

Royal Mencap Society Annual report and accounts 2012/13

**Registered charity number: 222377
(England, Northern Ireland & Wales)**

**Registered charity number: SC041079
(Scotland)**

Company registration number: 550457

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An introduction to learning disability and the Royal Mencap Society

What is a learning disability?

A learning disability is a reduced intellectual ability and difficulty with everyday activities – for example household tasks, socialising or managing money – which affects someone for their whole life.

People with a learning disability tend to take longer to learn and may need support to develop new skills, understand complex information and interact with other people.

The level of support someone needs depends on individual factors, including the severity of their learning disability. For example, someone with a mild learning disability may only need support with things like getting a job. However, someone with a severe or profound learning disability may need full-time care and support with every aspect of their life – they may also have physical disabilities.

People with certain specific conditions can have a learning disability too. For example, people with Down's syndrome and some people with autism have a learning disability.

Learning disability is often confused with dyslexia and mental health problems. The Royal Mencap Society describes dyslexia as a 'learning difficulty' because, unlike learning disability, it does not affect intellect. Mental health problems can affect anyone at any time and may be overcome with treatment, which is not true of learning disability.

It is important to remember that, with the right support, most people with a learning disability in the UK can lead independent lives.

About the Royal Mencap Society

The Royal Mencap Society (Mencap) was established in 1946. Our name is important to us – it captures the legacy and the pride we have in supporting hundreds of thousands of individuals and families over our 65-year history. We want to build on what we were founded to do, which is build a society for and of people with a learning disability and their families as part of a wider, fairer society in the UK. We are proud of our royal warranty and what that says about our work. It says people with a learning disability are important, their families are important and our teams are important.

Everything we do is about helping and supporting people with a learning disability, and their families and carers in England, Northern Ireland, Scotland and Wales. We want to build a platform so people can talk about their experiences and explain what they want and need. That way services can be improved, prejudice can be challenged and people with a learning disability can build a better life.

The Royal Mencap Society also has three associated, but individually registered, charities: Golden Lane Housing, which provides housing for people with a learning disability; NOFAS-UK, which works to raise awareness of and prevent foetal alcohol spectrum disorder; and the AdCare Foundation, which funds leisure opportunities in the community.

The Mencap family also has a network of partnerships with independent organisations, and leisure and social groups. Our partnership organisations vary considerably in size and work. Each one is independently registered and governed, and self-financed, and we are all working towards the same thing – a better world for people with a learning disability and their families. Collectively known as Mencap partnership groups, they include: volunteer-run societies like our Gateway clubs that provide leisure activities; campaigning organisations; and larger bodies that employ hundreds of people to deliver public services.

What does the Royal Mencap Society do?

We provide high-quality, personalised support for people with a learning disability in areas including care and support, advocacy, housing, education, leisure and employment.

We campaign to change policy and improve lives so people with a learning disability have the same opportunities as everyone else.

We provide advice and information about learning disability through our websites, printed resources and helpline. Mencap Direct provides advice and information on anything related to learning disability to anyone who needs it, and our community-based advisers offer direct support by phone, email and in person.

We raise money and awareness – from national and regional fundraising events to corporate partnerships and street fundraising, all our work involves increasing understanding of learning disability. Lack of awareness is an ongoing challenge for Mencap. We work hard to spread the message that everyone in society is entitled to the same opportunities, independence and respect.

Employee involvement and employment of people with a disability

We consult with our employees about future Mencap activities and issues of direct concern (such as terms and conditions) through a range of mechanisms.

Employees are able to elect colleagues to represent them on national and business unit consultative forums. These forums also include employees who are elected representatives of Unison – the trade union with which we work in partnership – in proportion to Unison membership in our workforce.

We also actively engage with employees through things like questionnaires and focus groups. Where possible, we include employee representatives in the development of new HR policies so that employee views are reflected within our final proposals.

We have a range of detailed HR policies to support our charitable and business objectives and ensure compliance with employment legislation. These are regularly reviewed so they continue to meet the needs of our operational managers and reflect good practice.

In accordance with our diversity policy, Mencap also has long-established fair employment practices for the recruitment, retention and training of staff with disabilities. At 31 March 2013, there were 201 people with a declared disability on Mencap's payroll. Actual numbers of employees with a disability in employment are likely to be higher since disability disclosure is voluntary.

Inclusion is very important to us, and Mencap supports the employment of staff with a learning disability within the organisation. We are focusing on expanding opportunities where employees can use their direct experience of having a learning disability to inform and influence – as media spokespeople, campaigners and trainers.

Reference and administrative details

Key subsidiaries of Royal Mencap Society

Mencap Trust Company Limited

The Mencap Trust Company Limited (MTC) is an independent company and subsidiary of Mencap with its own independent board. It was formed in 1975 by Mencap to manage trusts for people with a learning disability.

Some people want to leave money or property in trust to be used for a family member or friend who has a learning disability. They might not know anyone that they would like to act as a trustee or they might think it is too much responsibility. So they ask a company, like MTC, to do it.

For more information about MTC, go to www.mencap.org.uk/mencaptrustcompany

Golden Lane Housing Limited

Golden Lane Housing (GLH) is an independent charity and subsidiary of Mencap with its own independent board of trustees. It specialises in finding suitable homes for people with a learning disability. GLH was launched by Mencap in 1998 and to date has helped over 1,000 people with a learning disability in England and Wales choose their own homes and become tenants. It also gives information, advice and guidance to hundreds of families every year.

For more information on GLH and what it does, call 0845 604 0046 or go to www.glh.org.uk

The AdCare Foundation Limited

The AdCare Foundation is a registered charity established in 1985 and a subsidiary of Mencap with its own independent board of trustees.

After a review, the trustees have decided to focus on funding a programme of work in the community for people with a learning disability.

NOFAS-UK Limited

The National Organisation for Foetal Alcohol Syndrome UK (NOFAS-UK) is a registered charity established in 2003 and a subsidiary of Mencap with its own independent board of trustees.

NOFAS UK is dedicated to supporting people affected by foetal alcohol spectrum disorders (FASD), and their families and communities. It promotes education for professionals and public awareness about the risks of alcohol consumption during pregnancy.

Name and registered office of the charity

The full name of the charity is the Royal Mencap Society, and its registered office is 123 Golden Lane, London EC1Y 0RT. The registered charity number is 222377 (England, Northern Ireland and Wales) and SC041079 (Scotland); the company registration number is 550457.

Trustees William James Glover, Chairman Pete Bickers (term ended 20 October 2012) Janet Brown Professor Richard Hastings John Phillips Kate Quail Jan Sunman Colin Rogers Karen Townsend George Venus Fred Worth Geoff Alltimes (appointed 30 January 2013) Graham Williams (appointed 26 September 2012) Katie Hollier (elected 20 October 2012)	Chief executive Mark Goldring CBE (stood down 6 March 2013) Jan Tregelles (appointed 26 March 2013)
	Company secretary Mark Goldring CBE (stood down 2 August 2012) Oonagh Smyth, director of governance and strategy (appointed 15 April 2013)
	Day to day management of the charity is delegated by the trustees to the Chief Executive Jan Tregelles and her leadership team.

<p>President The Lord Rix Kt CBE DL</p>	<p>Vice presidents Sir George Bull Kt Barrie Davis Pauline Fairbrother OBE (retired 4 August 2012) Dame Pauline Harris DBE Alan Hill Michael Mackey MVO BEM Dame Norma Major DBE The Lady Rix (retired 18 February 2013) Leslie Wooster Brian Baldock CBE</p>
<p>Auditor Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH</p>	<p>Bankers Barclays Bank PLC Charities Team Level 28 1 Churchill Place London E14 5HP</p>
<p>Solicitors Bates Wells Braithwaite 2-6 Cannon Street London EC4M 6YH Laytons Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS Bircham Dyson Bell LLP 50 Broadway London SW1H 0BL</p>	<p>Investment managers Aberdeen Asset Management Bow Bells House 1 Bread Street London EC4M 9HH Blackrock Investment Management UK Limited 33 King William Street London EC4R 9AS Investec Wealth & Investment Limited Unit 4, The Billings 3 Walnut Tree Close Guildford GU1 4UL</p>

A message from the chairman

One report cannot do justice to the work that is going on in the Royal Mencap Society and across our local Mencap group partners. I would therefore like to take this opportunity, on behalf of the board of trustees, to personally thank all our staff, volunteers, members and local groups. Even in the current environment of cuts and severe pressures, you are all doing so much and making a real difference to improve the lives of people with a learning disability and their families and carers.

In this annual report you will read about some of the significant activities undertaken by our teams across England, Northern Ireland and Wales including:

- Our stand against a politician who said that abortion should be compulsory for any foetus with Down's Syndrome or spina bifida. He was later suspended from standing for his party in an election.
- Our health campaigns to improve standards of healthcare for people with a learning disability - even in 2013 people with a learning disability are not treated equally in healthcare.
- Our campaign to change the way that people with a learning disability are supported - we must do all we can to prevent another Winterbourne View.
- The critical support provided by our direct services teams to almost 10,000 individuals - seeking to improve quality of life here and now for people with a learning disability and their families and carers.
- Our influencing work which has changed laws in parliament to improve life for people with a learning disability and their families and carers.
- Our advice and information services which spoke to over 38,000 people, providing vital advice and support when they were most needed.
- Our project work which, amongst other things, helps people with a learning disability to take part in leisure activities, enabling them to be more visible in the community and to challenge society's attitudes. Changing attitudes remains our biggest challenge and we realise that there is a long way to go.

Some of this work has been carried out by Royal Mencap Society alone, but much has been achieved in partnership with our local groups and others. Moving forward, we remain committed to developing such collaborative working relationships, even in the current challenging financial climate. Margins on services are under pressure and, like many charities, raising unrestricted income from our fundraising efforts is increasingly tough. In order to continue our vital work in such circumstances, we have to embrace the need for significant change and to consider different ways of working.

We have responded to this significant challenge with a new strategy, which we talk about below in the 'Looking Ahead' section. All activities will be focused to support this strategy and an appropriate internal environment will be created to ensure the long

term sustainability of the organisation. As always, our primary focus is on ensuring that we are making the maximum positive difference for people with a learning disability and the people that matter to them, especially their families.

Finally, I would like to welcome our new Chief Executive, Jan Tregelles, who took up post in early 2013. Jan might be new in post but she is no stranger to Mencap, having led and successfully developed our personal support services for ten years. We certainly did not expect to end the year with a different chief executive but, following Mark Goldring's decision to join Oxfam as CEO, we were indeed fortunate to be able to rapidly identify his successor. Jan's detailed knowledge of Mencap and her considerable experience of people with learning disabilities, their families and carers, has enabled a smooth transition and allowed an effective adoption of our new strategic priorities and plans for the future.

I look forward to reporting on progress next year.

A handwritten signature in black ink, appearing to read 'Jim Glover'. The signature is fluid and cursive, with a large initial 'J' and 'G'.

Jim Glover
Chairman

2012/13 – our performance

Aim 1: Changing society's attitude and culture

2012/13 objectives

Our main objective for this aim was to shape and begin to deliver an engagement strategy to:

- engage new and existing supporters
- raise awareness of learning disability.

And by doing these two things, we can:

- support people with a learning disability and their families and carers
- improve policies related to learning disability.

How we did

Engaging new and existing supporters

- We set about starting to create a movement for change – an army of one million active supporters over the next five years to raise awareness of learning disability and change peoples' attitudes towards it. We have agreed a strategic approach and are piloting different ways of engaging people. We engaged 5,000 new people via our '#notaburden' digital campaign and another 1,700 through our work on our *Death by indifference* campaign.
- We engaged 10,000 new supporters with our street fundraising, who are now giving a regular donation to Mencap.

Raising awareness of learning disability

- In 2012/13, we focused more on using social networks like Twitter and Facebook to raise awareness of learning disability. We had a number of successful social media campaigns. These included one in December 2012 that called on the public to protest against the remarks of Geoffrey Clark, a UK Independence Party (UKIP) candidate who said that abortion should be compulsory for any foetus with Down's Syndrome or spina bifida. He claimed they were a "burden" on their families and society. As a result of the campaign and the controversy that surrounded his remarks, Mr Clark was formally suspended from standing for UKIP.
- Inspire Me, our programme to support 25,000 young people with a learning disability aged 14–25 and their families and carers, ran 78 learning disability awareness sessions (meeting our target for the year) for 1,874 people. The sessions took place with people from a range of organisations, from transportation to education and health, and they raised awareness of learning

disability in the community. A large number of sessions were delivered to organisations connected to our youth programme. The training will hopefully promote inclusive practices and encourage mainstream organisations to provide opportunities for children and young people with a learning disability to join local community-based activities. Training was also delivered to hospital staff and magistrates. The head of training at HM Courts & Tribunals Service, Wales, said the training really challenged long-standing magistrates' understanding of people with a learning disability. This, along with other work across Wales, has improved the experience of people with a learning disability within the criminal justice system. The staff who received training in the health service are taking part in academic research at Bangor University to see how the training has changed their empathy levels towards patients with a learning disability. We will publish the results in August 2013.

- A total of 937 young people took part in our Changemakers programme. The programme aimed to raise awareness of learning disability by working with young people with a learning disability aged 14–25. By helping them understand their rights and social responsibilities, they could use that knowledge to improve their communities. The community activities the young people chose to do ranged from lobbying local MPs about closing services, to campaigning for safe places schemes to make sure young people feel safe in their local community.

Aim 2: Influencing people who shape policy and practice so that people with a learning disability and their families get the services and support they need

2012/13 objectives

- To continue campaigning and policy work on health, employment, welfare, housing, cuts, Changing Places toilets and hate crime
- To influence social care policy, legislation and funding across England, Northern Ireland and Wales
- To improve the way we capture and share the learning from projects and services, within and beyond Mencap.

How we did

Health

- We continued with *Getting it right*, our campaign to improve healthcare for people with a learning disability. We began the financial year with 168 trusts signed up to the *Getting it right* Charter which encourages them to make positive changes for people with a learning disability. By the end of the financial year, a total of 198 NHS trusts had signed up, along with 33 other organisations such as Royal Colleges and other specialist health services.
- We responded to the abuse of patients with a learning disability at Winterbourne View assessment and treatment centre via our report with the Challenging Behaviour Foundation, *Out of sight*, and a media campaign. We called for a complete change in the way people with a learning disability and behaviour that challenges are supported, and strong leadership from the government to develop local services in place of large and distant institutions. Our report, along with the public outcry and various media campaigns, including Mencap's, resulted in an 18-month national plan being developed by the government to make sure people are brought back to their families and can live in their local communities. Local services are also being developed to support them.
- In Wales, we successfully campaigned for learning disability awareness training in hospitals. From October 2012 to the year-end, we delivered 45 training sessions to 675 staff in 16 hospitals across Wales. This has given the staff a better understanding of why people with a learning disability often receive poor healthcare, and what can be done to make sure they are given the right treatment in hospital.

Employment

- We met with Esther McVey, disability minister, in January 2013, along with two of our young ambassadors, to discuss barriers people with a learning disability face when trying to get a job. In March, employment minister Mark Hoban visited one of Mencap's Work Choice services in his Hampshire constituency to see how we are supporting disabled people into jobs. We were able to discuss with him the barriers people with a learning disability face when preparing for and finding work,

and what we would like to see change. The minister then mentioned his visit in parliament, when giving evidence to the Work and Pensions Select Committee.

Benefits

- We secured a commitment from the government to carry out two independent reviews of the new Personal Independence Payment (PIP), which started to replace Disability Living Allowance from April 2013. Working as part of the Disability Benefits Consortium, we also convinced the government to keep the qualifying period for PIP at three months. An increase to six months had been planned, which would have meant people with recently acquired disabilities or health conditions would have to wait a long time before getting support. In Northern Ireland the legislation is not yet law. So, working with other key charities, we produced a briefing on the impact, including the financial impact, of the Bill on people with a disability and carers in Northern Ireland. We gave evidence alongside Disability Action to various Northern Ireland Assembly committees.
- By lobbying ministers and leading the briefing of MPs and Peers as part of the Disability Benefits Consortium, we secured changes to the assessment of PIP that mean people with a learning disability are less likely to have a PIP removed or denied unfairly. The changes also mean that when someone is being assessed for a PIP, it will be more likely that the barriers people with a learning disability often face every day will be picked up.
- Mencap, along with partner organisations, has been working with the Department for Work and Pensions (DWP) to improve the Work Capability Assessment that is the gateway to Employment and Support Allowance. We have designed new parts for the assessment, which are now being tested with over 1,000 claimants to see how they perform alongside the current test. A report will be produced by the DWP on the success of the tests in the summer of 2013, along with recommendations to ministers on whether our changes are accepted and made permanent. We hope this will lead to much-needed improvements in assessments, and people with a learning disability getting greater access to benefits they are entitled to.

Housing

- Our campaigning on the impact of the new 'under-occupancy' rules for people with a learning disability living in housing association or council housing in England and Wales, led to the government changing the rules for disabled children. Now, disabled children who cannot share a room with siblings because of health or disability-related needs will get their own bedroom. We also began campaigning to ensure this change in the rules is incorporated when it is introduced in Northern Ireland.
- We successfully campaigned for a change in the new Universal Credit. This change will result in disabled people with very specific housing needs getting more of the funding they need to pay for their housing and support needs.

Cuts

- Our *Hardest Hit* campaign challenged cuts to support for people with disabilities through a series of events and *The Tipping Point* report, which showed the impact

of the cuts on disabled people. We took evidence from *The Tipping Point* report to parliament. This raised awareness of the issues and we hope it will influence public policy moving forward.

Changing Places toilets

- The Changing Places Consortium, which includes Mencap, got 111 new Changing Places toilets installed across England, Northern Ireland and Wales, bringing the total to 503 since it started in 2006. Toilets were installed at several prominent places – including the Giant’s Causeway in Northern Ireland, Wembley Stadium and King’s Cross station. We also managed to get Changing Places toilets fitted at every Olympic venue for London 2012, which meant many people with profound and multiple learning disabilities could go along with their families and be part of the Olympics – a fantastic achievement.
- We persuaded the Department for Communities and Local Government to create a Changing Places Charter to get industry leaders in transport, leisure and entertainment, local planning, design and building to work together to increase the number of Changing Places toilets around the UK.
- After our successful lobbying of the Department for Transport, new regulations on the installation of Changing Places facilities in major train stations have been agreed.

Hate crime

- Another seven police authorities signed up to our Police Promise, which sets out ten things police services should be doing to tackle disability hate crime. This brings our campaign total to 40 (out of 43) police authorities across England and Wales, and the Police Service of Northern Ireland (PSNI). We have also started work on influencing the priorities of the newly elected police and crime commissioners in England and Wales. Seven have already publicly stated their commitment to tackling disability hate crime. Commissioners are now producing Police and Crime plans, which will set the direction and priorities for police services in the future.
- In Wales, we influenced the development of an All Wales Hate Crime Strategic Framework by taking part in government steering groups made up of several disability rights organisations. The framework looks at the range of interventions needed to reduce incidents of hate crime, including against people with a learning disability. The framework was launched in July 2013.
- In Northern Ireland, the role played by Mencap’s *Stand by me* campaign on raising awareness of hate crime, and the changes that need to take place, was acknowledged in the *Human Rights Annual Report 2012* of the Policing Board. The board was set up to monitor the performance of the PSNI. Improvements made by police include a Life Alert Card for people with a learning disability, which contains their essential details and information on what to do in an emergency. An e-learning programme on disability, which must be completed by all officers, was also developed. It deals with attitudes, including those towards people with a learning disability, and a more detailed breakdown of statistics to identify incidents of learning disability hate crime.

- During 2011/12, we lobbied the government to introduce equal sentences for all types of murder motivated by hatred or hostility. The Ministry of Justice amended the Criminal Justice Act (2003) in April 2013, so sentences for murder motivated by hatred or hostility towards disabled or transgender people will start at 30 years. This is the same as murders aggravated by race, religion and sexual orientation. The previous starting point for disability and transgender hate crime murders was 15 years.

Influencing social care and legislation

- We launched a research report, *The Other Care Crisis*, with Scope and other disability charities, which calls for 'moderate' eligibility for social care. It is underpinned by London School of Economics research, which showed the government how many people would get support if they changed eligibility, and what the cost would be. In the face of cuts to services and the government prioritising care for older people, we wanted to highlight the importance of social care funding for people with a learning disability. We will continue our campaigning in 2013/14 on the Care and Support Bill and for getting higher levels of funding for social care.
- With Inclusion Europe, we co-hosted 'Choice and control in my life' in Northern Ireland. This was an international expert seminar on capacity and supported decision-making aimed at influencing the development of new capacity legislation in Northern Ireland. The legislation is due to be introduced within the lifetime of the current Northern Ireland Assembly, so it complies with the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD). It will give people with a learning disability the right to make decisions and the support they need to do so.
- There are plans in Northern Ireland to change dramatically how health and social care is delivered through an initiative called Transforming Your Care. The government has started a three-stage engagement process looking at the review of adult social care. Mencap was asked by the Department of Health, Social Services and Public Safety to hold focus groups to make sure people with a learning disability are involved in the process.
- In Wales this year, we have been holding events for people with a learning disability and their families to influence the development of the Welsh government's draft social services Bill. This Bill gives people greater right to assessment for services and access to information. We want to make sure people receive proper impartial advice so they can make informed choices about the services they need.

Improve the way we capture and share the learning from projects and services within and beyond Mencap

This was applied to new projects, some of which are described below:

- The **Gateway Active** project helps people with a learning disability enhance their sense of control and quality of life through participation in the Gateway Award. Participants work through three levels of the award by completing activities in their local community, as well as accessing information on health and leisure.

- The **Gateway Beacon Project** aims to create a nationwide network of community clubs for people with a learning disability, allowing them to socialise and enjoy greater inclusion, thereby boosting their sense of wellbeing.
- **Bags of Ability** focuses on improving the early literacy skills of pre-school children with a learning disability. It aims to help 800 children by teaching their parents and outreach workers to tell sensory stories, which are told through the use of objects the child can see, touch or smell.
- **Inspired Educators** helps raise awareness among teachers of learning disability in schools. The project supports them to communicate with and teach pupils who have a learning disability, and encourage teaching assistants to create an inclusive classroom environment.
- **Kids for Good** aims to boost funding by encouraging schoolchildren to engage with and support charity fundraising through online donations.
- Mencap in Northern Ireland supported 33 mainstream youth organisations to develop better practice for including young people with a learning disability - exceeding our target of 24 for the year. We did this by running 186 training sessions, attended by 289 youth workers and volunteers, and providing a range of information. Attendees at the training reported an increased understanding and awareness of disability issues and how they might improve their services to make them more inclusive.

Aim 3: Empowering and directly supporting more individuals to live fulfilled lives

Objectives for 2012/13

- To grow our services in care and support and employment by 3–5%
- To substantially increase the scale of our major projects, such as Inspire Me and Raising Your Game
- To develop a pipeline of new project activity against priority My Life areas.

How we did

Growing our services

- We beat our growth target of 3–5% and directly supported 9,599 people in England, Northern Ireland and Wales. We also supported 7,755 people through our range of projects. We secured new contracts worth over £8 million, which will allow us to reach even more people with a learning disability.
- We met our target of 90% compliance with regulatory standards following unannounced inspections across 198 locations. We also largely met our target of improving service performance to exceed regulatory standards through our What Matters To Me framework across 725 locations.
- We ran 113 family events, far exceeding our target of 49. The topics the events covered included benefit cuts, transition support for children and young people, and independent living options.
- In 2012/13, our advice and information service supported over 38,410 people with requests for advice or information, an increase of 7%. Our community based advisers directly supported 220 individuals and families. Support was given regarding challenging care cuts, to helping family members uncover failings in NHS care for people with a learning disability and helping them approach the Health Ombudsman. We have also held over 100 family events across the country to offer advice and support to families in need.
- In 2012 over 1,800 people attended one of 59 'Planning for the Future' seminars run by Mencap's Wills and Trusts service - an increase of 18% on the previous year. These seminars, held throughout the country, provide peace of mind for families of people with a learning disability. The seminars help them make provision for their loved ones in their wills, for example by setting up a trust for them managed by the Mencap Trust Company. Our Wills and Trusts service relies upon gifts kindly left in wills to Mencap.

Increasing the scale of our major projects

- This year, our Inspire Me project exceeded targets and worked across England, Northern Ireland and Wales with 8,189 young people with a learning disability aged 14–25 to build their confidence and learn new life skills. We achieved this by:
 - delivering 403 workshops to 4,842 people with a learning disability – including a popular workshop on life skills which was attended by 3,190 young people

- giving information, advice and guidance to 6,577 young people and 5,444 parents, families and carers
 - running 178 family events to support and inform parents, families and carers on things like benefit cuts, transition support for their children and independent living options
 - setting up 79 projects developed and led by young people with a learning disability on things like campaigning and raising awareness of learning disability
 - recruiting 863 Mencap young ambassadors and e-ambassadors who worked with Mencap to support Inspire Me and Mencap's other work.
- In Northern Ireland, the National Lottery funded the Young People Together project to deliver summer scheme activities to children who find it difficult to take part in mainstream provision. This year, we increased both the number of local activity programmes and carers programmes on offer and the number of young people and families who benefitted from the project by 50%, which exceeded our target for the year.
 - For employment and life-long learning in Northern Ireland, we supported 641 people with a learning disability with things like developing their understanding of work, vocational training and getting and keeping a paid job. Many moved on to a paid job, volunteering or further education and employment programmes.
Of the 641 people, 407 people were on the Pathway to Success Project, which provides assessment, training and supported work placements aimed at helping people with a learning disability find and sustain paid employment. We exceeded the target percentage of people who left Pathway to Success to enter paid work and exceeded the target percentage of jobs from corporate employers.
 - Segal House Nursery is unique in Northern Ireland, providing a specialist early intervention service for children aged two to four with a learning disability, autism or developmental delay. This year, a service development team was established, comprising researchers, expert parents and professionals from education and health, that will assist in identifying innovation and best practice in early intervention and family support in early years.

Developing a pipeline of new project activity against priority My Life areas

- We asked people with a learning disability and their families and carers to tell us what was important in their lives to help us to focus on these areas and make the most difference. As a result of this work, which we called My Life, we have made our work with families, changing attitudes and delivering services our strategic focus.
- As part of this, we are working in partnership across the Mencap community and externally to develop large-scale funding programmes to support our new strategy. The My Life consultation took longer than we expected so we are not as far ahead on this objective as we would have wished.

Aim 4: Strengthening our capability and leadership to better deliver our mission

Objectives for 2012/13

- To implement performance management across the organisation and a talent management programme across our services
- To guarantee financial stability by delivering the agreed budget
- To review and update our pension provision
- To develop new sources of investment
- To review our governance and win support from membership for new proposals
- To finalise the corporate strategy by completing the My Life work around what we prioritise and what we want to achieve
- To roll out the 20:20 partnership with all local groups that want to be part of Mencap
- To develop and implement an affordable IT strategy
- To develop a property strategy.

How we did

Performance and talent management

- We have rolled out our performance management programme, Shape Your Future, across the whole of Mencap and all staff have gone through their first appraisal under the process. It uses key roles, key performance indicators and objectives to assess staff performance and everyone is involved in rating their own performance.
- We launched a talent management programme in Personal Support which aims to support talented staff to achieve their career aspirations at Mencap while also supporting the business strategy and Mencap's aims. We launched the programme to the rest of Mencap in June 2013.

Guaranteeing Mencap's financial stability by delivering the agreed budget

- Mencap has delivered the financial results in line with its budget for the year, save for the pension adjustment required under FRS 17 (see note 20).

To review and update our pension provision

- Our pension provision is updated each year in line with the requirements of FRS17. During the year Mencap agreed with the Trustees of the pension scheme that, following the triennial actuarial review at March 2011, it would maintain the schedule of payments to reduce the pension scheme deficit agreed following the 2008 review.

To develop new sources of investment

- There were no activities that required new sources of investment during the year.

Review our governance and win support from membership for new proposals

- In 2012/13, we started a governance review that we discussed with our supporters in regional meetings. In light of our new strategy, we are taking more time to reflect on the best governance structure that will enable us to achieve our strategy, include people with a learning disability in our structures and listen to the supporters closest to us.

To finalise the corporate strategy by completing the My Life work around what we prioritise and what we want to achieve

- This has been completed. The My Life work has finished and has helped Mencap to identify its new corporate strategy and areas of focus. These are outlined below in the section, *Looking ahead to 2013/14*.

Joining forces with local groups

- As part of our engagement strategy, we have been in regular contact with all of our local groups, Gateway clubs and other non-branded affiliated groups in the last year. Since we sent out the partnership and leisure agreements, we have had a great response. A total of 139 groups have signed up to our partnership agreement and 227 have signed up to our leisure agreement. Groups are now developing their partnership plans and community hubs with support from the communities' team.

To develop and implement an affordable IT strategy

- Mencap developed an affordable IT strategy that is being implemented from 2013/14 onwards.

To develop a property strategy

- Mencap reviews its property strategy from time to time to ensure it meets its requirements in the most efficient and effective way.

Fundraising

An overview

Mencap would like to thank all our donors and the individuals, groups and organisations involved in our fundraising efforts in 2012/13.

Our operational objective this year was to build on the success of our partnership with The Co-operative last year. Our financial objective was to generate a fundraised contribution of £8.24 million. We achieved £8.44 million – this is 2% above our target.

- Gross income for direct marketing and legacies income totalled more than £8.15 million in 2012/13.
- Gross income from corporate fundraising for the year reached £772,000. This included income from partnerships with GlaxoSmithKline, the Co-operative Group and International Power. We also secured some new sponsorship with Toshiba and Abarth for our Little Noise Sessions music events.
- Given the continuing economic challenges, 2012/13 was a challenging year which impacted on our income from trusts and major gifts. We developed new relationships with trusts for our work with older carers, young people and our leisure programme Gateway Active. Long-standing donors, including the Zochonis Charitable Trust, provided vital income for our core operations.
- Under strategic funding, we secured over £1.8 million (of which £722,000 will be received in 2013/14) for a number of projects across England, Northern Ireland and Wales. Included in this was a grant awarded to Mencap of £500,000 for the Link Me project in Northern Ireland, which will result in cash income in 2013/14. Link Me will increase the capacity of Gateway Clubs to do more for older people with a learning disability to enable them to engage in existing community activities. The project will engage 80-120 older people over the next 3.5 years.
- Included in the strategic funding mentioned above, we have also been awarded a Heritage Lottery Fund development grant of £27,800, of which we have received £13,900 so far in 2012/13. This grant is used to develop the business plan for the Hidden Now Heard project in Wales. If the business plan is accepted by the Heritage Lottery fund Mencap will receive a grant of around £285,000 in the next three years to deliver the project. The project will record oral histories of people related to long-stay hospitals in Wales including former residents, their relatives, and former employees.
- The Raising Your Game project has in 2012/13, its third year of delivery, continued to exceed expectations in terms of engagement levels and response. The focus for the past year has been the development and delivery of positive activities and skills training for young people between the ages of 14 and 25 with a new focus on those who have offended or those who have been identified as being at risk of offending in England.
- In November 2012 we delivered the Little Noise Sessions, curated by Mencap ambassador and BBC Radio DJ Jo Whiley. We booked artists such as Gary Barlow, allowing us to reach new audiences. We also worked closely with another of our ambassadors – Kate Spicer – to release the highly acclaimed film, Mission to Lars.

- Our approach in Wales has been largely community-based this year with numerous smaller fundraising events across the country. One highlight was our 'Push Wayne from the plane' event, which saw Mencap Cymru director, Wayne Crocker, do two parachute jumps in quick succession! This event was the first part of a corporate connection established with Nolan Windows, who also sponsored the Langdon Doidge Art competition in August 2012 and our Christmas card competition.
- In Northern Ireland, we increased overall gross fundraising income on the previous year by £67,000, developing strong corporate partnerships – including one with Premier Bakeries Ireland. We ran another Mencap Annual Race Day and Polo In The City, supported by the Young Professionals and another special events committee. These attracted over 1,000 guests, received 100% positive media coverage and secured high-profile sponsors, including Veuve Clicquot Champagne and House of Fraser.
- Since starting direct marketing in 2010, we have recruited over 20,000 new supporters who donate regularly by direct debit. This activity is conducted on high streets and door-to-door across the country.

Special thanks to...

Mencap would particularly like to thank the following people, organisations and groups for their contributions to our fundraising this year, including those who have chosen to remain anonymous.

We are also grateful to all others not mentioned that have shown new or continued generosity.

Abarth UK
 Adam Driscoll
 Alan Cornish
 Amy Macdonald
 Annabel Giles
 Avenal Charitable Trust
 BBC Children in Need
 Belfast City Council
 Big Lottery Fund
 Big Lottery Fund Northern Ireland
 Carl Cox
 City of London Police Awards Organising
 Committee
 Cobbetts LLP
 Comic Relief
 Country Homes and Interiors
 Dame Norma Major
 Del Monte Fruit Burst
 Department of Health: Health and Care
 Voluntary Sector Strategic Partners
 Programme 2013/14

Department of Health: Health and Social
 Care Volunteering Fund
 de Poel
 Disability Sports Development Trust
 Dr John Beynon
 Endless LLP
 English Baroque Choir
 Everyclick
 Fenwick
 Gary Barlow
 GDF SUEZ Energy UK-Europe
 Gemserv
 GlaxoSmithKline
 Griffiths Newton Trust
 Heritage Lottery Fund (Wales)
 Hill Dickinson
 International Power
 Irwin Mitchell
 Jamie Rix
 Jane Stewart
 Jo Whiley
 Jodie Whittaker

Kate Spicer
Keepmoat
KMS California
KPMG
LDC
Lord M Saatchi
2012 Marathon des Sables team
Marcus Watson
Mat Horne
Matt Donegan
MBNA
Mencap's special events committee
Mencap's young professionals committee
Merlin Entertainments Group
Miss A Pegman
Mr AG Breedon
Mr Dominic Christian
Mr Graham Ball
Mr Majid Jafar
Mr and Mrs Philip Loney
Mr Nigel Fishburn
Mrs A Wilson
Mrs Eleanor Holloway
Mrs ML Keys
Mrs M Massie
Mrs M R Osborne
NEXT
NI Live Vision Ltd
Noah and the Whale
Northern Ireland ladies' committee
Northern Ireland Polo Club
Northern Ireland special events committee
Northern Ireland young professionals committee
Olly Murs
Our events fundraisers
Our challenge event participants
Parker Plant Hire Limited
People's Health Trust
Percy Bilton Charity
Pipeline Industries Guild
Ray Cooney
Raymond Jaffe
Redtray
Reggie Ansah and *Luxure* Magazine
Richard Hawley
Sheffield and district hospital services Charitable Fund

Simon Broyd
Simplyhealth
Sir Jack Harvie
Skanska UK Plc
Slingshot Sponsorship
Solomon Nwabueze
Southdowns Housing Association
Sport England
Spotify
Sweet Causes Ltd
Total Hygiene
Toshiba
The Anson Charitable Trust
The Arts Council
The Cabinet Office: Social Action Fund
The Clare Milne Trust
The Co-operative Group
The Kathleen Laurence Trust
The David Lister Charitable Trust
The John James Bristol Foundation
The Leeds Y Factor committee
The Legacy Trust
The Maccabees
The Pears Foundation
The Priory Church of St Bartholomew the Great
The Recycling Factory
The Sheffield Y Factor Committee
Theodore Roussel Memorial Trust
The Times newspaper
Think Money
Waitrose
Will Young
Zochonis Charitable Trust

Looking ahead to 2013/14

During 2012/13, the Royal Mencap Society moved towards agreeing a new strategy. Our main aim is to change attitudes towards people with a learning disability so that they can lead happy and fulfilled lives.

We will work over the next three years to raise awareness of learning disability. We think this will help us achieve our long-term aim that people with a learning disability and their families:

- confirm they have the highest quality of life possible here and now
- enjoy supportive family connections
- are recognised and welcomed as part of their communities.

We will achieve our goals in the following ways.

- By maximising our impact for people with a learning disability and their families and carers, including:
 - growing our influence with decision-makers and practitioners
 - promoting a greater understanding of learning disability
 - campaigning to change public policy and practice
 - supporting more individuals
 - improving the tracking of improvement in our outcomes across our work.
- By maximising income through innovation, building relationships and improved returns including:
 - growing voluntary income
 - growing commissioned income
 - increasing our fundraising cost-income ratio.
- By transforming the organisation to meet the considerable challenges ahead, including:
 - maintaining and improving high staff engagement
 - embedding talent and performance management across Mencap
 - delivering information technology that allows our people to be effective
 - ensuring high-performing governance to allow robust decision-making and the achievement of our vision.

Accounts

Financial review

The Royal Mencap Society is funded by a mixture of income generated from providing services to local authorities and by receipt of donations and grants from individuals and charitable or non charitable organisations.

In broad terms, over 90% of Mencap's total expenditure is spent directly supporting people in their own homes, in education or into employment. This work continues to expand and Mencap leads the field in providing quality outcomes for people with a learning disability. We want these activities to grow.

Our voluntary-funded activities include all our external relations and community work. The amount of work we carry out in these areas very much depends on the amount of money people give us through fundraising, voluntary giving and legacies.

In the overview to our fundraising section, we mentioned the hugely successful work with The Co-operative Group in 2011/12. In the current year, we more than met our financial targets by generating a fundraising contribution after direct expenses of £8.4 million, being 2% above our target.

The outlook for funding our activities is challenging. It is anticipated that more income will be restricted to specific activities rather than being used at our discretion. This has meant we have had to realign the voluntary-funded aspects of our work to reduce costs, or otherwise find alternative sources of funding for our work.

Each year, we revalue our pension scheme in accordance with accounting rules. This year, our deficit has increased by £8.2 million from £19.8 million to £28.0 million. This contrasts with an increase of £1.4 million and decrease of £9.4 million in the previous two years. These changes demonstrate the volatility and are largely due to the changing conditions in the financial and inflation assumptions, which are outside our control.

The independent trustees of the Mencap pension scheme have completed their three-yearly valuation of the scheme, and together with Mencap have signed an agreed schedule of contributions which were in line with the previous agreement.

We have spent a significant amount of time examining our financial strategy in relation to the activities we want to deliver, but also to ensure we can meet our long-term pension obligations. Our ability to make good the pension deficit depends on Mencap being a strong and vibrant organisation.

Our financial strategy does not just need to focus on the needs of the pension scheme. We also need to make sure we have access to sufficient cash resources to sustain our aspirations to grow. We have few assets relative to the size of our income and we will look to find ways of attracting long-term capital in the future.

Golden Lane Housing has increased the amount of accommodation for people with a learning disability, providing 116 additional tenancies. The operations of Golden Lane

Housing returned a surplus of £0.8 million, which funded scheduled loan repayments and contributed to property purchases. You can find a fuller commentary on the activities and achievements of Golden Lane Housing in its annual report and accounts. Golden Lane Housing issued a bond at the end of the year aiming to raise £10 million. The target was reached and funds held on account by Capita Registrars were released to Golden Lane Housing on 2 July 2013. This bond will give a step change to their ability to grow, aiming at more than 150 additional tenancies in the coming year.

The AdCare Foundation has had a successful year making two significant grants. The most significant grant of £200,000 was to support the Gateway Beacon project. This grant is to enable a network of local clubs embedded in their communities, which empower and enable people with a learning disability to be socially active and accepted in their community and have an improved sense of wellbeing. The Foundation is continuing its strategy of giving grants to help people with a learning disability, and will reduce its investments over a number of years to fund this.

Our financial and business risks, reserves and investment policies are all interlinked. Our business risks highlight the need for reserves, and our financial management then determines how working capital is managed and how investment decisions are made. Our policies also recognise that the Mencap group comprises the four separate and distinct charities.

Recognising each of the four charities

The Royal Mencap Society accounts are made up of four charities:

- Royal Mencap Society (Mencap)
- Golden Lane Housing Limited (Golden Lane Housing)
- AdCare Foundation Limited (AdCare)
- NOFAS-UK

Mencap is the sole member of each charity. However, each charity has its own board of trustees that is accountable to its membership in meeting its respective charitable objectives. It should be noted that Mencap has no automatic right to the gross assets or reserves of these subsidiary charities of the group.

Note 3 to the accounts shows that the total income of all four charities is £196 million, with £10 million being received by Golden Lane Housing and the remainder largely by Mencap.

Each charity is engaged in different activities and manages its financial affairs in order to meet its charitable objectives most effectively. Each charity also has different tasks, needs and uses for financial management policies. The financial management objectives and reserves policies of Mencap reflect the policies of the four separate charities, rather than being a single group policy. Annually, each board of trustees considers what resources will be required to meet long-term objectives and obligations, and what the risks are in terms of achieving desired outcomes.

How each charity approaches its financial management, risks and reserves

Royal Mencap Society

The Royal Mencap Society (Mencap) expects to spend in the order of £190 million in 2013/14, about 90% of which is funded from contracts with government and local authorities. These contracts primarily support people with a learning disability. This work enables Mencap to directly support people with a learning disability and provides the opportunity to raise the standard of care people receive. Although this source of income is under constant pricing and cost pressures, it is much more predictable in the short term than the income received from fundraising activities.

Fundraising income is very important to Mencap. There is some flexibility over how the income can be spent, and it includes such activities as campaigning and providing support to Mencap local groups.

Mencap's balance sheet provides details of the operating assets employed in delivering services. It also includes details of the long-term commitment to the Mencap pension fund. Certain operating assets are classified as 'fixed', such as land and buildings, and others are shown as 'current' – for example, money that is owed to other parties, such as suppliers of goods and services.

The reserves policy for Mencap needs to address the following principal financial risks:

- In the short term, operating costs may exceed the related income. This is particularly applicable to activities that depend on fundraised income.
- The long-term pension liability can fluctuate widely, with adverse movements reducing the net assets and, as a consequence, Mencap's reserves quickly and significantly. Fluctuations in the pension liability are caused by economic and other factors that are outside the control or influence of Mencap.

The consequences to Mencap of its income being insufficient to cover its operating costs would be:

- an unsustainable reduction in 'liquidity' (the amount of available net cash that is required to undertake its activities)
- an unsustainable reduction in the level of its reserves (its capital position).

In order to mitigate the consequences of a rapid adverse change in liquidity, Mencap plans to ensure that it always has sufficient cash to meet its routine needs, such as paying staff and suppliers on a day-to-day basis. Mencap does this by developing and reviewing financial plans, budgets, forecasts and historic accounts, which enable us to monitor and forecast our cash requirements.

Because the cash we need does change over time, we use these three resources to manage the cash we have:

- Long-term loans secured against an asset
- Overdraft facilities or cash deposits to manage short-term cash fluctuations
- Long-term investments to provide cash for unforeseen events.

In common with much of the charity sector, we have limited reserves – especially when compared with the scale of activity.

This poverty of assets means that we need to ensure we always have sufficient cash available to meet operating requirements, support investments in activities and cope with short-term, unplanned fluctuations in cash needs. We always work to ensure that our financing arrangements match our aspirations to grow our activities.

Investments

Our investments are held for four purposes:

- (i) Around £8.3 million is held as a general fund that can be accessed to mitigate one-off risks that might arise from our activities.
- (ii) Approximately £6.2 million is held to fund the long-term work of our Mencap Visiting Service.
- (iii) A little over £446,000 is held for the benefit of our work in Northern Ireland and is likely to be used in the near future.
- (iv) AdCare holds a little over £1 million, which will be spent over the next few years.

In line with the investment review undertaken in 2011, the general fund, while being held for the long term, may be needed at short notice. Our policy is to hold 70% as bonds, with 30% being held in equities. The objective is to provide a long-term real return and Mencap is satisfied that the investments have achieved this outcome.

The funds for the Mencap Visiting Service are long term and we are able to plan the need to access these funds. We therefore keep 70% in equities and 30% in bonds for this portfolio. The Northern Ireland fund will be held as cash until it is required. AdCare will hold investments in bonds (80%) and cash (20%), given that it intends to use these funds over the next few years. We are satisfied that the investments have achieved their respective outcomes.

The second key financial risk is that of an unsustainable reduction in reserves due to the adverse change in the net pension liability. Both the gross liabilities and asset values of a pension fund can change significantly from year to year. There is no guarantee that a change in the level of gross liabilities of the fund will be compensated by an equal change in the value of the pension fund's assets. To mitigate this risk, Mencap seeks to ensure that it has sufficient reserves to meet adverse fluctuations in the level of this liability, although Mencap's stakeholders do not expect the charity to hold high levels of reserves, which could otherwise be used to further its aims and objectives.

Our net assets are reviewed to ensure they are at a level the trustees consider sustainable in the long term when compared with the size of borrowings, bearing in mind the impact of potential short-term fluctuations in the valuation of the pension provision.

Our reserves comprise: £ m

Restricted	8.2
Unrestricted	<u>(1.8)</u>
Total reserves	6.4

The charity's loans and borrowing facilities are £10.6 million of which £3.2 million (2012: £3.6 million) was utilised at 31 March 2013.

The unrestricted negative reserves are a result of providing for the long term pension liability in accordance with FRS17 of £28 million. Having reviewed the level of reserves and cash liquidity, allowing for the long-term nature of the pension liability, the trustees are satisfied that Mencap has sufficient liquid resources to meet its financial obligations for the next 12 months.

Golden Lane Housing

Golden Lane Housing has a spend of £8.7 million, the majority of which is funded by housing benefit. This allows us to provide housing for people with a learning disability.

The balance sheet includes operating assets and, apart from the property portfolio, there are no other investments.

The Nationwide loans and Triodos loans are secured via fixed legal charges against specific properties in the portfolio. Golden Lane Housing successfully negotiated a £19 million loan facility with Triodos, which enabled it to repay the Nationwide loans as they fell due. The charity maintains cash on deposit to meet day-to-day cash needs and has no overdraft facility. Liquidity is managed by ensuring efficient collection of rents (via housing benefit) to pay for loan repayments, maintenance and other liabilities.

The trustees have reviewed the reserves for the charity. The policy in relation to unrestricted reserves is set out in Golden Lane Housing's accounts.

At the end of the year, the charity had:

	£ m
Restricted	18.4
Designated	8.2
Unrestricted	<u>8.0</u>
Total reserves	34.6

Restricted funds recognise the value of assets that have been funded by capital contributions and would be repayable upon disposal of those related assets.

The AdCare Foundation

The AdCare Foundation has a policy to grant the money it has by way of donations to individuals, groups and organisations over the next few years. The expenditure plans for AdCare will enable this outcome to be achieved.

The reserves of AdCare, which are all unrestricted, were £661,000. In line with the strategy for this charity, it is anticipated that these will be spent over the next few years to further the charity's objectives.

NOFAS-UK

NOFAS-UK's reserves policy is to maintain sufficient reserves to enable operating activities to be maintained, taking into account potential risks that may arise from time to time. The policy is reviewed annually by trustees. Their reserves at the year end were:

	£'000
Restricted	20.1
Unrestricted	<u>0.0</u>
Total reserves	20.1

Structure, governance and management

Governance

The Royal Mencap Society is committed to maintaining the highest standards of governance and has determined that the organisation should comply with the principles outlined in the *Code of Governance for Voluntary Organisations*, which is approved by the Charity Commission.

The Royal Mencap Society is a company limited by guarantee, and a registered charity regulated by the Charity Commission and with the Office of the Scottish Charity Regulator. There are 46 members of the Royal Mencap Society who each agree to contribute in the event of the charity being wound up. Mencap is governed by its Articles of Association.

Ultimate responsibility for governance of the Royal Mencap Society is entrusted to the trustee board. As set out in the Articles of Association, up to seven of the trustees are elected by Royal Mencap Society members for a four-year term of office and up to five trustees are co-opted by the board of trustees for a four-year term. The chair of the Royal Mencap Society is also a trustee.

Trustee induction

Trustees, all of whom are voluntary, undergo an induction programme to allow them to familiarise themselves with their responsibilities, their role, the governance framework of the organisation and our work. New trustees are given a *Governance Handbook* which outlines the main policies and the governance structure of the Royal Mencap Society. The handbook uses the Governance Code as a framework.

Organisation

There are clear distinctions between the role of trustees and the leadership team. The board of trustees holds a range of reserved matters and delegates certain authority to the leadership team in order to run the organisation efficiently. Matters such as policy, strategy and budgets are prepared by the leadership team for consideration and approval by the trustees, who then monitor the implementation of these plans.

There are a number of subcommittees with clear terms of reference and role descriptions for members. They have trustee members and co-opted members who are appointed for their particular skills and knowledge.

The committees include: Audit and assurance, which monitors the control and risk management systems; Finance which monitors the organisation's financial results and policies; Remuneration and employment, which approves our reward strategy, oversees all senior management award proposals and recommends salary and benefits for the chief executive to the board of trustees; and Education and learning, which supports our education and learning activity. During the year, we disbanded the Governance committee as we felt that the governance of Mencap was a responsibility of all of the trustees.

We also have country and regional committees which provide trustees with a link to the wider Mencap family.

Statement of trustees' responsibilities

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

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 the group, and of the net incoming/outgoing resources of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities' SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and the group will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charity (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charitable company's constitution. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to auditor

Mencap's trustees are its company directors. Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware
- the director has taken all the steps that they ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

- they have had due regard to guidance by the Charity Commission in respect of Public Benefit.

Risk management and internal control

Mencap's key risks are grouped into four categories:

1. Capacity and capability – governance, management and infrastructure
2. Funding and cash flow
3. Major incidents causing business interruption/disruption
4. Safety and quality of direct services.

Funding remains a significant risk, with continuing pressure from service commissioners to reduce contract prices and with fundraising being ever more challenging, particularly in respect of unrestricted funding. The risks around our historically underfunded IT network and support systems are now being addressed, with priority being given to stabilisation and resilience in order to provide a sound base for business-critical applications.

Risks are identified and assessed at an operational, project and corporate level, against the agreed strategic aims and objectives. Periodic reports are provided to the board, highlighting the key risks and significant changes in risks.

The Audit and Assurance Committee reviews and monitors the risk management processes, including receiving regular reports on compliance and quality within our direct services. The committee is satisfied with the processes for identifying, managing and reporting risk at this operational level.

As part of our drive for continuous improvement, the management team is currently reviewing how the risk assessment and management process can be enhanced to improve our capability in anticipating and responding to risk at a corporate level. This will also allow the board to have greater clarity of the overall Mencap risk picture to make sure resources are directed to those aims that provide the greatest value to our beneficiaries.

On behalf of the trustees



Jim Glover
Chairman
24 July 2013

Independent auditor's report to the members and trustees of Royal Mencap Society

We have audited the financial statements of Royal Mencap Society (company number 550457) for the year ended 31 March 2013 set out on pages 37 to 72. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with section 44 (1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44 (1c) of the Charities and Trustee Investment (Scotland) Act 2005, and under the Companies Act 2006, and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the trustees' annual report and the message from the chairman to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2013 and of the group's 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the trustee's annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

N. Hashemi
Naziar Hashemi
Senior statutory auditor
For and on behalf of
Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: 7 August 2013

Group statement of financial activities for the year ended 31 March 2013 (incorporating an income and expenditure account)


		Restricted funds	Unrestricted funds	Total funds	Total funds
	Note	2013 £'000	2013 £'000	2013 £'000	2012 £'000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	3,064	9,905	12,969	19,081
Activities for generating funds	3	-	651	651	754
Investment income	4	4	56	60	63
Incoming resources in furtherance of charitable objects:					
Grants and other income receivable	5	3,464	169,542	173,006	171,693
Rental income	3	-	9,898	9,898	8,937
Other incoming resources:					
Profit on disposal of tangible fixed assets		-	-	-	69
Total incoming resources		6,532	190,052	196,584	200,597
Resources expended					
Costs of generating funds:					
Costs of generating voluntary income		330	5,347	5,677	6,667
Costs of activities for generating funds	3	-	279	279	288
Investment management costs		6	15	21	22
Charitable activities:					
Supporting people		5,214	178,110	183,324	172,193
Engaging and influencing key stakeholders		2,645	6,462	9,107	10,495
Governance costs		-	433	433	366
Total resources expended	6	8,195	190,646	198,841	190,031
Net (outgoing)/incoming resources for the year before transfers		(1,663)	(594)	(2,257)	10,566
Transfers between funds	16	(354)	354	-	-
Net (outgoing)/incoming resources before other recognised gains and losses		(2,017)	(240)	(2,257)	10,566
Unrealised loss on revaluation of tangible fixed assets					
	8	-	-	-	(5,855)
Gains on investments		834	858	1,692	818
Actuarial loss on defined benefit pension scheme	20	-	(9,331)	(9,331)	(2,201)
Net (decrease)/increase in funds		(1,183)	(8,713)	(9,896)	3,328
Fund balances brought forward at 1 April 2012	16	27,618	24,474	52,092	48,764
Fund balances carried forward at 31 March 2013		26,435	15,761	42,196	52,092

All of the group's activities for both of the above financial years relate to continuing operations. There are no recognised gains and losses for both of the above financial years, other than those shown above. The notes on pages 41-72 form part of these financial statements.

Group balance sheet as at 31 March 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	8		78,877		88,567
Investments	9		16,034		14,391
			94,911		102,958
Current assets					
Fixed assets held for sale	23	6,387		186	
Stock		40		15	
Debtors	11	19,336		21,327	
Cash at bank and in hand		10,031		11,242	
		35,794		32,770	
Creditors: amounts falling due within one year	12	(24,772)		(36,075)	
Net current assets/(liabilities)			11,022		(3,305)
Total assets less current liabilities			105,933		99,653
Creditors: amounts falling due after more than one year	13		(30,177)		(22,286)
Provisions for liabilities and charges	14		(5,564)		(5,496)
Net assets excluding pension scheme liabilities			70,192		71,871
Defined benefit pension scheme liability	20		(27,996)		(19,779)
Net assets including pension scheme liabilities			42,196		52,092
Funds					
Restricted funds	16		26,435		27,618
Unrestricted funds:					
Unrestricted income funds		33,445		33,941	
Revaluation reserve		10,312		10,312	
Unrestricted funds excluding pension liability		43,757		44,253	
Pension reserve		(27,996)		(19,779)	
Total unrestricted funds	16		15,761		24,474
			42,196		52,092

The financial statements were approved and authorised for issue by the trustees on 24 July 2013 and signed on their behalf by:


 Jim Glover
 Chairman


 Fred Worth
 Trustee

The notes on pages 41-72 form part of these financial statements.

Charity balance sheet as at 31 March 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	8		11,897		19,667
Investments	9		14,992		13,404
			26,889		33,071
Current assets					
Fixed assets held for sale	23	6,387		186	
Stock		22		-	
Debtors	11	25,023		27,414	
Cash at bank and in hand		5,744		6,979	
		37,176		34,579	
Creditors: amounts falling due within one year	12	(20,592)		(21,822)	
Net current assets			16,584		12,757
Total assets less current liabilities			43,473		45,828
Creditors: amounts falling due after more than one year	13		(3,479)		(3,576)
Provisions for liabilities and charges	14		(5,558)		(5,490)
Net assets excluding pension scheme liabilities			34,436		36,762
Defined benefit pension scheme liability	20		(27,996)		(19,779)
Net assets including pension scheme liabilities			6,440		16,983
Charity funds					
Restricted funds			8,208		8,553
Unrestricted funds:					
Unrestricted income funds		15,916		17,897	
Revaluation reserve		10,312		10,312	
Unrestricted funds excluding pension liability		26,228		28,209	
Pension reserve		(27,996)		(19,779)	
Total unrestricted (deficit)/funds			(1,768)		8,430
			6,440		16,983

The financial statements were approved and authorised for issue by the trustees on 24 July 2013 and signed on their behalf by:

Jim Glover
Chairman



Fred Worth
Trustee



The notes on pages 41-72 form part of these financial statements.

Group cash flow statement for the year ended 31 March 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	(a)	1,674	10,928
Returns on investments and servicing of finance	(b)	(1,184)	(1,356)
Capital expenditure and financial investment	(c)	445	(2,937)
Net cash inflow before financing		935	6,635
Financing	(d)	(2,146)	(1,704)
(Decrease)/increase in cash for the year	(e)	(1,211)	4,931

Reconciliation of net cash flow to movement in net debt for the year ended 31 March 2013

	2013 £'000	2012 £'000
(Decrease)/increase in cash in the year	(1,211)	4,931
Cash outflow from decrease in debt and lease financing	2,146	1,704
Change in net debt resulting from cash flows	935	6,635
Net debt at 1 April 2012	(24,511)	(31,146)
Net debt at 31 March 2013	(23,576)	(24,511)

The notes on pages 41-72 form part of these financial statements.

Notes to the group cash flow statement for the year ended 31 March 2013

(a) Reconciliation of net (outgoing)/incoming resources to net cash inflow from operations

	2013 £'000	2012 £'000
Net (outgoing)/incoming resources before other recognised gains and losses	(2,140)	10,579
Returns on investments and servicing of finance	1,184	1,356
Adjustment for pension funding	(1,114)	(848)
Depreciation of fixed assets	2,890	1,722
Loss/(profit) on sale of fixed assets	203	(69)
(Increase)/decrease in stocks	(25)	2
Decrease/(increase) in debtors	1,991	(829)
(Decrease)/increase in creditors	(1,266)	1,567
Increase/(decrease) in provisions	68	(2,539)
Gains on disposals of investment assets	(117)	(13)
Net cash inflow from operating activities	1,674	10,928

2013 £'000	2012 £'000
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(b) Returns on investments and servicing of finance

Investment income	-	23
Management charges on investments	(21)	(22)
Interest received	60	40
Interest paid	(1,179)	(1,357)
Interest element of finance lease rentals	(44)	(40)
Net cash outflow from returns on investments and servicing of finance	(1,184)	(1,356)

2013 £'000	2012 £'000
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(c) Capital expenditure and financial investment

Purchase of tangible fixed assets	(1,610)	(3,358)
Shared investment contribution	(696)	5
Purchase of listed investments	(1,167)	(8,149)
Disposals of tangible fixed assets	2,702	430
Disposals of listed investments	1,216	8,135
Net cash inflow/(outflow) from capital expenditure and financial investment	445	(2,937)

	2013 £'000	2012 £'000	
(d) Financing			
Capital element of finance lease payments	232	(81)	
Loan repayments	(2,378)	(1,623)	
	<hr/>	<hr/>	
Net cash outflow from financing	(2,146)	(1,704)	
 (e) Analysis of changes in net debt			
	1 April 2012 £'000	Cash flow £'000	31 March 2013 £'000
Cash at bank and in hand	11,242	(1,211)	10,031
Debt:			
Finance leases	(437)	(232)	(669)
Debt due within one year	(13,278)	10,087	(3,191)
Debt due after one year	(22,038)	(7,709)	(29,747)
	<hr/>	<hr/>	<hr/>
Net debt	(24,511)	935	(23,576)

Notes to the financial statements for the year ended 31 March 2013

1. Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006, applicable accounting standards and the Statement of Recommended Practice Accounting and Reporting by Charities (Charities' SORP 2005) published in March 2005.

The principal accounting policies adopted are described below:

(a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, current assets and listed investments which are marked to market at the balance sheet date.

(b) Going concern

The financial statements have been prepared on a going concern basis as Mencap considers that it has adequate resources to continue in operational existence for the foreseeable future.

(c) Basis of consolidation

The consolidated accounts incorporate the charity (Royal Mencap Society), and the three charities (Golden Lane Housing Limited, AdCare Foundation Limited and NOFAS-UK) of which the charity, in all cases, is the sole member. Each charity within the Mencap group is a separate registered charity governed by its own Memorandum and Articles of Association. Additionally, the charity's trading subsidiaries as disclosed in the accounts are fully consolidated, as in all cases the charity is the sole member.

Mencap claims exemption from the requirement to file an individual Statement of Financial Activities under section 408 of the Companies Act 2006 and paragraph 397 of the Charities SORP 2005.

(d) Incoming resources

i) Voluntary income

Donations

Donations are accounted for when conditions for their receipt have been met and there is reasonable certainty of receipt and the amount receivable can be reliably estimated.

Legacies

Legacies are accounted for when notified, providing the amount can be reliably ascertained and that ultimate receipt is reasonably certain.

Life interests

Legacies include legacies with a life interest held by another party. Given the length of time these interests may take before they are realised, and the inherent

uncertainties, no income is accounted for until the estate's accounts are finalised and the income is received by Mencap.

Trusts and Community Fund

Grants from trusts and lottery funds are accounted for as receivable as and when conditions for their receipt have been met.

Gifts in kind

Donated services and gifts in kind are included at the value to Mencap, where this can be quantified. Where this is possible, the donated services and gifts in kind are valued at their estimated open market value. The value of services provided by volunteers has not been included in these accounts.

ii) Activities for generating funds

Trading and other activities

Income from trading, contracted services and other activities is accounted for when earned. Income which has been earned, but which has not yet been received, is accrued as being earned. Income which has not yet been earned, but which has been received, is accounted for as deferred income.

iii) Investment income

Investment income is accounted for when receivable.

iv) Grants receivable and other income receivable

Grants receivable are recognised in the Statement of Financial Activities when received or the charity becomes entitled to receipt. Grants that have been received will be treated as deferred income where there is a specific requirement in the terms of the grant that the income recognition is dependent on certain activities being completed in a future accounting period(s).

v) Rental income

Rental income is recognised when earned.

(e) Allocation of costs to direct charitable expenditure and other expenditure

The charity's cost of operating includes staff costs, rent and other related costs. Such costs are allocated between charitable activities, generating funds and support. All costs are accounted for on an accruals basis.

(f) Basis of allocation of support costs

Support costs are allocated to the different categories of activities based on a judgement of the percentage the specific activity represents in relation to the total non-support expenditure.

Support costs include processing and administration, budgeting and accounting, quality assurance, human resources and information technology.

(g) Governance costs

These comprise costs associated with the governance arrangements of the charity as opposed to those costs associated with fundraising, charitable activity and support. These include national assembly, trustee expenses and internal and external audit costs.

(h) Pension costs

Mencap defined benefit scheme was closed to new entrants on 1 October 2001 and closed to future service benefit accrual with effect from 31 March 2009. The charity also contributes to a defined contribution scheme, which was opened on 1 April 2002 and is operated by Winterthur UK Limited.

Mencap also participates in a number of local government pension schemes in relation to a small number of staff who have transferred over to Mencap. Mencap participates in these schemes by way of admission agreements. Full provision has been made according to FRS17 in the financial statements in relation to two of the schemes. However as the liability per FRS17 is not material, disclosure has been limited so as not to distort or overstate the importance of these schemes.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities.

The actuarial valuations are obtained every three years. The FRS 17 valuation is updated at each balance sheet date and the resulting defined benefit asset or liability, is shown separately after other net assets on the face of the balance sheet. This defined benefit asset or liability is also disclosed separately within the unrestricted funds.

For the defined benefit schemes, the amounts charged in resources expended are the current service costs which are included within staff costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested.

Defined actuarial gains and losses are recognised immediately under 'Other recognised gains and losses'.

The defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee-administered funds.

If members of the defined benefit pension schemes have not yet retired, their costs are recognised over the period leading to retirement. Further details of the nature of these costs are given in Note 20: Pension schemes.

For defined contribution schemes, the amount charged to the Statement of Financial Activities in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(i) Tangible fixed assets

Office properties and colleges are held at professional valuation. Residential property is held at cost, less contributions from individuals and their families where applicable. Shared investment contributions are accounted for where individuals or families have a right to an equity share of the property on disposal, including any resulting profit or loss. The professional valuation exercise for freehold and leasehold property assets does not separately identify land.

Depreciation is provided so as to write off the cost of the assets net of any shared investment contributions in equal instalments over the estimated useful lives of the assets. The depreciation rates used for other assets are as follows:

Freehold and long leasehold buildings	1% - 10% per annum
Fixtures, fittings and equipment	10% - 33% per annum
Motor vehicles	25% per annum

Tangible fixed assets costing more than £2,000 have been capitalised.

Tangible fixed assets are subject to review for impairment/accelerated depreciation where there is an indication of a reduction in their carrying value. Any impairment/accelerated depreciation is recognised in the Statement of Financial Activities in the year in which it occurs.

Property assets which are anticipated to be disposed of within a year of the balance sheet date are accounted for as current assets.

(j) Contingent liability

A number of properties have been acquired over the past years with resources provided by local councils. Some of these properties held are subject to a separate charge that requires either a share or all of the proceeds on sale to be returned to the local councils, if the specific properties do not continue to be used for their current purpose. As there is currently no intention to stop using these assets for their current use, the potential liability has not been recorded in the balance sheet. £267,750 of assets included on the balance sheet are subject to these charges.

(k) Leases

Assets held under finance leases and the related obligations are recorded in the balance sheet at the fair value of the leases. The amounts by which lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the Statement of Financial Activities as they fall due.

(l) Investments

Investments are stated at market value except for investments in trading subsidiaries. Realised and unrealised gains and losses are combined and shown in the appropriate section of the Statement of Financial Activities. Investments in subsidiaries are stated at net cost less any provision for impairment.

(m) Stocks

Stocks, which comprise stationary and goods for resale, are stated at the lower of cost and net realisable value.

(n) Mencap Visiting Service

A provision is made to cover the estimated future liability in respect of the scheme. In estimating the provision, account is taken of the estimated number of years that the service will be provided to individuals as well as estimated future inflation rates and rates of return on investments associated with the scheme. The discount rates used in calculating this liability are consistent with rates used in determining our pension liability under FRS 17.

Investments held within Mencap to cover the liability of providing the Mencap Visiting Service are held in trust for this purpose.

(o) Restatement of prior year numbers

Mencap has restated prior year numbers where necessary to maintain comparability.

(p) Funds

The charitable companies within the group maintain various types of fund as follows:

Restricted funds are those which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charities for particular purposes.

Unrestricted funds are funds which are expendable at the discretion of the trustees in furtherance of the objects of the charities.

Designated funds are unrestricted funds which have been set aside by the trustees of the charities for specific purposes. The aim and use of each designated fund is set out in the notes to the financial statements along with estimated timescales as to when the funds will be spent.

2. Voluntary income

	Restricted funds £'000	Unrestricted funds £'000	Total 2013 £'000	Total 2012 £'000
(a) Donations	56	3,327	3,383	3,846
Total donations income	56	3,327	3,383	3,846
(b) Legacies receivable	412	5,788	6,200	5,429
Total legacies income	412	5,788	6,200	5,429

Mencap has been notified of a number of legacies which have not been included in the Statement of Financial Activities as the criteria for recognition have not been met. At 31 March 2013, these are estimated to be £0.1 million (2012: £0.1 million).

	Restricted funds £'000	Unrestricted funds £'000	Total 2013 £'000	Total 2012 £'000
(c) Trust fund				
Art Council for We Dance	10	-	10	-
Children in Need for Play Our Way	75	-	75	94
Comic Relief for Older Voices	40	-	40	-
Donald Forrester Trust for Bags of Ability	-	-	-	5
Friends of Forrest Neighbourhood	-	-	-	101
Homes Trust	-	-	-	330
Griffiths Newton Trust - for Community	15	-	15	15
Kathleen Laurence CT - CBAs	45	-	45	47
Legacy Trust for We Dance	-	-	-	202
Newham Society	-	-	-	
People's Health Trust for Gateway Active	572	-	572	264
Renton Foundation for Involve Me	-	-	-	48
Social Care Institute for Excellence	-	-	-	14
Mental Capacity Act	-	-	-	
Zachonis Trusts for Mencap on the Move	-	30	30	30
Subtotal	757	30	787	1,150
Other	48	50	98	98
Total trust income	805	80	885	1,248

	Restricted funds £'000	Unrestricted funds £'000	Total 2013 £'000	Total 2012 £'000
(d) Community Fund/Big Lottery Fund				
Arts Council England for We Dance	-	-	-	10
Big Lottery Fund Northern Ireland/Live and Learn for Live Net	186	-	186	200
Big Lottery Fund Wales/Stepping Stones for Cer Amdani	-	-	-	25
Big Lottery Fund Northern Ireland/ Safe and Well for Young People Together	219	-	219	180
Big Lottery Fund/Young People's Fund 2 for Raising Your Game	1,083	-	1,083	1,019
Building Change Trust for Early Intervention Service, Northern Ireland	2	-	2	-
Comic Relief for Older Voices	-	-	-	40
Heritage Lottery Fund for Hidden Now Heard	14	-	14	-
Sport England for the Inclusive Sport Project	104	-	104	70
Inspire Me Plus	-	-	-	116
Total Community Fund/Big Lottery Fund	1,608	-	1,608	1,660
(e) Organisations raising significant funds				
The Co-operative Group (Charity of the Year)	65	-	65	5,883
Skanska	-	-	-	27
MBNA	-	38	38	42
RPC	4	-	4	25
SimplyHealth	-	-	-	50
GlaxoSmithKline	60	-	60	-
International Power	-	25	25	-
De Poel	-	51	51	-
Gemserve	-	12	12	-
Other	12	505	517	794
Total organisations raising significant funds	141	631	772	6,821
(f) Gifts in kind	42	79	121	77
Total voluntary income	3,064	9,905	12,969	19,081

3. Net income of group companies, including consolidation entries

	Blue Sky Housing Ltd £'000	Mencap Trust Co. Ltd £'000	Mencap Ltd £'000	Mencap Promotions Ltd £'000	Total 2013 £'000	Total 2012 £'000
Trading subsidiaries						
Turnover	-	243	76	332	651	753
Cost of sales	-	(47)	(63)	(114)	(224)	(229)
Gross profit	-	196	13	218	427	524
Administration costs	(2)	(192)	(11)	(42)	(247)	(59)
Net (loss)/profit	(2)	4	2	176	180	465
Paid to Mencap under Gift Aid	-	(4)	-	(176)		
Retained in subsidiaries	(2)	-	2	-		

The costs of all the above subsidiaries are included in the 'Group Statement of Financial Activities' under costs of activities for generating funds, less any transactions between companies within the Mencap group. If these consolidation entries are excluded, the total net profit would increase by an additional £192,000 bringing the total to £372,000.

	Royal Mencap Society £'000	Golden Lane Housing £'000	AdCare Foundation £'000	NOFAS- UK £'000	Total 2013 £'000	Total 2012 £'000
Charitable companies						
Incoming resources	185,977	9,782	5	169	195,933	199,844
Resources expended	(174,454)	(6,590)	(270)	(58)	(181,372)	(172,845)
Income/(expenditure) for the year before administration costs	11,523	3,192	(265)	111	14,561	26,999
Administration costs	(14,741)	(2,351)	(2)	(96)	(17,190)	(16,898)
Net (outgoing)/incoming resources for the year before transfers	(3,218)	841	(267)	15	(2,629)	10,101
Realised gain on investments	117	-	-	-	117	13
Net (expenditure)/income	(3,101)	841	(267)	15	(2,512)	10,114

Included in the rental income of £9.9 million shown in the group Statement of Financial Activities is £9.3 million from Golden Lane Housing (2012: £8.6 million). The balance is from other sources.

	Total 2013 £'000	Total 2012 £'000
Reconciliation of net (outgoing)/incoming resources for the year before transfers		
Group statement of financial activities net (outgoing)/incoming resources for the year before transfers	(2,257)	10,566
Trading subsidiaries' net profit adjusted for consolidation entries	372	465
Charitable companies' net (outgoing)/incoming resources for the year before transfers	(2,629)	10,101
	(2,257)	10,566

4. Investment income

	Group 2013 £'000	Group 2012 £'000
Income from listed investments in the UK	-	23
Bank interest	60	40
	60	63

5. Grants and other income receivable

Belfast Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	290	292
Carmarthenshire County Council for Family adviser service, Children's information officer and welfare benefits advice service	71	75
Schools and Regional Colleges for employment services in Northern Ireland	58	-
Department for Employment & Learning (NI) for employment services	104	113
Department of Health, Social Services and Public Safety (NI) – Children's Fund for Shout Out project in Northern Ireland	-	10
Department of Health, Social Services and Public Safety (NI) core grant	110	112
Department of Health for Raising Our Sights	-	85
CAWT	5	-
Dudley Borough Council Early Years Children's Disabilities Team taking early years services through Me2 award	-	15
Dudley Borough Council decision-making in short breaks	28	28
EU British Council for Shout Out project	-	12
European Social Fund for employment services in Northern Ireland	531	638
Health and social services boards for Segal House nursery, area manager, information, advocacy and children services in Northern Ireland	138	78
Health and Social Care Volunteering Fund/Department of Health for Getting It Right – From The Start	117	200
Northern Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	98	104
Northern Ireland Housing Executive for Supporting People Grant	587	525
South Eastern Health and Social Care Trust for children and adults in Northern Ireland	266	265
Southern Health and Social Care Trust for children, adults and information services and area manager in Northern Ireland	256	307
Sure Start Partnerships in Northern Ireland for play adviser services	53	49
Vodafone World of Difference	-	3
Welsh Assembly Government funding for core activities, independent support and information services, campaigning and information	177	193
Western Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	223	180
Youth Council Northern Ireland core grant	89	87
Department of Health for Parent Pioneers	184	-
Cabinet Office for Inspire Me +	489	-
Parker Plant Hire Ltd	7	-
Subtotal	3,881	3,371
All other grants and other income receivable	169,125	168,322
Total grants and other income receivable	173,006	171,693

6a. Total resources expended

	Staff costs £'000	Depreciation £'000	Other direct costs £'000	Other allocated costs £'000	Total 2013 £'000	Total 2012 £'000
Costs of generating voluntary income	2,130	1	3,180	366	5,677	6,667
Trading costs of subsidiaries	33	4	242	-	279	288
Investment management costs	-	-	21	-	21	22
Supporting people	130,672	2,224	36,621	13,807	183,324	172,193
Engaging and influencing key stakeholders	6,171	10	2,383	543	9,107	10,495
Governance	231	-	177	25	433	366
Support	10,265	651	3,825	(14,741)	-	-
	149,502	2,890	46,449	-	198,841	190,031

6b. Support costs allocated

	Facility management £'000	Processing and support £'000	Finance £'000	IT £'000	HR and pension £'000	Management support and quality £'000	Total 2013 £'000	Total 2012 £'000
Costs of generating voluntary income	42	92	76	66	90	-	366	374
Supporting people	729	3,027	2,158	2,171	2,918	2,804	13,807	14,325
Engaging and influencing key stakeholders	10	152	126	109	146	-	543	203
Governance	-	7	6	5	7	-	25	20
	781	3,278	2,366	2,351	3,161	2,804	14,741	14,922

6c. Governance costs

	Total 2013 £'000	Total 2012 £'000
External audit fees	62	61
Internal audit	74	64
Annual report and AGM	13	19
Trustee meetings and staff support costs	57	59
Expenses reimbursed to trustees	11	10
Legal costs	84	80
Governance and planning	82	-
Support costs	25	20
Other	25	53
	433	366

7. Net (outgoing)/incoming resources for the year

	Group 2013 £'000	Group 2012 £'000
Net (outgoing)/incoming resources for the year are stated after charging		
Depreciation		
Own assets	2,661	1,459
Leased assets	229	263
Rentals under operating leases		
Land and buildings	1,028	1,947
Interest payable		
Interest element of finance leases	44	40
Bank interest	1,179	1,357
FRS 17 expenditure movement for the year	(1,114)	(848)
Auditor's remuneration		
Audit of the group	87	73
Non-audit work		
Tax	16	8
Other	3	2

Included in the audit fee charged for the group was £62,010 (2012: £60,900) for the audit of the parent charity.

8. Tangible fixed assets

(a) Group

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Software £'000	Total £'000
Cost or valuation							
Balance at 1 April 2012	88,446	8	6,013	4,907	2,769	198	102,341
Additions	425	605	-	-	544	36	1,610
Disposals	(2,669)	-	(104)	-	(303)	-	(3,076)
Transfers Between classes and held for sale	(7,185)	(8)	-	(2,051)	(44)	-	(9,288)
Balance at 31 March 2013	79,017	605	5,909	2,856	2,966	234	91,587
Accumulated depreciation							
Balance at 1 April 2012	4,020	-	514	3,360	2,370	13	10,277
Charge for the year	2,030	-	51	528	234	47	2,890
Disposals	(129)	-	(10)	-	(268)	-	(407)
Transfers between classes and held for sale	(1,319)	-	-	(1,488)	(44)	-	(2,851)
Balance at 31 March 2013	4,602	-	555	2,400	2,292	60	9,909
Net book value at 31 March 2013	74,415	605	5,354	456	674	174	81,678
Less: shared investment contribution	(1,934)	-	(867)	-	-	-	(2,801)
	72,481	605	4,487	456	674	174	78,877
Net book value at 31 March 2012	84,426	8	5,499	1,547	399	185	92,064
Less: shared investment contribution	(2,685)	-	(812)	-	-	-	(3,497)
	81,741	8	4,687	1,547	399	185	88,567

Included in motor vehicles of the company and the group are assets held under finance leases with a net book value of £0.6 million (2012: £0.5 million).

The freehold interest in the office buildings and college sites of the charity were valued at 31 March 2012 on an Existing Use Value basis, assuming the properties are not surplus to the charity's use. The valuation of the offices and colleges were carried out by Gould & Co., Bruton Knowles, Campbell Cairns, and Hampton Estates; all chartered surveyors, depending on the location and type of property. All four firms are independent of the charity. These valuations were carried out in accordance with the Red Book Guidelines, as set out in RICS Valuation Standards – Global and UK May 2011 as well as the Charity Commission's Statement of Recommended Practice (SORP) (2005).

Tangible fixed assets (group) continued

Freehold land and buildings analysed according to colleges, houses and offices

	Colleges £'000	Houses £'000	Offices £'000	Total £'000
Cost or valuation				
Balance at 1 April 2012	7,000	74,954	6,492	88,446
Additions	-	425	-	425
Disposals	-	(2,669)	-	(2,669)
Transfers between classes and held for sale	(7,000)	5	(190)	(7,185)
Balance at 31 March 2013	-	72,715	6,302	79,017
Accumulated depreciation				
Balance at 1 April 2012	-	3,980	40	4,020
Charge for the year	1,319	566	145	2,030
Disposals	-	(129)	-	(129)
Transfers between classes and held for sale	(1,319)	2	(2)	(1,319)
Balance at 31 March 2013	-	4,419	183	4,602
Net book value at 31 March 2013	-	68,296	6,119	74,415
Less: shared investment contribution	-	(1,934)	-	(1,934)
	-	66,362	6,119	72,481
Net book value at 31 March 2012	7,000	70,974	6,452	84,426
Less: shared investment contribution	-	(2,685)	-	(2,685)
	7,000	68,289	6,452	81,741

Tangible fixed assets

(b) Charity

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
Balance at 1 April 2012	18,663	10	76	4,903	2,769	26,421
Additions	-	523	-	-	544	1,067
Disposals	-	-	-	-	(303)	(303)
Transfers between classes and held for sale	(7,190)	(10)	-	(2,047)	(44)	(9,291)
Balance at 31 March 2013	11,473	523	76	2,856	2,966	17,894
Accumulated depreciation						
Balance at 1 April 2012	968	-	56	3,360	2,370	6,754
Charge for the year	1,600	-	2	528	234	2,364
Disposals	-	-	-	-	(268)	(268)
Transfers between classes and held for sale	(1,321)	-	-	(1,488)	(44)	(2,853)
Balance at 31 March 2013	1,247	-	58	2,400	2,292	5,997
Net book value at 31 March 2013	10,226	523	18	456	674	11,897
Net book value at 31 March 2012	17,695	10	20	1,543	399	19,667

Tangible fixed assets (charity) continued

Freehold land and buildings analysed according to colleges, houses and offices

	Colleges £'000	Houses £'000	Offices £'000	Total £'000
Cost or valuation				
Balance at 1 April 2012	7,000	5,171	6,492	18,663
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers between classes and held for sale	(7,000)	-	(190)	(7,190)
Balance at 31 March 2013	-	5,171	6,302	11,473
Accumulated depreciation				
Balance at 1 April 2012	-	928	40	968
Charge for the year	1,319	136	145	1,600
Disposals	-	-	-	-
Transfers between classes and held for sale	(1,319)	-	(2)	(1,321)
Balance at 31 March 2013	-	1,064	183	1,247
Net book value at 31 March 2013	-	4,107	6,119	10,226
Net book value at 31 March 2012	7,000	4,243	6,452	17,695

9. Fixed asset investments

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Equities				
Market value at 1 April 2012	5,970	3,584	5,970	3,584
Acquisitions	256	2,280	256	2,280
Disposals	(832)	(212)	(832)	(212)
Net investment gains	1,148	318	1,148	318
Market value at 31 March 2013	6,542	5,970	6,542	5,970
Bonds, cash and cash instruments				
Market value at 1 April 2012	8,421	9,975	7,434	9,058
Acquisitions	911	5,869	875	5,806
Disposals	(384)	(7,923)	(346)	(7,875)
Net investment gains	544	500	487	445
Market value at 31 March 2013	9,492	8,421	8,450	7,434
Total market value at 31 March 2013	16,034	14,391	14,992	13,404
Cost at 31 March 2013	13,594	13,496	12,692	12,593

Included in the market value of investments is an amount for the Mencap Visiting Service of £6.2 million (2012: £5.4 million). This amount is held in a separate investment fund for the purpose of funding the scheme in future years. The liability of the scheme is shown in Note 14.

	Equities 2013 £'000	Bonds, cash and cash instruments 2013 £'000	Total 2013 £'000
Group			
Listed on UK Stock Exchange	6,542	-	6,542
UK bonds, cash and cash instruments	-	9,492	9,492
Market value at 31 March 2013	6,542	9,492	16,034
Market value at 31 March 2012	5,970	8,421	14,391
Charity			
Listed on UK Stock Exchange	6,542	-	6,542
UK bonds, cash and cash instruments	-	8,450	8,450
Market value at 31 March 2013	6,542	8,450	14,992
Market value at 31 March 2012	5,970	7,434	13,404

10. Subsidiaries

The charity owns 100% of the issued capital of the following companies, of which AdCare Foundation Limited, Golden Lane Housing Limited and NOFAS-UK are registered charities in their own right:

Subsidiary undertaking	Principal activity	Net assets/(liabilities) £'000
AdCare Foundation Limited	Trust management	662
Blue Sky Housing Limited	Property development	(5)
Golden Lane Housing Limited	Property management and development	34,631
Mencap Limited	Mail order catalogue selling gifts and Christmas cards	(98)
Mencap Promotions Limited	Promotional and other special events	-
Mencap Trust Company Limited	Discretionary trust management	31
NOFAS-UK	Raise awareness and support for those affected by foetal alcohol syndrome disorder	20

All of the above are registered in England and Wales. The governance of the charities, of which Mencap is the sole member, is maintained by their board of trustees that acts to deliver the objectives of each charity.

The above undertakings form part of the group consolidation. Mencap has no automatic right to the gross assets or reserves of Golden Lane Housing Limited and AdCare Foundation Limited.

11. Debtors

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Trade debtors	13,570	11,621	13,190	11,243
Amount due from group undertakings	-	-	6,679	7,081
Other debtors	700	2,596	542	2,514
Prepayments	974	865	733	677
Accrued income	4,092	6,245	3,879	5,899
	19,336	21,327	25,023	27,414

Included in the net amounts due from group undertakings is a loan from the charity to Golden Lane Housing Limited for £5.71 million (2012: £6.04 million) of which £0.32 million is due within one year. The loan is to be repaid in full over a period of 25 years from initial drawdown, which was in 2007; capital paid quarterly, interest paid monthly and charged at an interest rate of 0.5% below Bank of England base rate.

12. Creditors: amounts falling due within one year

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Obligations under finance leases	239	189	239	189
Local society creditors	48	50	48	50
Trade creditors	2,237	1,193	2,022	1,056
Taxation and social security costs	3,685	5,828	3,685	5,828
Other creditors	4,429	4,261	4,346	4,155
Accruals	5,550	6,340	4,617	5,433
Deferred income	5,393	4,936	5,354	4,832
Current portion of long-term loans	3,191	13,278	281	279
	<u>24,772</u>	<u>36,075</u>	<u>20,592</u>	<u>21,822</u>

	Group 2013 £'000	Charity 2013 £'000
Deferred income movement:		
Balance 1 April 2012	4,936	4,832
Amount released in the year	(4,936)	(4,832)
Amount deferred in the year	5,393	5,354
Balance at 31 March 2013	<u>5,393</u>	<u>5,354</u>

13. Creditors: amounts falling due after more than one year

	Group 2013 £'000	Group 2012 £'000	Charity 2013 £'000	Charity 2012 £'000
Obligations under finance leases, two to five years	430	248	430	248
Debenture loan	-	1,778	-	-
Bank loans	29,747	20,260	3,049	3,328
	<u>30,177</u>	<u>22,286</u>	<u>3,479</u>	<u>3,576</u>

Mencap

In 2007, Mencap obtained a loan for £1.5 million, repayable in equal instalments over 25 years, at an interest rate of LIBOR plus 1.0125%. As at 31 March 2013, the value of the loan stood at £1.2 million. The loan agreement is secured by an unlimited guarantee between Royal Mencap Society, Blue Sky Housing Limited, Mencap Limited, Mencap Promotions Limited and Mencap Trust Company Limited. It is further secured by a first legal charge over our property in Peterborough.

Mencap has obtained two loans from Futurebuilders England Limited (FBE). On 17 March 2010, a modernisation loan of £0.4 million was obtained, which is interest-free and repayable over five years. A further loan of £2.2 million was obtained on 11 May 2011 and carries a 2.0% interest rate for the first five years after which time the interest rate will revert to the FBE standard rate. The loan is for 10 years with a repayment profile over a period of 18 years. At the end of the 10th year, there will be a balloon payment. On 31 March 2013, the balance of these loans stood at £0.2 million and £1.9 million respectively.

Golden Lane Housing

On 2 April 2003, Golden Lane Housing issued, through Triodos Bank NV, a prospectus offering for subscription up to 60,000 Housing Investment Bonds with a nominal value of £100 each. The purpose of the Housing Bond issue was to raise capital with which to purchase properties to rent to people with a learning disability. The total value of bonds issued at the closing date of 31 January 2004 was £1,754,200. Issue costs of £184,000 have been deducted from the initial value of the bond. Additional bonds with a value of £39,000 were issued in the year to 31 March 2005. Additional bonds with a value of £100,000 were issued in the year to 31 March 2007.

The bonds were repaid in full on 30 April 2013.

The interest on the bonds is paid annually at the rate of the annual percentage change in inflation (as measured by the Headline Inflation Rate) plus 1%, capped at a maximum interest rate of 6.5%.

In February 2013, Golden Lane Housing issued a bond offering through Triodos Bank. An Investment Memorandum is offering for subscription up to 100,000 Housing Investment Bonds with a nominal value of £100 each. The purpose of the Housing Bond Issue is to raise capital with which to purchase properties to rent to people with a learning disability. Funds are being raised and held on account by Capita registrars and will not be released to Golden Lane Housing until 1 May 2013.

During the year, Golden Lane Housing successfully refinanced with Triodos all loans that were scheduled for repayment. Currently all the loans obtained to support their work are provided by Nationwide Building Society and Triodos. They are secured on freehold land and buildings and include £7.9 million of fixed term loan finance from Nationwide Building Society, and £19.9 million of loans from Triodos.

The interest rates for the loans provided by Nationwide are a combination of fixed and variable rates. The fixed rate loan matures on 19 June 2025. The balance of the loans are provided at variable interest rates which are repayable over 25 years and an element of the loans are repayable on 31 August 2014. The interest rate for the loans through Triodos are variable.

The group loans are repayable as follows:

	Group 2013 £'000	Group 2012 £'000
Under one year	3,191	13,278
Between one and two years	7,415	2,774
Between two and five years	2,929	9,576
Over five years	19,403	9,688
	32,938	35,316

14. Provisions for liabilities and charges

	Group 2013 £'000	Group 2012 £'000
Balance at 1 April 2012	5,496	8,035
(Decrease)/increase in Mencap Visiting Service provision	(377)	199
Increase/(decrease) in restructuring and other provisions	445	(2,738)
	5,564	5,496
Balance at 31 March 2013	5,564	5,496

Of the above amount, £3.9 million (2012: £4.3 million) is in respect of the future liability for costs of the Mencap Visiting Service. This is a closed scheme whereby Mencap has undertaken to visit members of the scheme after the death of their parents or guardians.

Within the Group balance of £5.6 million, a provision of £5,500 has been made within NOFAS-UK, with the remainder sitting within Mencap.

15. Analysis of assets and liabilities between funds

	Restricted funds £'000	Unrestricted funds £'000	Total 2013 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2012 £'000
Group						
Fixed assets	25,501	69,410	94,911	25,290	77,668	102,958
Current assets	5,073	30,721	35,794	7,406	25,364	32,770
Liabilities	(4,139)	(84,370)	(88,509)	(5,078)	(78,558)	(83,636)
	26,435	15,761	42,196	27,618	24,474	52,092

16. Funds

Group movement in funds	Balance 1 April 2012 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	Balance 31 March 2013 £'000
Restricted						
Homes	283	147	(38)	14	-	406
Northern Ireland divisional fund	482	2	-	(39)	-	445
Mencap Visiting Service	917	33	(9)	(47)	834	1,728
Research fund	19	-	-	-	-	19
Rothenberg Fellowship	28	-	-	-	-	28
Rothenberg Memorial Trust	125	-	-	-	-	125
Service provision	25,744	6,350	(8,148)	(282)	-	23,664
Special contingency	20	-	-	-	-	20
	27,618	6,532	(8,195)	(354)	834	26,435
Unrestricted						
General	32,363	190,052	(191,760)	354	858	31,867
Revaluation	10,312	-	-	-	-	10,312
Service provision	1,578	-	-	-	-	1,578
Pension deficit	(19,779)	-	1,114	-	(9,331)	(27,996)
	24,474	190,052	(190,646)	354	(8,473)	15,761

The transfers of £354,000 include the following: (i) an amount of £39,000 was released from restricted to unrestricted funds following a disposal of a property, for which Mencap had to repay a grant in proportion to the market value; (ii) a further £219,000 was transferred as a result of a number of funders extinguishing restrictions on grants upon completion of projects; (iii) £63,000 was released following a disposal of a property, for which Golden Lane Housing had to repay a grant in proportion to the market value; and (iv) the remaining was a minor adjustment of £33,000.

Within unrestricted reserves for the group we have designated funds in Golden Lane Housing for non-repayable grants received of £5,867,334 (2012: £5,840,511). This fund recognises the value of assets that have been funded by capital grants. The fund balances are reduced by the depreciation charge on the assets they have been used to purchase.

Refer to Note 20 for pensions disclosure information.

Restricted funds include the following unexpended balances of donations and grants held on trust to be applied for specific purposes. Mencap holds sufficient resources in an appropriate form to enable each fund to be applied in accordance with its restrictions.

The purpose of each fund detailed above is as follows:

- (i) Homes – specific bequests to residential care homes.
- (ii) Northern Ireland divisional fund – used to fund regional activities in Northern Ireland.
- (iii) Mencap Visiting Service – used to provide regular visitors to people with a learning disability.
- (iv) Research fund – used to sponsor medical research into the causes of learning disability.
- (v) Rothenberg Fellowship – used to sponsor students from overseas to study learning disability. The aim is to increase international awareness.
- (vi) Rothenberg Memorial Trust – provides income for the special contingency fund.
- (vii) Service provision – restricted by funders and donors to specific areas of Mencap's and Golden Lane Housing's core services.
- (viii) Special contingency fund – funded by the Rothenberg Memorial Trust for use at the discretion of the chief executive.

17. Information relating to employees

The numbers of employees whose total emoluments (salary plus taxable benefits and excluding pension contributions) are in excess of £60,000 are as follows:

	2013 including termination payments	2013 still employed	2013 No.	2012 No.
£60,000-£70,000	1	12	13	15
£70,000-£80,000	1	4	5	8
£80,000-£90,000	-	3	3	3
£90,000-£100,000	-	5	5	5
£100,000-£110,000	-	-	-	3
£110,000-£120,000	-	1	1	4
£120,000-£130,000	1	-	1	-
£130,000-£140,000	-	-	-	1
£150,000-£160,000	1	-	1	-
£190,000-£200,000	1	-	1	-
	5	25	30	39

Of the 30 employees above, 25 are members of the defined contribution scheme. Payments made to the defined contribution scheme on behalf of those individuals amounted to £94,977 for the year. The defined benefit scheme was closed to new entrants and future accruals in 2009. Of the above employees, five are included as a result of salary payments paid during the year and additional termination payments either made before the year end or provided in the accounts as at the year end.

Employee costs during the year:

	2013 £'000	2012 £'000
Wages and salaries	136,198	130,927
Social security costs	9,817	9,935
Pension costs	3,487	3,001
	149,502	143,863
Benefits in kind	168	131
	149,670	143,994

The estimated average numbers of employees, in terms of full-time equivalents, analysed by function, were:

	2013 No.	2012 No.
Supporting people	5,472	5,225
Engaging and influencing key stakeholders	214	224
Generating voluntary income	55	58
Support	227	249
Governance	5	6
	5,973	5,762

The estimated average numbers of employees, analysed by function, were:

	2013 No.	2012 No.
Supporting people	7,589	7,320
Engaging and influencing key stakeholders	295	320
Generating voluntary income	137	113
Support	257	284
Governance	6	7
	8,284	8,044

Included in the above, are amounts paid to temporary staff during the year totalling £3.0 million (2012: £2.9 million).

18. Expenses of the trustees

During the year, 11 trustees (2012: 11) were reimbursed for out-of-pocket expenses in relation to travel and subsistence. The total amount reimbursed amounted to £10,613 (2012: £10,240). Members of the board of trustees are not remunerated.

19. Indemnity insurance

Mencap has purchased the following insurance:

i) Fidelity guarantee insurance

The cost for the year was £31,959 (2012: £31,959).

ii) Professional indemnity and trustees', directors' and officers' insurance

The cost for the year paid by the charity was £21,290 (2012: £21,290).

20. Pension schemes

Mencap operates a number of pension schemes for the benefit of its employees. At 31 March 2009, Mencap's defined benefit scheme was closed to future accrual. This means that Mencap will fund the benefits that staff have earned to that date, but we cannot offer the same benefit moving forward due to the inherent risk involved in running this type of scheme.

Staff are, however, able to save for their retirement through a defined contribution scheme to which Mencap contributes. All contributions are expensed in the year that they are made.

In addition to the above, Mencap also participates in a number of local government pension schemes in relation to a small number of staff who have transferred over to Mencap. Mencap participates in these schemes by way of admission agreements. In relation to these schemes, Mencap currently has four active employees. Full provision has been made according to FRS 17 in the financial statements in relation to two of the schemes covering six of the staff, three of whom are active members. However, as the liability per FRS 17 is not material, detailed disclosure has been limited so as not to distort or overstate the importance of these schemes within Mencap's overall finances.

A recent contract win has resulted in Mencap agreeing to participate in a further local authority pension scheme. The legal process has not been concluded and, as at 31 March 2013, the pension agreements had not been finalised. The scheme will involve 41 staff being employed by Mencap but belonging to and accruing benefits of a local authority pension scheme. As the legal process has not been completed, full FRS 17 disclosure is not considered to be appropriate at this stage.

Mencap pension scheme

This scheme is valued annually for the purposes of the annual report and accounts. This valuation, which is carried out under specific accounting rules and detailed in full below, is made so that we can account for the pension liability in our balance sheet.

The trustees of the pension scheme undertake their own formal valuation once every three years. This valuation provides the basis for agreeing the amounts that Mencap will pay each year to fund the scheme. The last valuation for this purpose was undertaken in March 2011, and we subsequently agreed a schedule of contributions with the pension scheme trustees to settle the pension deficit over a period of 17 years.

For the year ended 31 March 2012 and going forward, we agreed to make the following cash payments to the scheme:

For the periods ended 31 March 2014 and 31 March 2015	£2.04 million p.a.
For the period 1 April 2015 to 31 March 2028	£2.12 million p.a. increasing each year by 4% (ie the payment for the year ending 31 March 2017 will be £2.20 million).

At 31 March 2013, the total scheme liabilities were valued at £112.5 million and the assets at £84.7 million. The net deficit is therefore £27.8 million. This compares with a net deficit of £19.6 million reported last year.

The following assumptions have been used to place a value on the retirement benefit obligations of the charity:

Principal actuarial assumptions (rates are per annum)	At 31 March 2013	At 31 March 2012	At 31 March 2011
Weighted-average assumptions to determine benefit obligations			
Rate of interest/discount rate	4.40%	5.10%	5.50%
Rate of price inflation (RPI)	3.40%	3.40%	3.70%
Rate of price inflation (CPI)	2.50%	2.60%	3.00%
Rate of pension increases	3.30%	3.30%	3.40%

Weighted-average assumptions to determine net pension cost

Discount rate	5.10%	5.50%	5.50%
Expected long-term return on assets	5.20%	6.01%	6.10%
Rate of price inflation (RPI)	3.40%	3.50%	3.50%
Rate of price inflation (CPI)	2.60%	3.00%	3.00%
Rate of pension increases	3.30%	3.40%	3.60%

The demographic assumptions used are the same as used for the last actuarial valuation. The mortality table is the SAPS year of birth tables adjusted by +0.5 years for males and females with CMI model released in 2009 with a long-term trend rate of improvement of 1.25%.

	At 31 March 2013	At 31 March 2012
Male member aged 65 (current life expectancy)	21.90 years	21.50 years
Female member aged 65 (current life expectancy)	24.20 years	23.70 years
Male member aged 45 (life expectancy at 65)	23.70 years	22.90 years
Female member aged 45 (life expectancy at 65)	26.10 years	25.30 years

Based on this valuation, using methodology which complies with FRS 17, a deficit has been identified as follows:

	Expected return	Fair value at 31 March 2013 £'000	Expected return	Fair value at 31 March 2012 £'000	Expected return	Fair value at 31 March 2011 £'000
Equities	5.80%	35,507	6.00%	38,332	6.90%	38,288
Bonds	4.40%	32,626	4.24%	25,582	4.93%	22,529
Property	4.40%	7,034	5.10%	6,000	5.50%	5,997
Net current assets/insured pensioners	<u>3.30%</u>	<u>9,575</u>	<u>3.50%</u>	<u>3,702</u>	<u>4.44%</u>	<u>4,077</u>
Total market value of scheme assets		84,742		73,616		70,891
Present value of scheme liabilities		<u>(112,569)</u>		<u>(93,261)</u>		<u>(89,223)</u>
Deficit in the scheme		(27,827)		(19,645)		(18,332)
Associated deferred tax asset/(liability)		<u>-</u>		<u>-</u>		<u>-</u>
Net deficit in the scheme		<u>(27,827)</u>		<u>(19,645)</u>		<u>(18,332)</u>

Analysis of net return on pension scheme:

	Year to 31 March 2013 £'000	Year to 31 March 2012 £'000
Expected return on pension scheme assets	3,796	4,219
Interest on pension liabilities	(4,680)	(4,829)
Net interest cost	(884)	(610)

Analysis of amounts that would be recognised in other recognised gains and losses:

	Year to 31 March 2013 £'000	Year to 31 March 2012 £'000
Actual return less expected return on scheme assets	8,323	(118)
Experience gains and losses on liabilities	221	862
Changes in assumptions	(17,837)	(2,905)
Total actuarial loss recognised	(9,293)	(2,161)

Movement in deficit during the year:

	Year to 31 March 2013 £'000	Year to 31 March 2012 £'000
Benefit obligation at beginning of year	(93,261)	(89,223)
Interest cost	(4,680)	(4,829)
Actuarial loss	(17,616)	(2,043)
Benefits paid	2,988	2,834
Benefit obligation at end of year	(112,569)	(93,261)
Fair value of plan assets at beginning of year	73,616	70,891
Expected return on plan assets	3,796	4,219
Actuarial gain/(loss)	8,323	(118)
Employer contribution	1,995	1,458
Benefits paid	(2,988)	(2,834)
Fair value of plan assets at end of year	84,742	73,616
Deficit in scheme at end of year	(27,827)	(19,645)

History of experience gains and losses	Year to 31 March 2013 £'000	Year to 31 March 2012 £'000	Year to 31 March 2011 £'000	Year to 31 March 2010 £'000	Year to 31 March 2009 £'000
Difference between expected and actual return on scheme assets	8,323	(118)	756	10,818	(12,990)
Percentage of scheme assets	10%	0%	1%	16%	(27%)
Experience gains/(losses) on scheme liabilities	221	862	(6,586)	(1,376)	3,575
Percentage of scheme liabilities	0%	1%	(7%)	(2%)	6%
Actuarial (losses)/gains recognised in funds	(9,293)	(2,161)	9,562	(17,916)	8,691
Percentage of scheme liabilities	(8%)	(2%)	11%	(19%)	14%
Cumulative amount of (losses)/gains immediately recognised	(9,226)	67	2,220	(7,334)	10,582

The pension cost for the defined contribution plan over the year was £1.5 million (2012: £1.5 million).

Local authority pension schemes

Shropshire County Pension Fund

The Shropshire County Pension Fund is a defined benefit scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The last actuarial valuation of the fund was as at 31 March 2010 (the 2013 valuation is in progress). At that time there were 34,539 members, of which nine were Mencap staff (pensioners, deferred or active).

The agreed employer's contribution rate for the year to March 2013 was 19.9% plus £8,500 and is expensed during the year.

The FRS 17 valuation at 31 March 2013 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £123,000. This deficit is included in the balance sheet.

Staffordshire County Pension Fund

The Staffordshire County Pension Fund is a defined benefit scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The last actuarial valuation of the fund was as at 31 March 2010 (the 2013 valuation is in progress). At that time there were 88,181 members, of which three were Mencap staff (pensioners, deferred or active).

The agreed employer's contribution rate for the year ended March 2013 was 17.6% and rising over the next two years to 18.6%. These contributions are expensed during the year.

The FRS 17 valuation at 31 March 2013 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £46,000. This deficit has been treated as an expense and is included in the balance sheet.

Other local government pension schemes

Mencap also participates in three other local government pension schemes. However, as there is only one remaining active member, and in view of the cost of obtaining FRS 17 disclosures and the likely liability being immaterial in the context of overall Mencap results, no account or disclosures are made for these three schemes.

Dyfed Pension Fund	No active members
Clwyd Pension Fund (Flintshire)	No active members
Powys Pension Fund	1 active member

Key data

A summary of key data and assumptions from the 31 March 2013 FRS 17 valuation is shown below for both the Shropshire County Pension Fund and the Staffordshire County Pension Fund. The full disclosures normally required to be made under the provisions of FRS 17 have not been given as the schemes are not material to the charity's financial statements.

	Shropshire County Pension Fund 2013 %p.a.	Staffordshire County Pension Fund 2013 %p.a.
Principal assumptions		
Pension increase rate	2.40%	2.80%
Rate of CPI inflation	2.40%	-
Salary increase rate	3.90%	5.10%
Discount rate	4.20%	4.50%
Expected return on assets		
Equities	7.00%	5.70%
Bonds	3.90%	3.60%
Government bonds	2.80%	-
Property	5.70%	3.90%
Other	7.00%	-
Cash	0.50%	3.00%
Mortality rate assumption life expectancy at age 65		
	Years	Years
Current male pensioners	22.4	21.2
Current female pensioners	25.1	23.4
Future male pensioners	24.2	23.3
Future female pensioners	27.1	25.6
Amounts recognised in the balance sheet		
	£'000	£'000
Fair value of scheme assets	590	127
Present value of funded obligations	(713)	(173)
Deficit	(123)	(46)
	2013	2012
	£'000	£'000
Actuarial losses on defined benefit schemes		
Mencap pension scheme	(9,293)	(2,161)
Shropshire County Pension Fund	(22)	(37)
Staffordshire County Pension Fund	(16)	(3)
	(9,331)	(2,201)
Defined benefit pension liability		
Mencap pension scheme	(27,827)	(19,645)
Shropshire County Pension Fund	(123)	(105)
Staffordshire County Pension Fund	(46)	(29)
	(27,996)	(19,779)
FRS 17 expenditure movement		
Mencap pension scheme	1,111	848
Shropshire County Pension Fund	4	-
Staffordshire County Pension Fund	(1)	(1)
	1,114	847

21. Operating lease commitments

At 31 March 2013 the group and charity were committed to the following payments during the next year in respect of operating leases:

	Land and buildings 2013 £'000	Land and buildings 2012 £'000
Leases which expire		
Within one year	807	1,028
Within two to five years	757	546
After five years	1,300	1,300
	<u>2,864</u>	<u>2,874</u>

22. Related parties

Fred Worth, who is a trustee of Mencap, is also a Director of the Social Investment Business (SIB) whose wholly-owned subsidiary is Futurebuilders England Limited (FBE). In March 2010, Mencap obtained a loan of £450,000 and a revenue grant of £50,000 from the Modernisation Fund run by the FBE. In May 2011, Mencap drew down a further long-term loan of £2.2 million from the FBE.

A salary has been paid to a person connected with a trustee. There is no financial interdependence between the trustee and the connected person and the employee was employed before the trustee was appointed.

Mencap has taken advantage of the exemption given by the Financial Reporting Standard 8, Related Party Disclosures, from disclosing transactions with subsidiaries. These subsidiaries are listed in Note 10.

23. Colleges and other properties

Following an extensive review the Board of Trustees has decided that the colleges no longer fit in the long term with its strategy. The assets are being held for sale and are shown in current assets. Also included in the fixed assets held for sale is an amount of £137,000 for an office disposed of in April 2013.

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Mencap Direct

For information about learning disability, and to find and buy learning disability services in your area, call Mencap Direct on 0808 808 1111.

