissioning team and the Community and People Wellbeing team) and Hertfordshire Community Foundation.

We were thrilled to bring back the Watford 10k and Santa Dash as face-to-face community events in 2022 and we are grateful to Warner Brothers Studios Leavesden for their continued support for our two main fundraising events each year. The volunteers who support these two events are invaluable and help make the runs accessible and inclusive to all. Both events enjoyed the support of local dignitaries Watford Mayor Peter Taylor and Dean Russell MP.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

FUNDRAISING ACTIVITIES – Continued

In addition, we held several smaller community events such as the Rickmansworth Pancake Race and a Jubilee party. The fundraising team have a programme of events planned for the coming months and hope to build on the positive networks and community support that have been built since the move to 92a.

Atria Shopping Centre hosted a number of events to help raise funds and we were a beneficiary of their Give A Gift Appeal which is co-sponsored by Heart Hertfordshire Radio. Community groups such as Bushey & Oxhey Round Table and Shrimad Rajchandra Mission Dharampur (UK) have donated time and gifts.

We introduced a community lottery this year, which is proving popular and provides an opportunity for growth and engagement with people who do not usually support the charity.

We really treasure our strong relationship with several local businesses such as Camelot, Warner Bros Studios Leavesden, TK Maxx and Homesense Foundation, Marshall Vizard and Veale Wasbrough Vizards who provide us with financial, technical and practical support.

We are also grateful to individual members of the local community that support us. Many make regular donations to us but prefer to remain anonymous.

We spent time this year to update our online presence, both as a fundraising tool as well as marketing our services and job opportunities. Engagement with our social media posts is increasing and we will use that momentum as part of our improved communication with supporters.

Our Bushey charity shop continues to be a thriving community asset that attracts quality donations resulting in vital income for the charity. The staff and volunteers are dedicated to maximising income and being the face of the charity to customers from the local area. We appointed a casual shop worker in July 2023 which enables the shop to be open 6 days per week. Early signs are positive that this is a good investment that will increase income that can support our activities.

We take great care to ensure that all our fundraising activities comply with the Fundraising Regulator's voluntary regulation scheme. The activities of our fundraising team are monitored by the fundraising manager and the chief executive. The team also works closely with supporters who wish to raise funds for the charity, providing support and guidance to ensure that events held in aid of our charity meet the requirements of the scheme. We seek to work in partnership with our supporters and to develop a long-term relationship with them. To this end, we consciously avoid exerting undue pressure on potential donors and do not participate in direct mailing or telephone solicitations. The fundraising team actively seeks feedback on its activities, both positive and negative, in order to keep improving our performance. We have a procedure to investigate any formal complaints received. This year we received no complaints about our fundraising activities.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

FINANCIAL REVIEW

Financial position

The charity ended the year with an overall surplus of £323,400.

The charity aims to achieve an operating surplus each year. Building and maintaining an adequate level of reserves and ensuring financial stability is a key objective for its management team and they have been very successful in doing so.

In 2021-22 the charity suffered an operating loss due to the costs incurred during the pandemic and increasing costs in residential care which were not covered by a commensurate increase in the funding available from HCC.

The return to operating surplus in 2022-23 was due entirely to HCC's recognition that the fees being paid in some of the residential homes were such as to render those homes financially unsustainable in the long run. The money provided by HCC from its sustainability funds to compensate for historical underfunding was extremely welcome. Looking forward, we are optimistic that the new, more realistic, bed prices will enable Watford Mencap to provide high-quality residential care services for the foreseeable future.

It remains the case, however, that providing a good level of care requires committed, well-paid staff and the entire sector remains vulnerable as a result of central government failure to tackle the issue of social care and its funding. A number of residential care homes in Hertfordshire have closed in the past year as a result. After an election due, at the latest, by the end of 2024, we hope that the incoming government will address this as a matter of urgency and provide the sector with some long-term stability.

Further detail is provided in the notes to the financial statements and the reserves section regarding the restricted funds (funds legally restricted to specific projects); general funds (unrestricted); and designated funds (set aside by the Society for specific purposes).

Voluntary/other income covers all non-statutory sources of income, primarily fundraising, grants, legacies, donations, fees, rent, charity shop and trading. These sources of income accounted for 20% (2021/22: 19%) of the charity's total income during the period.

The Individual Service Funds are received by the charity on behalf of the fund-holder and expended on services of the fund-holder's choice, be they Watford Mencap services or provided by some other organisation or individual. These funds do not impact the charity's year end results or the level of reserves.

The financial outlook remains challenging at the operating level with the need to complete the garden works at 92a Langley Road, Thorpedale reconfiguration, staffing challenges and the ongoing pressure on statutory funding sources expected to continue for several years. HCC remains the primary source of contract income in the year accounting for 80% (2021/22: 81%) of the charity's total income during the period.

The charity continues to seek other sources of income, particularly through diversifying fundraising activity and expansion to the fundraising team in January 2023, as well as continuing to develop structures and systems in order to be as cost efficient as possible.

WATFORD AND DISTRICT MENCAP SOCIETY**REPORT OF THE TRUSTEES****FOR THE YEAR ENDED 31 MARCH 2023**

FINANCIAL REVIEW – Continued

As noted above, the market in which the charity operates is becoming increasingly challenging. In the face of the national and ongoing social care recruitment and retention challenge, the Society has agreed a deficit budget for 2023-24. We currently see no need to review service provision at present. While the financial position is satisfactory, planning for future years with ongoing pressures to statutory funding is extremely difficult.

Investment policy and objectives

Aside from retaining a prudent amount in reserves each year, most of the charity's income is spent on the provision of services. Cash balances are held in bank current or deposit accounts or put on fixed term deposit. Investment income was £8,985 compared with £6,639 in 2021/22.

The Investment Policy is for long-term reserves to be deposited or invested to grow at least in line with inflation, at low risk to capital. The remainder of reserves have an investment objective of preserving the capital value with a minimum level of risk.

Reserves policy

The Society had reserves of £2,791,664 at 31 March 2023 of which £62,086 was restricted, £2,246,936 was designated (which includes fixed assets) and £482,642 represented the unrestricted general funds.

The charity's Council of Management consider that it should hold reserves to cover the cost of re-housing Service Users in the event that no further income is provided to Watford Mencap for the Support at home, housing services. In order to be able to realise the value of the freehold properties, it would be necessary to re-furbish and/or remodel the existing accommodation. There would be redundancy and related staff costs if the charity were to close these services, as well as exit costs relating to termination of services, property leases, dilapidations, etc.

Taken together, these costs are estimated to be equivalent to 6 months' operational expenditure.

Budgeted expenditure for 2023-24 is £3.7m and on this basis, the unrestricted reserves should therefore be £1.9m which is comfortably covered by the actual figure of £2,729,578.

Auditor

The company's auditor, Mercer & Hole, incorporated on 1 October 2022 to become Mercer & Hole LLP. The directors have consented to treating the incorporation of Mercer & Hole LLP as a continuation of the existing audit arrangement and in accordance with the company's articles, a resolution proposing that Mercer & Hole LLP be reappointed as auditor of the company will be put at a General Meeting.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

FUTURE PLANS

In preparing the plans for 2023/24, a number of factors were considered:

- The current policy and regulatory environment concerning social care and learning disability
- The demographic outlook and changing needs of the local population
- The impact of the external environment on Watford Mencap
- The need to roll forward the objectives from previous years which were not achieved but remain relevant
- The actions identified as priorities by the risk management process
- The actions required to sustain and improve individual services

We were able to return to our usual face to face trustee and senior management team strategy and business planning days facilitated by Katie Thorpe, an external facilitator. We also considered a range of current stakeholder feedback, including our graphic facilitation events, feedback from our regular coffee mornings, staff forum and management team. This resulted in an update of the charity's 5-year plan and the setting of priority areas of work for the 2023-24 Business Plan.

Our vision for the next year

Doing It Together - People with learning disabilities will be at the heart of everything thing we do

- Living our values

We will remain a strong and vibrant charity, living our values, involving people with learning disabilities, so we continue to provide high quality support to people with learning disabilities and their carers.

- Serving our community

Our work is primarily based in Watford, Three Rivers and Hertsmere. We are open to opportunities beyond this area through new partnerships, where these are beneficial to the aims of Watford Mencap and the people we support – or there is evidenced need and available funding.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

FUTURE PLANS – Continued

- Being person centred

We offer a range of services and support options from cradle to grave with an emphasis on enhancing people's skills and ability to take personal responsibility. We want to ensure people are active, valued members of society who are supported by a range of services within their local community.

- Targeting our influence

We proactively seek opportunities to develop new services, funding, and new ways of influencing/ campaigning for people with learning disabilities.

- Evolving our services

Our services will continue to evolve to enable them to meet the needs of an increasing population with more complex and higher needs.

- Valuing our people

We will develop and support our skilled and committed workforce to be customer focused, flexible, proactive, and responsive to people's needs.

Volunteers are an integral part of our workforce.

- Building the infrastructure

Our developing service delivery will be supported and sustained by a responsive, flexible, and resilient infrastructure.

- Securing funding

Our Commissioned Services will be self-funding and open to possibilities of new opportunities. A robust and responsive fundraising and income generation strategy will generate income to support the expansion of our advice and information and learning and leisure non-commissioned services.

Practically this sits as 4 key areas of focus on our 2023/24 business plan

- Serving our Community
- Valuing and supporting our staff and volunteers
- Living our values
- Evolving our services

All within the challenges of managing and working with the aftermath of the Covid 19 pandemic and within the national social care recruitment and retention crisis.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Established in the 1950s, the organisation is a charitable company limited by guarantee, incorporated on 9 August 1991 and originally registered as a charity on 15 October 1991. The company was established under a Memorandum of Association, which sets out the object and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1. There were 52 members as at 1 April 2023.

Recruitment and appointment of trustees (Council of Management)

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Council of Management. Under the requirements of the Memorandum and Articles of Association, the members of the Council of Management are elected to serve for a period of three years, after which they must be re-elected at the next Annual General Meeting.

A full list of members of the Council of Management who served during the year and up to the date of this report is set out on page 1. Mindful of the focus of the charity's work on the needs of those with learning disabilities and their families, the Council of Management seeks to ensure that user and carer views are represented alongside wider business and organisational skills on the Council of Management.

Organisational structure

The Council of Management consists of up to 12 members who meet quarterly and are who are responsible for the strategic direction of the charity. At 1 April 2023, the Council of Management had 6 full members and 2 co-opted advisors - drawn from a variety of backgrounds relevant to the work of the charity - including family carers.

Day to day responsibility for provision of the services is delegated to the Chief Executive who leads the Senior Management Team. This team is responsible for ensuring that the charity delivers the business plan and that key performance indicators are met.

A new Operations subcommittee was formed in February 2023 giving senior managers and trustees more time to explore operational issues and developments.

Monitoring of operational performance is undertaken by the Finance and Audit Committee and Operations Committee as well as the Council of Management.

Induction and training of trustees (Council of Management)

A trustee induction pack and programme are in place to ensure that all new trustees and co-opted advisors are made aware of their roles and responsibilities. This includes helping them understand their role and duties; providing copies of relevant documentation such as the Memorandum and Articles of Association, Business and Operational Plans, and accounts; and visiting sites and services, including meeting all senior managers, and ensuring compliance with the 2017 Code of Governance.

WATFORD AND DISTRICT MENCAP SOCIETY

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT - Continued

Royal Mencap

Watford Mencap is an independent charity, affiliated to the umbrella organisation Royal Mencap. Watford Mencap pays an annual affiliation fee for the right to use the Mencap name and must also comply with the requirements of the Royal Mencap Partnership Agreement which sets out minimum standards in terms of policies and procedures for organisations using the Mencap name.

There is no financial support from the national organisation, but it does have the power, under the Articles of Association, to dismiss trustees who bring the Mencap name into disrepute.

Risk management

The Council of Management regularly reviews the major risks to which the charity is exposed. A risk register outlines these risks, and the systems, procedures or actions to be taken in mitigation. The register is regularly updated, is reviewed quarterly by the Finance and Audit Committee and Council of Management and is included in the annual Business Plan.

External risks to funding are constantly monitored and alternative income sources sought. Regulatory and legal requirements are implemented and monitored to ensure the delivery of consistently high-quality services. Internal control risks are minimised by strict authorisation and monitoring procedures.

WATFORD AND DISTRICT MENCAP SOCIETY**REPORT OF THE TRUSTEES****FOR THE YEAR ENDED 31 MARCH 2023****STATEMENT OF TRUSTEES RESPONSIBILITIES**

The trustees (who are also the directors of Watford and District Mencap Society for the purposes of company law) are responsible for preparing the Report of the Trustees 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. Under company law the trustees must not approve the financial statements unless they are satisfied that they 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 Charity SORP 2019 (FRS 102);
- make judgements and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company 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 auditors are unaware; and
- The trustees have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

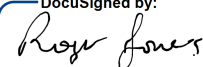
AUDITORS

The auditors, Mercer & Hole LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

24/10/2023

Approved by order of the board of trustees on and signed on its behalf by:

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Mr R F Jones - Chair

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATFORD AND DISTRICT MENCAP SOCIETY

Opinion

We have audited the financial statements of Watford and District Mencap Society for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATFORD AND DISTRICT MENCAP SOCIETY

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.

Opinion 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 (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' 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 report of the trustees.

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 by the charitable company, 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 trustees 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 directors' report and from the requirement to prepare a strategic report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATFORD AND DISTRICT MENCAP SOCIETY

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the report of the trustees, 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities including fraud

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the company's operations included, but were not limited to, CQC regulations for health and social care services.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure and management bias in accounting estimates.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATFORD AND DISTRICT MENCAP SOCIETY

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [https:// www.frc.org.uk/auditorsresponsibilities](https://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 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

The maintenance and integrity of the Watford and District Mencap Society website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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24/10/2023
Date:

Jolene Upshall FCA Senior Statutory Auditor
for and on behalf of Mercer & Hole LLP
Trinity Court
Church Street
Rickmansworth
Hertfordshire
WD3 1RT

WATFORD AND DISTRICT MENCAP SOCIETY**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)****FOR THE YEAR ENDED 31 MARCH 2023**

		General funds	Designated funds	Restricted funds	Total funds 31.03.23	Total funds 31.03.22
	Notes	£	£	£	£	£
INCOME						
Donations and legacies	3	48,165	-	-	48,165	74,005
Charitable activities	6					
From public authorities		2,419,345	-	317,192	2,736,537	2,397,652
Grants		15,474	-	114,871	130,345	131,773
Rental income		192,286	-	-	192,286	112,303
Fees for using facilities and services		169,101	-	-	169,101	124,892
Café income		46,115	-	-	46,115	21,321
Other trading activities	4	79,538	-	-	79,538	79,184
Investment income	5	8,985	-	-	8,985	6,639
Other income		-	-	-	-	1,662
Total		2,979,009	-	432,063	3,411,072	2,949,431
EXPENDITURE						
Cost of Raising funds	7					
Fundraising activities		56,864	-	-	56,864	73,539
Other trading activities		45,008	-	-	45,008	50,553
Charitable activities	8					
Advice and information		18,203	-	21,000	39,203	90,714
Learning and leisure		602,245	-	28,369	630,614	595,837
Right support		1,968,733	52	347,142	2,315,927	2,329,320
Total		2,691,053	52	396,511	3,087,616	3,139,963
Net income/(expenditure)	9	287,956	(52)	35,552	323,456	(190,532)
Exceptional Item	10	-	-	-	-	(198,081)
Transfers between funds	21	148,229	(148,229)	-	-	-
OTHER RECOGNISED GAINS						
Release of sleep-in payments provision	19	-	-	-	-	165,600
Actuarial (losses)/gains relating to pension scheme deficit	19	(56)	-	-	(56)	56,014
Gain on disposal of fixed assets		-	-	-	-	352,200
Net movement in funds		436,129	(148,281)	35,552	323,400	185,201
RECONCILIATION OF FUNDS						
Total funds brought forward	13	46,513	2,395,217	26,534	2,468,264	2,283,063
TOTAL FUNDS CARRIED FORWARD	20	482,642	2,246,936	62,086	2,791,664	2,468,264

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

WATFORD AND DISTRICT MENCAP SOCIETY**BALANCE SHEET****AT 31 MARCH 2023**

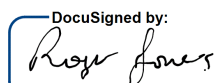
	Notes	31.03.23 £	31.03.22 £
FIXED ASSETS			
Tangible assets	14	2,185,252	2,196,524
CURRENT ASSETS			
Debtors	15	681,118	175,424
Cash at bank		774,504	1,059,449
		1,455,622	1,234,873
CREDITORS			
Amounts falling due within one year	16	(579,989)	(679,154)
NET CURRENT ASSETS		875,633	555,719
TOTAL ASSETS LESS CURRENT LIABILITIES		3,060,885	2,752,243
CREDITORS			
Amounts falling due after more than one year	17	(250,117)	(254,013)
PROVISIONS	19	(19,104)	(29,966)
NET ASSETS		2,791,664	2,468,264
FUNDS	21		
Unrestricted funds		2,729,578	2,441,730
Restricted funds		62,086	26,534
TOTAL FUNDS		2,791,664	2,468,264

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies.

24/10/2023

The financial statements were approved by the Board of Trustees on and were signed on its behalf by:

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Mr R F Jones –Trustee (Chair)

DocuSigned by:



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Mrs P Joy –Trustee (acting Vice Chair, Treasurer)

REGISTERED COMPANY NUMBER: 02636705 (England and Wales)

REGISTERED CHARITY NUMBER: 1004431

The notes form part of these financial statements

WATFORD AND DISTRICT MENCAP SOCIETY**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MARCH 2023**

		31.03.23	31.03.22
	Notes	£	£
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	28	(280,650)	(704,170)
Interest paid		(13,280)	(30,897)
Cash flows from investing activities:			
Interest received		8,985	6,639
Acquisition of property	14	-	(131,569)
Proceeds on disposal of property	14	-	<u>1,107,089</u>
Net cash provided by (used in) investing activities		<u>8,985</u>	<u>982,159</u>
Cash flows from financing activities:			
Repayment of bank loans	18	-	(780,200)
Proceeds from new bank loans	18	-	<u>-</u>
Net cash (used in) provided by financing activities		<u>-</u>	<u>(780,200)</u>
Change in cash and cash equivalents in the reporting period		(284,945)	(533,108)
Cash and cash equivalents at the beginning of the reporting period		<u>1,059,449</u>	<u>1,592,557</u>
Cash and cash equivalents at the end of the reporting period		<u><u>774,504</u></u>	<u><u>1,059,449</u></u>

The notes form part of these financial statements

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2023**

1. COMPANY INFORMATION

Watford and District Mencap Society is a public benefit entity registered as a charity in England and Wales and a company limited by guarantee. It was incorporated on 9 August 1991 (company number: 02636705) and registered as a charity on 15 October 1991 (charity number: 1004431).

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.

In the event of the charitable company being wound up, members are required to contribute an amount not exceeding £1 each.

The registered office of the charity is: 92a Langley Road, Watford, Hertfordshire, England, WD17 4PJ.

2. ACCOUNTING POLICIES**Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

As permitted by the Charities Act 2011 and Companies Act 2006, the year end per the financial statements is within seven days of the Accounting Reference Date of 31 March 2023.

Preparation of the financial statements on a going concern basis

The financial statements are drawn up on the going concern basis which assumes Watford and District Mencap Society will continue in operational existence for the foreseeable future. The Council of Management have given due consideration to the working capital and cash flow requirements of Watford and District Mencap Society. The Council of Management consider Watford and District Mencap Society's current and forecast cash

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

resources to be sufficient to cover the working capital requirements of the charity for at least 12 months from the date of signing the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the Council of Management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Income received in advance of a service is deferred until the criteria for income recognition are met. Income arises in the United Kingdom.

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.

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 Trust 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

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Gifts in kind are valued at estimated value to the charity. They are included in the charity's financial statements if the estimated value is in excess of £500.

Interest receivable 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.

Unrestricted charitable donations are recognised in the financial statements when the charitable donation has been received or if before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Donated professional services and facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time is not recognised. On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. A further analysis of this expenditure is given in the notes to the financial statements.

- Cost of raising funds comprises fundraising activities and commercial trading, including their associated support costs.
- Expenditure on charitable activities includes the costs of the charity's services undertaken to further the purpose of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued**Tangible fixed assets**

Tangible fixed assets, are initially measured at historic cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring an asset into its intended working condition are included in the measurement of cost. Assets are capitalised where the purchase price exceeds £500. The cost of properties is their purchase price together with the cost of improvement works.

At the reporting date, the Council of Management assess, without actually revaluing those assets, whether there is any indication that an asset may be impaired. An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount.

Depreciation is provided at rates calculated to write down the cost of each asset to its residual value (its scrap or realistic value at the end of its economic life) on a systematic basis over its useful economic life. The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

The main depreciation rates in use are as follows:

- | | |
|-------------------------|---|
| - Land | - 0% assumed to have an unlimited useful life |
| - Freehold property | - 2% on cost |
| - Fixtures and fittings | - 25% reducing balance |
| - Motor vehicles | - 33% reducing balance |

Freehold properties acquired prior to 1 April 1996 are not depreciated as the historical cost between land and buildings cannot be reliably segregated. The Council of Management are satisfied, as the freehold properties are maintained to a good standard, that the aggregate value of the freehold properties at the reporting date is not less than the aggregate amount at which they are stated in the charity's financial statements. The freehold properties are accordingly stated in the financial statements on the basis that the residual value is greater than the asset's carrying amount and the depreciation charge is zero until its residual value subsequently decreases to an amount below the carrying amount.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

2. ACCOUNTING POLICIES - continued

Taxation

The charity is an institution which is established for charitable purposes within the meaning of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The charity receives no similar exemption in respect of Value Added Tax.

The charity is exempt from corporation tax on its charitable activities.

The charity is not registered for VAT, as the Council of Management consider the charity's incoming resources are exempt from VAT. VAT is included within the attributable cost under resources expended.

Pension costs and other post-retirement benefits

The charity made contributions to a defined benefit pension scheme on behalf of its employees up to September 2001. See note 25 for further information regarding this scheme.

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension costs represent contributions payable under the scheme by the charity to the fund. The charity has no liability under the scheme other than for the payment of those contributions.

Contributions outstanding at the balance sheet date amounted to £nil (2022: £nil).

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term which runs to the date of the first relevant break clause.

Provision

Provision is made for present obligations where it is probable settlement will be required in the future and the amount can be estimated reliably, but the amount or timing is not certain.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023**

2. ACCOUNTING POLICIES - continued

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period in which it arises.

Basic financial instruments

Financial assets (including cash and debtors) and financial liabilities are recognised when the charity becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently remeasured where applicable at amortised cost.

Financial assets include cash, trade debtors and other debtors.

Financial liabilities include trade creditors, other creditors and accruals.

Fund accounting

General funds are available to spend on activities that further any of the purposes of the charity.

Designated funds are unrestricted funds of the charity which the Council of Management have decided at their discretion to set aside to use for a specific purpose.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Further explanation of the nature and purpose of each fund is included in note 21.

Funds are reviewed annually by the Council of Management and transfers are made between funds in order to meet the strategic objectives of the charity's business plan.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****3. DONATIONS AND LEGACIES**

	31.03.23	31.03.22
	£	£
Donations	47,668	43,514
Legacies	497	30,491
	<u>48,165</u>	<u>74,005</u>

4. OTHER TRADING ACTIVITIES

	31.03.23	31.03.22
	£	£
Shop income	63,720	56,475
Other fundraising activities	15,818	22,709
	<u>79,538</u>	<u>79,184</u>

5. INVESTMENT INCOME

	31.03.23	31.03.22
	£	£
Bank and Building Society interest	8,985	6,639

6. INCOME FROM CHARITABLE ACTIVITIES

	31.03.23	31.03.22
	£	£
From public authorities *	2,736,537	2,397,652
Grants	130,293	131,773
Rental income	192,286	112,303
Fees for using facilities and services	169,101	124,892
	<u>3,228,217</u>	<u>2,766,620</u>

* Includes income generated by the Fundraising team participating in Hertfordshire County Council tenders.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****7. COSTS OF RAISING FUNDS****Fundraising activities**

	31.03.23	31.03.22
	£	£
Raising income	<u>56,864</u>	<u>73,539</u>

Other trading activities

	31.03.23	31.03.22
	£	£
Fundraising trading: cost of goods sold and other costs	-	-
Shop expenditure	<u>45,008</u>	<u>50,553</u>
	<u>45,008</u>	<u>50,553</u>
Aggregate fund raising expenditure	<u>101,872</u>	<u>124,092</u>

8. CHARITABLE ACTIVITIES COST

	Direct costs	Support costs	Total	Total
	£	£	£	£
Advice and information	26,861	12,342	39,203	90,714
Learning and leisure	507,991	122,623	630,614	595,837
Right support	<u>2,146,861</u>	<u>169,066</u>	<u>2,315,927</u>	<u>2,329,320</u>
	<u>2,681,713</u>	<u>304,031</u>	<u>2,985,744</u>	<u>3,015,871</u>

9. NET INCOME

Net income is stated after crediting/(charging):

	31.03.23	31.03.22
	£	£
Occupancy lease income	192,286	112,302
Depreciation - owned assets (note 14)	(11,272)	(11,270)
Auditor's remuneration – audit	(8,300)	(7,900)
Auditor's remuneration – non-audit	(2,350)	(2,270)
Occupancy licence/lease costs	<u>118,244</u>	<u>(50,049)</u>

10. EXCEPTIONAL ITEM

The exceptional item relates to non-capital significant refurbishment of the new community hub at 92a Langley Road in the prior year.

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

11. TRUSTEES' REMUNERATION AND BENEFITS

No trustees' remuneration or other benefits were paid either for the year ended 31 March 2023 or the previous year.

No trustee received payment for professional or other services supplied to the charity. Unrestricted donations totalling £760 (2022: £75) were received from trustees in the year.

The trustees were able to use services used generally by beneficiaries and members of the charity.

Trustees' expenses

No trustees' expenses were paid, either for the year ended 31 March 2023 or the previous year.

12. STAFF COSTS

Total staff costs were as follows:

	31.03.23	31.03.22
	£	£
Wages and salaries	1,802,162	1,879,550
Social security costs	156,239	129,309
Pension costs (note 19)	54,536	37,326
	<u>2,012,937</u>	<u>2,046,185</u>

The average number of employees during the year was as follows:

	31.03.23	31.03.22
Office management	28	25
Support workers	133	133
	<u>161</u>	<u>158</u>

One employee received emoluments in excess of £60,000 (2022: 1).

The charity pays contributions into a group scheme with the Pensions Trust. The pension cost for the year was £54,536 (2022: £37,326).

The key management personnel of the charity comprise the Council of Management, the Chief Executive, the Finance Manager, the HR Manager, the Head of Operations Manager and the Fundraising Manager. The total employee benefits, including pension contributions, of the key management personnel of the charity were £235,019 (2022: £293,850).

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES****FOR THE YEAR ENDED 31 March 2022**

		General funds	Designated funds	Restricted funds	Total funds 31.03.22
	Notes	£	£	£	£
Donations and legacies	3	43,514	30,491	-	74,005
Charitable activities	6				
From public authorities		2,061,554	-	336,098	2,397,652
Grants		48,466	-	83,307	131,773
Rental income		112,303	-	-	112,303
Fees for using facilities and services		124,892	-	-	124,892
Café income		21,321	-	-	21,321
Other trading activities	4	79,184	-	-	79,184
Investment income	5	6,639	-	-	6,639
Other income		1,662	-	-	1,662
Total		2,499,535	30,491	419,405	2,949,431
EXPENDITURE					
Cost of Raising funds	7				
Fundraising activities		73,539	-	-	73,539
Other trading activities		45,790	-	4,763	50,553
Charitable activities	8				
Advice and information		48,714	-	42,000	90,714
Learning and leisure		559,293	-	36,544	595,837
Right support		1,993,222	-	336,098	2,329,320
Total		2,720,558	-	419,405	3,139,963
Net (expenditure) income	9	(221,023)	30,491	-	(190,532)
Exceptional Item	10	(198,081)	-	-	(198,081)
Transfers between funds	21	(173,487)	173,487	-	-
OTHER RECOGNISED GAINS					
Release of sleep-in payments provision	19	165,600	-	-	165,600
Actuarial gains relating to pension scheme deficit	19	56,014	-	-	56,014
Gain on disposal of fixed assets	14	352,200	-	-	352,200
Net movement in funds		(18,777)	203,978	-	185,201
RECONCILIATION OF FUNDS					
Total funds brought forward	13	65,290	2,191,239	26,534	2,283,063
TOTAL FUNDS CARRIED FORWARD	20	46,513	2,395,217	26,534	2,468,264

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****14. TANGIBLE FIXED ASSETS**

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2022	2,202,524	97,870	29,850	2,330,244
Addition	-	-	-	-
Disposal	-	(65,914)	-	(65,914)
At 31 March 2023	<u>2,202,524</u>	<u>31,956</u>	<u>29,850</u>	<u>2,264,330</u>
DEPRECIATION				
At 1 April 2022	6,000	97,870	29,850	133,720
Charge for year	11,272	-	-	11,272
Eliminated on disposal	-	(65,914)	-	(65,914)
At 31 March 2023	<u>17,272</u>	<u>31,956</u>	<u>29,850</u>	<u>79,078</u>
NET BOOK VALUE				
At 31 March 2023	<u>2,185,252</u>	<u>-</u>	<u>-</u>	<u>2,185,252</u>
At 31 March 2022	<u>2,196,524</u>	<u>-</u>	<u>-</u>	<u>2,196,524</u>

Included in cost of land and buildings is freehold property of £1,002,524 (2022:£1,002,524) and land of £1,200,000 (2022:£1,200,000).

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.03.23 £	31.03.22 £
Trade debtors	630,094	172,424
Prepayments and accrued income	<u>51,024</u>	<u>3,000</u>
	<u>681,118</u>	<u>175,424</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.03.23 £	31.03.22 £
Trade creditors	72,759	122,662
Other creditors	59,683	45,375
Individual service funds	135,038	136,623
Accruals	239,925	317,947
Deferred income	68,187	50,523
Bank loans	18 <u>4,397</u>	<u>6,024</u>
	<u>579,989</u>	<u>679,154</u>

Deferred income relates to amounts deferred on grants where the grant conditions were not met at the year-end.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

		31.03.23	31.03.22
		£	£
Bank loans	18	<u>250,117</u>	<u>254,013</u>
		<u>250,117</u>	<u>254,013</u>

18. BORROWINGS

	31.03.23	31.03.22
	£	£
Loans	<u>254,514</u>	<u>260,037</u>
Payable within one year	4,397	6,024
Payable after one year	<u>250,117</u>	<u>254,013</u>

Amounts included above which fall due after five years:

Payable by instalments	<u>229,313</u>	<u>224,309</u>
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The loan is secured over the assets and undertakings of the charity by way of fixed and floating charges.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****19. PROVISIONS**

	31.03.23	31.03.22
	£	£
Sleep-in payments	-	-
Pension deficit funding arrangement	<u>19,104</u>	<u>29,966</u>
	<u>19,104</u>	<u>29,966</u>

Sleep in payments provision – the provision was originally set up in 2018 following a case that was taken to court regarding payment of the national minimum wage rate for every hour of sleep-in shifts. In March 2021, the Supreme Court ruled that workers do not need to be paid at this rate and so the provision was released in full in the previous year.

Pension deficit funding arrangement**Reconciliation of opening and closing provision**

	31.03.23	31.03.22
	£	£
Provision at start of period	29,966	115,109
Unwinding of the discount factor (interest expense)	566	664
Deficit reduction payment	(10,918)	29,129
Remeasurements - impact of changes in assumptions	(510)	(689)
Remeasurements - amendments to the contribution schedule	<u>-</u>	<u>55,989</u>
Provision at end of period	<u>19,104</u>	<u>29,966</u>

Actuarial losses (gains) relating to pension scheme deficit

	31.03.23	31.03.22
	£	£
Unwinding of the discount factor (interest expense)	566	664
Remeasurements - impact of changes in assumptions	(510)	(689)
Remeasurements - amendments to the contribution schedule	<u>-</u>	<u>(55,989)</u>
Actuarial gains relating to pension scheme deficit	<u>56</u>	<u>(56,014)</u>

Contributions paid (see note below)	<u>54,536</u>	<u>37,326</u>
Costs recognised in staff costs	<u>54,536</u>	<u>37,326</u>

Note

Includes payments in respect of a defined contribution scheme and service contributions (i.e. excluding deficit reduction payments) in respect of a defined benefit scheme which is now treated as a defined contribution scheme.

More details are disclosed in the pensions note 25.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Current year	General funds	Designated funds	Restricted funds	Total funds
	£	£	£	31.03.23 £
Fixed assets	-	2,185,252	-	2,185,252
Current assets	1,077,338	316,198	62,086	1,455,622
Current liabilities	(575,592)	(4,397)	-	(579,989)
Non-current liabilities	-	(250,117)	-	(250,117)
Provision	(19,104)	-	-	(19,104)
	<u>482,642</u>	<u>2,246,936</u>	<u>62,086</u>	<u>2,791,664</u>
Comparative year	General funds	Designated funds	Restricted funds	Total funds
	£	£	£	31.03.22 £
Fixed assets	-	2,196,524	-	2,196,524
Current assets	749,609	458,730	26,534	1,234,873
Current liabilities	(673,130)	(6,024)	-	(679,154)
Non-current liabilities	-	(254,013)	-	(254,013)
Provision	(29,966)	-	-	(29,966)
	<u>46,513</u>	<u>2,395,217</u>	<u>26,534</u>	<u>2,468,264</u>

21. MOVEMENT IN FUNDS

Current year	At 01.04.22	Income £	Expenditure £	Other gains and losses £	Transfers £	At 31.03.23 £
Unrestricted funds						
General funds	46,513	2,979,009	(2,691,053)	(56)	148,229	482,642
Designated - Repairs and building	75,653	-	-	-	-	75,653
Designated - Charles Hatch Bequest	25,122	-	(52)	-	-	25,070
Designated - Malcom legacy	30,491	-	-	-	-	30,491
Designated - Transport	34,372	-	-	-	-	34,372
Designated - Tangible fixed assets	1,936,487	-	-	-	(5,747)	1,930,740
Designated - Pension	293,092	-	-	-	(142,482)	150,610
	<u>2,441,730</u>	<u>2,979,009</u>	<u>(2,691,105)</u>	<u>(56)</u>	<u>-</u>	<u>2,729,578</u>
Restricted funds						
Advice	-	21,000	(21,000)	-	-	-
Afterschool Club	-	28,369	(28,369)	-	-	-
Berrywood	-	7,500	(7,500)	-	-	-
Café	-	22,450	(22,450)	-	-	-
Hertfordshire Mencaps	1,284	-	-	-	-	1,284
Individual Service Funds	-	317,192	(317,192)	-	-	-
Hillside	-	-	-	-	-	-
Learning and leisure	-	-	-	-	-	-
Legacy	25,250	-	-	-	-	25,250
Shop	-	-	-	-	-	-
Technology	-	-	-	-	-	-
Wolfson Foundation	-	35,552	-	-	-	35,552
	<u>26,534</u>	<u>432,063</u>	<u>(396,511)</u>	<u>-</u>	<u>-</u>	<u>62,086</u>
TOTAL FUNDS	<u>2,468,264</u>	<u>3,411,072</u>	<u>(3,087,616)</u>	<u>(56)</u>	<u>-</u>	<u>2,791,664</u>

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****21. MOVEMENT IN FUNDS - continued**

Comparative year	At 02.04.21	Income Expenditure		Other gains and losses	Transfers	At 31.03.22
		£	£	£	£	£
Unrestricted funds						
General funds	65,290	2,499,535	(2,918,639)	573,814	(173,487)	46,513
Designated - Repairs and building	75,653	-	-	-	-	75,653
Designated - Charles Hatch Bequest	25,122	-	-	-	-	25,122
Designated - Malcom legacy	-	30,491	-	-	-	30,491
Designated - Transport	34,372	-	-	-	-	34,372
Designated - Tangible fixed assets	1,790,877	-	-	-	145,610	1,936,487
Designated - Pension	265,215	-	-	-	27,877	293,092
	<u>2,256,529</u>	<u>2,530,026</u>	<u>(2,918,639)</u>	<u>573,814</u>	<u>-</u>	<u>2,441,730</u>
Restricted funds						
Advice	-	42,000	(42,000)	-	-	-
Afterschool Club	-	13,320	(13,320)	-	-	-
Berrywood	-	-	-	-	-	-
Café	-	17,224	(17,224)	-	-	-
Hertfordshire Mencaps	1,284	-	-	-	-	1,284
Individual Service Funds	-	336,098	(336,098)	-	-	-
Hillside	-	-	-	-	-	-
Learning and leisure	-	6,000	(6,000)	-	-	-
Legacy	25,250	-	-	-	-	25,250
Shop	-	4,763	(4,763)	-	-	-
Technology	-	-	-	-	-	-
	<u>26,534</u>	<u>419,405</u>	<u>(419,405)</u>	<u>-</u>	<u>-</u>	<u>26,534</u>
TOTAL FUNDS	<u>2,283,063</u>	<u>2,949,431</u>	<u>(3,338,044)</u>	<u>573,814</u>	<u>-</u>	<u>2,468,264</u>

Unrestricted funds:

General funds are the "free" reserves after allowing for all designated funds.

Designated funds are amounts that have been put aside at the discretion of the Council of Management for specific purposes, as follows:

Repairs and building - funds set aside for the maintenance of and future liabilities arising from the properties owned and managed by the charity.

Charles Hatch Bequest - funds from which, at the discretion of the Council of Management, small grants may be made to people with disabilities who are in urgent need.

Malcom Legacy - funds from which, at the discretion of the Council of Management, will be used for garden works and the play barn.

Transport - funds set aside to replace the charity's vehicles at the end of their useful lives.

Tangible fixed assets - funds set aside to replace the charity's assets at the end of their useful lives.

Pension - funds set aside to cover potential employer debt on withdrawal from pension scheme.

WATFORD AND DISTRICT MENCAP SOCIETY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

21. MOVEMENT IN FUNDS – continued

Restricted funds:

The restricted funds of the charity are all income funds. The funds are subject to conditions imposed by the donors and are for the following reasons:

Advice – Funds restricted for direct costs of providing advice and information service

Afterschool club – funds restricted for the direct costs involved with providing after school activities for children and young people.

Berrywood – Funds restricted for the direct costs involved in the residential care home

Café – Funds restricted for the setup of the café in the Watford central library.

Hertfordshire Mencaps - partnership grant held for Hertfordshire Mencaps.

Individual Service Funds - funds restricted for the provision of individual personalised services.

Hillside – roof repairs.

Learning and leisure - funds restricted for the provision of learning and leisure activities.

Legacy - legacy to be utilised for specific projects.

Shop – Funds restricted for the direct costs involved with the Bushey charity shop

Technology - funds restricted for the delivery of a technology club for children and young people.

Transfers:

A transfer of £(5,747) (2022: £148,610) has been made from general funds to the designated tangible fixed assets and £(142,482) (2022:£27,877) to the designated pension fund.

22. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 March 2023 nor for the year ended 31 March 2022.

23. ULTIMATE CONTROLLING PARTY

In the opinion of the trustees the charity does not have an ultimate controlling party. There has been no change between the reporting date and date of approval of the financial statements.

24. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the financial statements are authorised. There are no adjusting events after the reporting period which will have a material effect on the financial statements of the charity.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023**

25. PENSIONS**The Pensions Trust - Growth Plan Scheme****Background**

The charity participates in the above Scheme. The Scheme is funded and is not-contracted out of the State scheme.

Contributions paid by the charity into the Scheme up to and including September 2001 were converted to defined amounts of pension payable from the National Retirement Date. This scheme is known as Growth Plan Series 3 ("GP3"). From October 2001 contributions from the charity were invested in personal funds which are converted to a pension on retirement, either within the Scheme or by the purchase of an annuity. This scheme is known as Growth Plan Series 4 ("GP4").

GP3 closed to further contributions from 30 September 2013, and during that year the charity consulted with employees and decided to offer GP4 from 1 October 2013 rather than exit the Scheme altogether and closed GP3 to new entrants. GP4 is deemed to be a "qualifying scheme" for the purposes of Auto Enrolment, and is in use by the charity as an Auto-Enrolment vehicle since its staging date of 1 May 2014. As at the balance sheet date there were 70 (2022: 70) active members of the Scheme employed by the charity.

The Pensions Act 2011 changed the definition of Money Purchase schemes, following which GP3 was classified as a defined benefit scheme. As a result, any liabilities within this Scheme must be included in the calculation of any debt on withdrawal.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers because the Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Scheme's total assets.

Employer's debt on withdrawal

An employer debt will arise if the Scheme is wound up; a participating employer becomes insolvent; ceases to participate in the Scheme, or ceases to exist.

A debt liability will not crystallise as long as the charity continues to employ an active member of the Scheme. Note that failure to submit the Additional Contributions (see below) may result in the Trustee terminating the employer's participation in the Scheme, resulting in a cessation event. Should the charity withdraw from the Scheme, the actual debt figure would have to be calculated by the Scheme actuary at the date of withdrawal.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023**

25. PENSIONS - continued**Valuation**

The Scheme Trustee commissions an actuarial valuation of the Scheme every three years. The most recent valuation was at 30 September 2020 (previous valuation was at 30 September 2017). The purpose of the actuarial valuation is to determine the funding position of the Scheme by comparing the assets with past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The valuation at 30 September 2020 was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £800 million (30 September 2017: £795 million) and the Scheme's Technical Provisions (i.e. past service liabilities) were £832 million (30 September 2017: £927 million). The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £32 million (30 September 2017: £132 million).

Buy Out Basis of valuation

The buy out (or, solvency) basis is the statutorily prescribed basis for calculating an employer's debt on withdrawal. It is also known as a "Section 75 debt" from that part of the Pensions Act 2004.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the scheme. If the liabilities exceed the assets there is a buy-out debt.

Insurance companies tend to price annuities based on conservative assumptions for future investment returns and build in a risk allowance or safety margin to allow for the fact that the benefits are guaranteed. An element of profit is also included in the calculation. As a result, buy-out liabilities of the Scheme are significantly higher than the ongoing liabilities.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Pension deficit funding arrangement

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023**

25. PENSIONS - continued**Pension deficit funding arrangement - continued**

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025: £3,312,000 per annum
(payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025: £11,243,000 per annum
(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****25. PENSIONS - continued**

Assumptions

	31 March 2023	31 March 2022	01 April 2021
	% per annum	% per annum	% per annum
Rate of discount	5.52	2.35	0.66

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit contribution schedule	31 March 2023	31 March 2022	01 April 2021
	£000s	£000s	£000s
Year 1	11	11	29
Year 2	9	11	30
Year 3	-	9	31
Year 4	-	-	27

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability of £19,104 (2022: £29,966).

26. COMPANY LIMITED BY GUARANTEE

The charitable company is limited by guarantee and has no share capital. Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up, for payments of the debts and liabilities of the company, such amount as may be required, not exceeding £1.

WATFORD AND DISTRICT MENCAP SOCIETY**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2023****27. FINANCIAL INSTRUMENTS**

The charity has the following financial instruments:

	Notes	31.03.23 £	31.03.22 £
Financial assets measured at amortised cost			
- Cash and cash equivalents		774,504	1,059,449
- Trade debtors	15	<u>630,094</u>	<u>172,424</u>
		<u>1,404,598</u>	<u>1,231,873</u>
Financial liabilities measured at amortised cost			
- Trade creditors	16	72,759	122,662
- Other creditors	16	59,683	45,375
- Individual service funds	16	135,038	136,623
- Accruals	16	239,925	317,947
- Bank loans	18	<u>254,514</u>	<u>260,037</u>
		<u>761,919</u>	<u>882,644</u>

28. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.03.23 £	31.03.22 £
Net movement in funds for the reporting period (as per the statement of financial activities)	323,400	185,201
Adjustments for:		
Depreciation charges	11,272	11,270
Interest payable	13,280	30,897
Gain on disposal of fixed assets	-	(352,200)
Actuarial losses (gains) relating to pension scheme deficit	56	(56,014)
Interest received	(8,985)	(6,639)
Release of sleep-in provisions	-	(165,600)
(Decrease)/increase in other provisions	(10,918)	-
(Increase)/decrease in debtors	(505,694)	(109,572)
(Decrease)/increase in creditors	<u>(103,061)</u>	<u>(241,513)</u>
Net cash (used in) provided by operating activities	<u>(280,650)</u>	<u>(704,170)</u>

29. ANALYSIS OF CHANGES IN NET CASH

Current year	At 31.03.22 £	Cash flows £	At 31.03.23 £
Cash at bank and in hand	1,059,449	(314,945)	744,504
Borrowings	<u>(260,037)</u>	<u>5,523</u>	<u>(254,514)</u>
	<u>799,412</u>	<u>(309,422)</u>	<u>489,990</u>