



Annual Report 2014



My sisters got in touch with Mencap because they were worried about me. I was sad and I had lost my confidence. But now I'm looking for a job. Lucy helped me on the computers – she's fantastic, she's magic! She helped me to understand things.



Sharen

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A message from the chair and chief executive

We are very pleased that due to the changes that we made last year and despite the continued pressure on public spending, Royal Mencap Society is in a stronger place than it was last year.

As an organisation we are on a transformational journey that we hope will allow us to make even more difference to the lives of people with a learning disability and their families so that they can live the way they choose.

We have focused the last year on better understanding the difference we want to make and beginning a change programme across Royal Mencap Society. In order to help us with this focus we have been carrying out a strategic review which considers the evidence to inform us about what people with a learning disability and their families need. We aim to further examine the problems and their causes, so that we can put our resources into the best and most impactful interventions.

One way that we hope to build this understanding of our potential impact is through our newly appointed external advisory forum. We appointed the forum in March 2014. It is chaired by Professor Richard Hastings, one of our trustees who is a Professor of Psychology at Warwick University and Cerebra Chair of Family Research.

The Forum is made up of renowned professionals in the field of learning disability and health. We are excited about the robustness that this will bring to our work and our direction.

We are also putting more emphasis on understanding the impact of our work and have started a programme of activity to help us do this. We are already seeing the fruits of this new approach. We look forward to reporting much more clearly next year on the outcome of our strategic review and how we plan to have maximum impact on people with a learning disability and their families to improve their lives.

We have seen impressive results from our work with professionals. For example, we have helped those in the healthcare arena to understand more about learning disability, we have helped to improve and develop personal skills and, of course, we have provided direct support to thousands of people with a learning disability in their homes and in their community.

Our work to influence bills going through Parliament – particularly the Children and Families Act and the Care and Support Bill – will improve the education and care systems for people with a learning disability and their families.

Quality of care is very important to us and we have improved our overall compliance with regulatory standards as well as the number of our services that complied with our own quality assurance framework, 'What matters to me'. We are the top performer in Laing & Buisson's analysis of Care Quality Commission performance with a 92% compliance rating.

Next year is a very important year for us with the General Election in May 2015, and we want to increase our influence and increase understanding of learning disability among politicians and the public. We've made a good start and have completed a series of meetings with key ministers and shadow ministers across departments such as Health, Education, Communities and Local Government as well as Work and Pensions.

And we would like to thank...

We would like to take this opportunity to thank our trustees, everyone involved in our governance and, of course, our executive team and staff across the country. We have an extraordinary team of people behind us. Every day they make sure we continue to bring about positive change in the lives of people with a learning disability and their families. They are the people driving our ambitious strategy, creating positive change throughout Royal Mencap Society and building a bright future for us. Thank you.

As our journey continues we are excited by the year ahead and look forward to being part of a Royal Mencap Society that is stronger than ever.

Our work is needed as much as ever and we welcome your continued support.

Graham Williams, chair

A blue ink signature of Graham Williams, written in a cursive style.

Jan Tregelles, chief executive

A black ink signature of Jan Tregelles, written in a cursive style.

An introduction to learning disability and Royal Mencap Society

What is a learning disability?

A learning disability is a life-long, reduced intellectual ability which can occur because of genetics and sometimes an illness or accident which irreparably damages the nervous system. This can affect a person's capacity to learn new skills, understand new information and carry out everyday activities, like shopping, managing finances, using public transport, reading, and socialising.

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. With the right support, people with a learning disability lead independent, fulfilling and productive lives.

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.

Learning disability is often confused with dyslexia and mental health problems. The Royal Mencap Society describes dyslexia as a “learning difficulty” because, unlike a 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. Every person's experience of having a learning disability is unique to them. Every person should be able to make their own choices about how they want to live.

About Royal Mencap Society

Royal Mencap Society wants a world where people with a learning disability are valued equally, listened to and included. We want everyone to have the opportunity to achieve the things they want from life.

Royal Mencap Society traces its origin to 1946 and a mother named Judy Fryd, whose daughter Felicity had a learning disability. She wrote a letter to *Nursery World* magazine inviting other parents to contact her and many wrote back expressing their anger and sorrow at the lack of the services for their children. From here the Royal Mencap Society was born.

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 are proud of our royal warranty and what it 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 supporting people with a learning disability, and their families and carers.

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 lead a better life.

Royal Mencap Society is associated with two individually registered charities; Golden Lane Housing, which provides housing for people with a learning disability and the AdCare Foundation, which funds leisure opportunities in the community. Our network of local groups, including leisure and social groups, vary considerably in size and work. Each one is independently registered, governed and self-financed. However, we are all working towards the same thing – a better world for people with a learning disability and their families. The network employs hundreds of people to deliver public services through volunteer-run societies like our Gateway clubs, which provide leisure activities, campaigning organisations and larger bodies.

What does Royal Mencap Society do?

We provide high-quality personalised support and advice services for people with a learning disability in areas including care and support, advocacy, housing, education, leisure and employment. We work to improve services, challenge prejudice and directly support thousands of people to live their lives as they choose.

We offer support 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 regional advisers offer support by phone, email and in person.

Lack of awareness is an ongoing challenge for Royal Mencap Society. We work hard to spread the message that everyone is entitled to the same opportunities, independence and respect.

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

Our **education services** provide people with a learning disability with the chance to develop new skills.

We provide **leisure, sport and community services** to support people with a learning disability to do the things they enjoy, discover new and exciting activities and make friends.



Since he first started working here, David's enthusiasm shines through. He's so keen to learn and always flexible and willing to do anything we ask him to do. He's a real key member of the team now.



David's Boss, Simon

Hello my name is David, and I'd like to say thank you to Royal Mencap Society.

I am 41 years old and I've worked for Swiss Post Solutions (SPS) for two years now. I've always wanted to work and am definitely able to, but I always found it very difficult to get a job. I went to the Job Centre and they put me in touch with Royal Mencap Society.

A job coach from Royal Mencap Society's employment service supported me to find work, develop my CV and interview skills and I got a job at Swiss Post Solutions. From here my life changed.

My coach helped me so much. He came with me to the interview and checks in with me and my boss every now and then to make sure everyone is ok.

On my first day at work I was amazed by how friendly everyone was. If I need it, there's some great support in my life now - from Royal Mencap Society and at work.

People understand and it makes me feel confident that I can actually address any issues because I'm constantly learning every day.



Of the 1.4 million people in the UK with a learning disability, 65% can and want to work but only 7% of these people are in paid employment.

Trustees' report

The trustees of Royal Mencap Society present their Annual Report for the year ended 31 March 2014 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report and the Strategic Report under the 2006 Act, together with the audited financial statements for the year.

Reference and administration details

The trustees of Royal Mencap Society are the charity's trustees under charity law and the directors of the charitable company.

Trustees

- Graham Williams, chair (appointed 1 August 2013)
- William James Glover, chair (resigned 1 August 2013)
- Geoff Alltimes, trustee
- Janet Brown, trustee
- Katie Hollier, trustee
- Stephen Jack, trustee (appointed 28 May 2014)
- John Phillips, trustee
- Kate Quail, trustee
- Linda Redford, trustee (appointed 18 February 2014)
- Professor Richard Hastings, trustee
- Colin Rogers, trustee
- Jan Sunman, trustee (resigned 30 June 2014)

- Karen Townsend, trustee (resigned 1 August 2013)
- George Venus, trustee
- Fred Worth, trustee

President

The Lord Rix Kt CBE DL

Vice presidents

- Sir George Bull Kt
- Barrie Davis
- Dame Pauline Harris DBE
- Alan Hill
- Michael Mackey MVO BEM
- Dame Norma Major DBE
- Leslie Wooster
- Brian Baldock CBE
- Lord Wigly
- Alan Yarrow

Administrative details:

- The full name of the charity is Royal Mencap Society
- The registered charity number is 222377 (England and Wales) and SC041079 (Scotland)
- The company registration number is 550457
- Registered office: 123 Golden Lane, London, EC1Y 0RT
- Company secretary: Oonagh Smyth, director of governance and strategy (appointed 15 April 2013)
- Chief executive: Janine Tregelles. The day-to-day management of the charity is delegated by the trustees to the chief executive Jan Tregelles and her executive team
- Independent auditor: Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH
- Bankers: Barclays Bank Plc, Level 28, 1 Churchill Place, London, E14 5HP
- Solicitors: Laytons, Carmelite, 50 Victoria, Embankment, Blackfriars, London, EC4Y 0LS
- Investment managers: Aberdeen Asset Management, Bow Bells House, 1 Bread Street, London, EC4M 9HH and Investec Wealth & Investment Limited, Unit 4, The Billings, 3 Walnut Tree Close, Guildford, GU1 4UL.

Trustees' report (cont.)

Structure, governance and management



Structure

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.

Governance

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.

There are 46 members of Royal Mencap Society who each agree to contribute in the event of the charity being wound up. Royal Mencap Society is governed by its Articles of Association.

Ultimate responsibility for governance of 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. Trustees can serve two terms in total. The chair of Royal Mencap Society is also a trustee.

Trustee induction

For new trustees, Royal Mencap Society has a wide-ranging induction programme. This is also offered to committee members and other trustees throughout the year. The programme includes visits to some of our services, meetings with the chief executive and chair on our governance, strategy, the role and duties of trustees, company and charity law and the management of finances and risk. Further training and development is offered individually or to the board as a whole as required.

New trustees are given a Governance Handbook which outlines the main policies and the governance structure of Royal

Mencap Society. The handbook uses the Governance Code as a framework.

Organisation

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

There are a number of board committees with clear terms of reference and role descriptions for members. They have elected 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, assures trustees of risk management and monitors and reviews the effectiveness of the internal and external audit functions
- Finance - which monitors the organisation's financial results and policies
- Nominations, employment and remuneration - which approves our reward strategy, oversees all senior

management award proposals, recommends salary and benefits for the chief executive and oversees trustee skills audits and recruitment.

This year we stopped our education and learning committee and passed oversight of our colleges to the whole board and the other committees.

All of the committees have clear terms of reference and are reviewed annually. The minutes of the meetings are made available to all trustees on a timely basis. The committees meet at least once a quarter.

Employee involvement and employment of people with a disability

More than ever, colleagues are involved in shaping strategy and asked for their views on what we should be doing for people with a learning disability, as well as how we can make this organisation a great place to work.

In the last year, colleagues have been involved in:

- electing peer representatives in national and business unit consultative forums
- participating in key questionnaires and focus groups
- engagement sessions with our chief executive, which delve into our strategic activities

Trustees' report (cont.)

- contributing to the development of new human resource policies to ensure final proposals reflect employee views
- utilising their direct experience of learning disability – as media spokespeople, campaigners and trainers.

We have a range of detailed human resource policies to support our charitable and business objectives which are reviewed regularly and ensure compliance with employment legislation.

In accordance with our diversity policy, Royal Mencap Society has long-established fair employment practices for the recruitment, retention and training of staff with disabilities. As of 31 March 2014, there were 251 people with a declared disability on Royal Mencap Society's payroll, including 96 people with a learning disability. Inclusion is very important to us and Royal Mencap Society is focusing on expanding opportunities for employees to inform and influence the successful evolution of the organisation.

Senior salaries

Working in this sector, we believe it is important to be transparent about the pay levels of our senior colleagues and how we set those salaries. We are committed to working closely with National Council for Voluntary Organisations (NCVO), Association of Chief Executives of Voluntary Organisations, (ACEVO) and others in ensuring there are high standards across the sector in regard to this.

Our executive team salaries are paid as follows:

Role	Salary
Chief executive	137,714
Chief financial officer	120,000
Director of external relations & communities	99,000
Director of direct services	99,000
Director of fundraising	90,000
Director of human resources	80,000
Director of quality	80,000
Director of governance and strategy	72,000

Our senior reward approach encompasses two main factors:

- internal job evaluation which is weighted by the distinct elements of roles and allows for internal comparison of roles within different job families; e.g. operational management, business support, fundraising, etc
- and external pay benchmarking via the use of market data taken from sector pay surveys and reports.

We generally use the market median in the charity sector as rule of thumb for setting salaries, however, some flexibility is applied to take into consideration the specific requirements

for each post and to ensure we can recruit the best candidate possible to meet the needs of our beneficiaries.

All senior staff receive ongoing performance management and an annual feedback report and appraisal which provides feedback from the chief executive, their peers and teams about how they have contributed to the achievement of our strategy and any personal development areas they may have.

Key subsidiaries of Royal Mencap Society

Golden Lane Housing (GLH)

GLH is an independent charity and subsidiary of Royal Mencap Society with its own independent board of trustees. It specialises in finding suitable homes for people with a learning disability.

GLH was launched by Royal Mencap Society in 1998 and as of 31 March 2014 had helped 1,345 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 glh.org.uk

Mencap Trust Company Limited

Mencap Trust Company Limited was established in 1976 to lessen the worry parents have for a vulnerable family member.

In that time we have helped over 2,000 families set up trusts. The Trust currently manages around 200 discretionary trusts for people with a learning disability with over 600 trust deeds awaiting activation.

We work in partnership with investment, tax and legal experts to provide a professional service, managing trusts for people with a learning disability. If you are thinking of setting up a trust, Mencap Trust Company Limited can act as the Trustee of an individual trust that you can set up with the company.

For more information about Mencap Trust Company, go to www.mencap.org.uk/mencaptrustcompany

The Adcare Foundation Limited

The AdCare Foundation is a registered charity established in 1985 and a subsidiary of the Royal Mencap Society with its own independent board of trustees. It provides funds for people with a learning disability and is funded by voluntary donations. After a review, the Adcare trustees have decided to focus on funding a programme of leisure opportunities in the community for people with a learning disability.

We have decided to merge Adcare into Royal Mencap Society. We will still provide the activities but this will cut down on the administration and overhead costs. This process will be completed in 2014/15.



Our support worker is the most wonderful person. She's got us through some very traumatic situations. She is so suited to her job. Thank goodness for Mencap and the lovely people associated with it.



Sheila

Strategic report

2013/14: Our performance

Our vision:

Our vision is for people with a learning disability and their families to have the same quality of life as everyone else. We want everyone to have the opportunity to achieve the things they want from life.

In order to make this vision a reality, Royal Mencap Society works to:

- support individuals and families
- change policy and practice by growing our influence with decision-makers and practitioners
- promote a greater understanding of learning disability and campaigning
- improve the tracking of outcomes.

This year we have done this in a variety of ways spanning issues such as health, social care and education.

Our aims:

1. To maximise our impact for people with a learning disability and their families and carers

2. To maximise income through innovation, building relationships and improved returns
3. To transform the organisation to meet the considerable challenges ahead.

AIM 1: Maximise our impact for people with a learning disability and their families and carers

We have outlined some main performances in each of the following areas:

Changing policy and practice

Equal access and quality of healthcare

We want to create a world where people with a learning disability get access to the equal healthcare they deserve. However, people with a learning disability receive significantly poorer health outcomes. They die on average 20 years earlier than those without.

In March 2013, the confidential inquiry into premature deaths of people with a learning disability reported its findings which, scaled up, showed that 1,200 people with a learning disability were dying every year due to poor healthcare.

Trustees' report (cont.)

What we did: Campaigning

Our campaign work around healthcare this year achieved the following successes:

- We sent 4,000 messages to the Secretary of State for Health, Jeremy Hunt, calling on him to take immediate action to stop people dying unnecessarily in our health services.
- We joined five families with Baroness Hollins and attended a debate at the House of Lords secured by the Baroness on the Government's response to the confidential inquiry.
- We supported the Parliamentary and Health Service Ombudsman to develop their "Complain for change" campaign - now being used by local Mencap groups, local Healthwatch organisations and GP surgeries around the country.

This year we supported 28 families to tell their story about people with a learning disability not receiving the healthcare that they deserve. Of these, 22 related to a death and 6 to a serious incident.

Our assistance to families included complaints to the NHS, help with the General Medical Council investigation process, access to legal support and understanding of and support during a serious case review.

Christine Papalabropoulos' daughter died due to poor treatment. We raised awareness of the case by helping Christine and her family to secure national television and print media coverage. The result was a surge in support for Christine, including 1,649 signatures on her online petition.

The increased focus on the case resulted in Christine addressing the Minister for Care, Norman Lamb, over the treatment of her daughter and challenging him to improve the healthcare of people with a learning disability.

 *My advisor has been absolutely brilliant getting the report ready for the Ombudsman. I don't understand it all obviously; I'm just a grieving mum. If I need my advisor, I've only got to phone her for anything and straight away she's on the phone.* 

A mum

Improving practice

We have been working with healthcare professionals and specialist networks to raise awareness, educate and offer training about learning disability.

This year we:

- presented our 'Death by indifference' campaign to over 2,000 health professionals at national conferences and ran workshops for existing and student health professionals
- produced a series of how-to guides and films to help local areas meet the needs of people with profound and multiple learning disabilities (PMLD) funded by the Department of Health. The guides are aimed at families, commissioners and others responsible for supporting or developing services for people with PMLD
- through our 'Getting it right from the start' project, gave advice, information and support to GPs, pharmacists and opticians on how to best treat people with a learning disability. We encouraged 800 medical staff to attend 70 bespoke workshops.

○○ *We're pleased to be able to work with people with a learning disability and hear what we're doing right and where we can improve. I think our staff will benefit from hearing what people's experiences are.* ○○

North Shields practice manager





Trustees' report (cont.)

Better access to and quality of education

Every child has the right to an education that meets their special educational needs. There are approximately 340,000 children with a learning disability in the UK. These children have disproportionately poor educational outcomes.

What we did: *Inspired Educators*

We trained 318 advisory teachers, head teachers, senior leaders and special educational needs coordinators and 663 teachers from schools across England to maximise the impact of teaching assistants.

 *Absolutely fascinating, thought-provoking. This will really impact on how we deploy TAs in our school. Thank you.* 

A teacher



Children and Families Act

Together with partners in the Special Educational Consortium, the Every Disabled Child Matters Campaign and with the support of our President, Lord Rix, we secured important wins on the Children and Families Act. This included:

- rights to social care and health support within new education, health and care plans

- a review of the way parents can enforce their rights, which we hope in years to come will lead to a single point of appeal across education, health and care provision.

Our focus in the following year will be on the implementation of the Act from September 2014 and ensuring parents are aware of their rights under the new system in order to ensure the best support possible for their child.

 *I believe the Children and Families Act moves us closer to that holy grail of integrated education, health and social care.* 

Lord Rix

- 15% of parents of children had to go to tribunal either to get a Special Educational Needs (SEN) statement for their child or to get a statement that fully addressed their child's needs
- Over a third of teachers claim they have received no training on SEN
- 70% of illegal exclusions were of a child with a statement of SEN.

A safer place to live

We continue to work at a local level to make local communities safe places for people with a learning disability to live.

What we did

We worked with the College of Policing to deliver disability hate crime training and persuaded 40 police forces, (almost all in England, Wales and Northern Ireland) to sign up to the Police Promise including 24 commissioners

We also sought opportunities to influence government and legislation. We provided vital evidence to government's consultation on the Victims' Code.

The right support at the right time

Many people with a learning disability receive social care services to support them with daily living so that they can have a good quality of life. We want to make sure that this social care is well funded and of a high quality.

What we did

We worked hard to campaign and influence the Care and Support Bill, reduce cuts to social care and to keep awareness of the Winterbourne View scandal high on the agenda.

Care Act

What we achieved:

- We won key changes to the Care and Support Bill which became the Care Act on 14 May 2014.
- We helped ensure the law around Safeguarding is strong by highlighting the failures to safeguard people with a learning disability in the past and what needs to change.

Under these changes more people with a learning disability will have the right to an advocate when they are assessed by their council or local authority, which determines how much care and support a person receives.

Welfare

Government cuts are directly affecting many of the people we

Trustees' report (cont.)

support with many losing out on the vital support services they need to live their lives freely, such as transport and housing. Royal Mencap Society works to ensure people with a learning disability receive both disability and out-of-work benefits if and when they need them. In 2013/14, Mencap:

- improved the work capability assessment, including a judgment confirming the process discriminates against those with mental health problems and learning disabilities
- influenced Nottinghamshire Council to reverse its decision to take away transport services for people with a learning disability
- supported parent campaigners in Essex to fight and win to keep their children's respite centre open.

Nobody should live far from home



Following the *Panorama* exposé of abuse of patients at Winterbourne View in 2012, the government review said that people should be moved out of such places and receive personalised care in appropriate community settings. Royal Mencap Society and the Challenging Behaviour Foundation have been campaigning hard to make sure this happens.

The government has not yet achieved its aims. By working with the media, meeting with decision makers and feeding into parliamentary debates, we are continuing to support families' campaigns to bring their loved ones nearer to home.

Inclusive Sport

The Inclusive Sport programme aims to support National Governing Bodies (NGB) of Sport to be more inclusive and increase participation by people with a learning disability. We work with, train and support sporting organisations to make their services accessible and campaign and lobby for better provision.

In August we held our NGB Summit for the disability leads and decision makers in the sports world. This event provided the opportunity to launch our new workshops for sports coaches which have been delivered to 109 sports coaches.

 *The workshop was very helpful and eye opening into the world of people with learning disabilities and how this can affect sport.* 

Workshop attendee

Raising awareness and changing perceptions

By raising awareness of the issues that people with a learning disability and their families face, we work to change societal attitudes and promote equality and inclusion.

What we did

In the 2013/14 financial year, we achieved 2,053 media hits, reaching a potential audience of over 1 billion. Our two lead campaigns received significant press coverage in the past financial year. We secured 114 press articles on our Winterbourne View campaign and 124 press articles for our 'Death by indifference' campaign.

Royal Mencap Society's website received 3,505,184 page view requests and 67,752 resources such as guides and factsheets were downloaded. We also focused more on our social media presence. Twitter, for example, gained more than 28,000 new followers.

Royal Mencap Society runs various campaigns through the year. Two examples are:

Learning disability week

The theme of Learning disability week 2013, which took place from 19-25 August 2013, was 'Who is your superhero?', asking people to share who their superhero is and why. We wanted to celebrate families and recognise the hard work that they do to support their loved ones, whilst fighting negative attitudes and stereotypes.

- 115 inspirational superhero stories were shared via #LDWeek13 and captured in a Storify that can be viewed online. 117,381 people saw our Facebook content leading to 7,750 clicks

- 100 local events in England, Wales and Northern Ireland were organised by our local group network.

#notaburden

In 2013, councillor Collin Brewer said that disabled children are like 'misshapen' animals who should be 'dealt with' and 'put down'. Royal Mencap Society was disgusted by the comments and launched a campaign calling for his resignation.

We promoted the #notaburden hashtag in response to councillor Collin Brewer's comment. Thousands of people told the world that people with a learning disability were #notaburden and engaged with the campaign. Our tweets generated 1.1m impressions, including 557 retweets and 4,718 favourites. We also posted content to Facebook, which received 988 likes, 2,920 shares and 401 comments.

Collin Brewer apologised for these comments and resigned as an independent member of Cornwall Council in February 2013.

Supporting individuals and families

We provide support services to help people with a learning disability and their families live the way they choose, both at home and in the community here and now.

Trustees' report (cont.)

Providing support to people with a learning disability

We deliver 7.9 million hours of care and support every year to around 10,000 people with a learning disability – sometimes for their whole lives. Last year we supported 10,000 people with a learning disability and their families in areas such as housing, employment, education and day-to-day personal support.

What we did: *Residential care*

Everyday support for adults with a learning disability in small, shared accommodation with tasks such as household chores, taking medication and money management.

Supported living

This service enables people to live in their own home instead of in residential care or with family. We can support individuals to have their own place or to share with others. For a number of years we have helped people to make the huge transition from residential care to supported living within the community.

As of 31 March 2014, the number of people we supported across 117 residential care homes was 1,074 and 126 people across our colleges. We also support 4,204 people at home or in supported living. We delivered care and support services in 128 local authorities in England, Wales and Northern Ireland.

The support services Royal Mencap Society provides have continued to maintain very high levels of compliance with all regulators:

- Care Quality Commission (CQC). We have 182 registered locations and our overall compliance rating with regulatory standards is 92%. In this year our domiciliary care agencies achieved a compliance rating of 100%
- Care and Social Services Inspectorate Wales (CSSIW). We currently have 8 registered services comprised of 3 care homes, 4 domiciliary care agencies and 1 college. Our overall CSSIW compliance rating is 100%
- Regulation and Quality Improvement Agency (RQIA). We currently have 4 registered domiciliary care agencies operating in Northern Ireland and our overall RQIA compliance rating is 100%
- OFSTED. We have one service which is regulated and inspected by Ofsted - Bradbury House in Shropshire. It is registered as a children's home and operates as a short breaks/respite service. At its last inspection the service was awarded an overall rating of good
- Education and Training Inspectorate for Wales (ESTYN).

Case study: Christine becomes an Owl

In the range of services we offer, our focus is on highly personalised support that can make a real difference to someone's personal confidence and lifestyle. Christine's story describes how simple things can be life enhancing.

Christine is in her 60s and has been supported by Mencap since 1995. She had always been very independent about going out but in recent years, due to her age, she was going out less. To prevent her becoming isolated at home, Royal Mencap Society has given her some additional support hours.

When the team discussed ideas with Christine for using this time they looked at different areas of interest in her life. She had been a fan of Sheffield Wednesday (The Owls) for many years, but had never actually been to a match at Hillsborough. The team supported her to buy tickets for a match against Huddersfield.

She loved everything about going to the game so much that she said she wanted to go every week. Her team supported Christine to buy a concessional season ticket, which includes a free ticket for her support. She was 'over the moon'.

Christine now goes to every Owls' home game, including night matches and even New Year's Day. She wears her club shirt and scarf, joins in with all the songs and always looks forward to a hot dog or pie at half time.



Trustees' report (cont.)

Supporting people to live full and active lives

Across our services in 2013 we supported 2,952 people with a learning disability to access a range of community inclusive activities including employment, leisure and education.

Leisure activities contribute to our physical and mental health and wellbeing. Our research shows that people with a learning disability take part in exercise less than half as much as people without a disability. We work to ensure people with a learning disability have the same opportunities to participate, enjoy and excel in sport at all levels.

Gateway clubs and awards

The Gateway Award is an activity award consisting of sports and leisure activities that people with a learning disability of any age can take part in.

This year 390 people have taken part across 58 gateway clubs in England, Scotland and Wales, building skills, enabling new experiences and more independence, initiating friendships, and promoting better health and wellbeing.

Me Time service

Me Time is for adults with a learning disability who want to take part in social and leisure activities either on their own, or as part of a group. We work closely with each individual to create a programme of activities based on their unique needs and personal goals.



The football training was really good because I got a chance to mix in with other people and show that I could hold my own. I gained quite a bit of confidence and jumped at the chance of joining the DJ team. I love being part of a team.



Nikki - ISIS (Islington Inclusion Service)

Young Ambassadors programme

Our Young Ambassadors programme is a six-month volunteer programme for young people to help raise awareness about learning disability.

Young Ambassadors are involved in various opportunities including speaking at events, fundraising and mentoring other young people. In 2013/14, we trained 163 Young Ambassadors and a further 82 young people across Wales and Northern Ireland.

Case study: Andy

Andy is 22 years old and has been a Mencap Young Ambassador for four months. He has Foetal Alcohol Syndrome Disorder and a learning disability. Since Andy completed his Young Ambassadors training he has worked on improving his confidence and particularly public speaking.

In February, Andy joined a Mencap staff member at the London Academy of Excellence and ran an interactive assembly with over 100 students to raise awareness about learning disabilities.

In February 2014, Andy was selected for 1 of 15 fully funded placements on the Amlin Platinum Leadership Programme in affiliation with UK Youth. This programme is open to anyone aged 16-25 across the country and recognises young people who are leaders in their community, providing them with a platform to further their personal development and celebrate their achievements.

Andy has said, *“Since working on the Young Ambassadors programme for Mencap, I have felt more confident in myself and I have enjoyed the challenges of talking in front of an audience. I am very happy that I have been chosen for the Amlin programme. I did not even know what it was – thank you Mencap for supporting me.”*



Trustees' report (cont.)

Changing places

In the last year Royal Mencap Society and the Changing Places Consortium celebrated our 600th Changing Places toilet at Arsenal Football Club. Changing Places facilities prevent more people with Profound and Multiple Learning Disabilities being changed on the floors of public toilets. They have been installed at other prominent locations including The O2, The Houses of Parliament, Tate Modern and Wembley Stadium.

Inspire me

In April 2013, Inspire Me started delivering an accredited learning programme to young people with a learning disability aged 14–25. The programme aims to engage young people through inclusive and accessible workshops focused on improving young people's confidence, life skills and employability:

- We delivered introductory award workshops which include managing personal finance - accredited through City and Guilds
- We delivered introductory awards to 77 students across England.

Employ me

Our 'Employ me' service aims to help people with a learning disability find and sustain employment. It includes pre-

employment support, work trials and placements, support to find paid work, job coaching and in-work support, starting work and working with employers.

- We supported 316 people with a learning disability into a paid job by generating vacancies with national and regional employers including Sainsbury's and South West Trains
- In November 2013, we ran the first work experience week especially for people with a learning disability in partnership with Inclusive Employers which resulted in four people securing jobs with South West Trains with salaries of more than £20,000 per year.

 *Working with Mencap has been a very rewarding experience for the store and for me, and it has given us all a greater understanding about learning disabilities. Craig and Katie are two of the most hardworking and reliable staff I have, and they have integrated well into the store team.* 

Shane, Co-operative store manager

Supporting and strengthening families

Royal Mencap Society was set up by families. Our research suggests that the way that we bring up our children and our experience of family life has a strong influence on our lives. At Royal Mencap Society we want to strengthen families of people with a learning disability because we believe this is key to improving individual well-being.

Segal House

Segal House Nursery enjoyed another successful year helping 55 children with a learning disability from Belfast and surrounding areas. Its programme of learning, play and therapy in a warm, welcoming environment has been supporting children with a learning disability and their families since 1969.

An exciting highlight from this year came when the Minister of Health, Social Services and Public Safety announced a £2.5 million capital investment towards a new centre to replace our existing building. The new building will retain the friendly atmosphere of Segal House while offering fantastic new facilities and more space for families and their children to enjoy.

What we did: Providing family support service

Our family support service provides flexible help whenever it's needed to adults and children with a learning disability, as well as to their families and carers. Among the services we offer are care and respite assistance.

Children of parents with a learning disability are more likely to be removed and placed in child protection services than any other group of children.

(Best Beginnings, undated; Goodinge, 2000).

Short breaks services

We offer temporary care for people with a profound learning disability, allowing their parents or carers to take a break. This can also give the supported person the opportunity to make new friends and learn new skills.

Anti-Bullying Alliance

This coalition of organisations and individuals works to stop bullying and create safe environments for children and young people. Royal Mencap Society has trained 20 Young Ambassadors to be anti-bullying ambassadors. They now help deliver awareness raising workshops about bullying for parents and family members.

Parent Pioneers

Parent Pioneers is a project aimed at offering specialist support for new parents of a child with a learning disability. Parents come along to two intensive groups over a nine-month

Trustees' report (cont.)

period, focusing on their parenting skills and the well-being of themselves and their child or children.

Volunteer parenting mentors give ongoing support to the parents and help them adapt to changes in their growing child's needs. In 2013, Royal Mencap Society trained 20 volunteer mentors to support parents with a learning disability.

Information, advice and advocacy services

People with a learning disability and their families often need support and advice to find their way through the complexity of the social care, education or other systems. We offer all levels of support to enable and empower both individuals and their families to know their rights, make their own choices and get the most from life.

What we did: *Mencap Direct helpline*


- Mencap Direct takes an average of 1,000 calls a month and responds to an average of 500 emails. Advisors work with an average of 90 individuals each month.
- Between April 2013 and March 2014, Mencap Direct received 9,844 calls and 5,648 emails. Of these, 3,614 were for information and advice. The remainder were for Royal Mencap Society services or relating to other areas within Mencap, such as jobs.

- Between October 2013 and March 2014, the regional advice team supported 522 cases.
- Through work with local groups, we continue to offer advice, information and training through our 169 partnerships - for example our ME20 network (20 of the largest local Mencap groups).

Legal rights and entitlement events

We ran 'Legal rights and entitlement' events in Haydock, Northallerton and Doncaster attracting over 230 families. For example, in Haydock, 95% of attendees felt better informed about their rights and those of their child.

These were delivered in partnership with Contact A Family, Mencap Local Groups, carers organisations (Bury Parents Forum, My Life CIC, Community Circles, Doncaster Partnership for Carers and SYCIL) and with support from Irwin Mitchell Solicitors.

 *I certainly feel more empowered and would like to do it again to access the other training and workshops.*

Attendee 

Know your rights events

Temporary help with care of a loved one can be a lifeline for families and we work to ensure everyone has the support they need to lead happy and fulfilling lives. In 2013, over 600 people attended 15 'Know your rights' events across the country and went on to lead the fight in campaigning locally to protect vital services.

Planning for the future

We ran 30 wills and trusts events across the country, reaching thousands of parents and carers and helping them to provide for the future of someone with a learning disability.

Local advocacy services

- In April 2013, Royal Mencap Society supported 19 advice or advocacy services that had been contracted by local authorities. Together these services supported 888 people with intensive one on one support
- We also supported over 3,000 people across the year at group meetings (some people attending more than one meeting a year), both those with a learning disability and their families or carers, to resolve issues in their life through the provision of advice or advocacy support.

Case study: Paul Ridd

Mencap Cymru supported the family of Paul Ridd who died in a hospital in Wales in 2009. After five years of campaigning, supporting the family with a Public Services Ombudsman's investigation and supporting the family to sit on the Local Health Board review and Welsh Government review in January 2014, the Welsh Government launched the Learning Disability Care Bundle for the NHS.

The care bundle explains clearly the responsibilities of staff within the NHS in how they support people with a learning disability.



Trustees' report (cont.)

Improving the tracking of our outcomes

This year we started to build our organisational capacity around impact and outcomes. We mapped our currently tracked outcomes to identify the gaps. We also improved our focus on outcomes by being clearer about what we want to achieve for people with a learning disability and their families and carers.

We have been building organisational capacity through training, awareness sessions and one to one coaching on impact and outcomes with key senior managers from across all departments in the organisation.

AIM 2: Maximise income through innovation, building relationships and improved returns

As with prior years, 2013/14 was a very demanding year with regards to public finance. This situation reflects on our commissioned income, the income generated by our services and our voluntary income which is the responsibility of the Royal Mencap Society's fundraising department.

Grow commissioned income

Within this challenging climate we have focused on retaining and protecting our existing business and seeking new opportunities from either organic or new commissioned services that build and strengthen our position in the market.

This has been reflected in tighter commissioning arrangements of care and support services, not just for people with a learning disability, but across the wider social care market.

While this year has been incredibly tough, we have had a number of successes across the country including developments in Lewisham, Richmond, Buckinghamshire, Peterborough, Leicester, Darlington, Wiltshire, Denbighshire and Flintshire.

We are also proud of our close partnership with Golden Lane Housing. Through the use of their innovative Social Investment Charitable Bond they have been able to purchase and provide much needed housing for people with a learning disability where we can provide care and support.

The properties which are all in residential areas have created a lasting legacy that will be there for future generations of people with a learning disability.

In addition to the social bond, we have also worked with Golden Lane Housing through their Great Tenants private sector leasing scheme to secure housing and personal care and support for a large number of people.

Key examples and statistics

- We secured a £500,000 annual contract to provide supported living to up to 10 individuals in a newly-built block of flats in Doncaster
- We retained existing contracts with an annual value of £5.25m
- We secured new business resulting from tenders and organic growth of £2.65m
- We purchased 26 properties via the Golden Lane Housing Social Investment Bond which resulted in 99 people with a learning disability being supported by Royal Mencap Society
- Royal Mencap Society provided care and support for 119 people through the Golden Lane Housing Great Tenants scheme.

Growing voluntary income

2013/14 was a transitional year for the UK economy, as well as for Royal Mencap Society. It was also a year of change for our fundraising arm where we reflected in great detail on our different activities. The result was a review where we started to focus on areas which brought the best results and stood aside from areas we felt were not able to deliver in the short term. This approach led to successes like the gaining of the Land Securities Charity of the Year Partnership in 2014.

From this review a rebuilding process has started and we are confident going forward that we will see the benefits of the hard work by the fundraising team. We are in the process now of producing a long term fundraising strategy that we hope will increase the amount of voluntary income Royal Mencap Society receives.

Having set ourselves the target of growing voluntary income at the same time as increasing our cost-income ratios – we set ourselves a very difficult challenge in very difficult times.

In 2013/14, although an overall reduction of £448,000 in voluntary income was recorded, donations received from individuals actually increased. We are broadly satisfied with this result, but we know we have a lot of work to do to achieve our targets going forward.

Gifts in wills

In 2013/14, £5.6m was donated to Royal Mencap Society through gifts in wills and we remain extremely grateful to all those who choose to remember the work of Royal Mencap Society in their will.

Half of the voluntary donations we receive come from gifts in wills and we rely on this special type of support to carry out much of our work.

If you would like some information on how to include a gift to Royal Mencap Society in your will, please visit:
www.mencap.org.uk/legacies

Trustees' report (cont.)



Increase our fundraising cost-income ratio

With the focus on improving our cost-income ratio, the review mentioned above highlighted a number of areas that were having a negative impact on the cost-income ratio. By stopping some of these activities we were able to increase our ratio to 2.94 from 2.68, being just short of a 10% improvement.

We need to look much more closely at this and separate out those activities designed to help improve awareness, inclusiveness and our network of friends. This will drive future benefits, but not exclusively in the form of fundraising income.

Fundraising is instrumental in delivering the cash needed if we are to deliver on our strategy. We will therefore be investing in fundraising going forward and some of this investment may have a time lag for benefits to feed through. This is necessary as we look to the future and want to continue providing the support, help and a voice for people with a learning disability, their families and carers.

Key supporters:

Corporate

- Castlecourt Shopping Centre, Belfast
- Cathay Pacific Airways
- CITI, Belfast
- Endless LLP
- Fruit Burst
- Gemserve
- GlaxoSmithKline
- International Power
- Keepmoat
- KMS California
- KPMG
- MBNA Europe Bank Limited
- Opus Energy
- Redtray
- Skanska UK Plc

-
- Spotify
 - Sweet Causes Ltd
 - The Recycling Factory
 - Think Money
 - Toshiba
 - Volker Wessels
 - Waitrose
 - Westfield Health

Funding bodies

- Baily Thomas Charitable Fund
- BBC Children in Need
- Belfast City Council
- BGC
- Big Lottery Fund
- Big Lottery Fund Northern Ireland
- Cabinet Office: Democratic Engagement Fund and Social Action Fund
- Comic Relief
- Department of Health: Health and Care Voluntary Sector Strategic Partners Programme
- Department of Health: Health and Social Care Volunteering Fund
- Help a Capital Child

- Heritage Lottery Fund (Wales)
- People's Health Trust
- Percy Bilton Charity
- Sheffield & District Hospital Services Charitable Fund
- Sport England
- Stavros Niarchos Foundation
- The Anson Charitable Trust
- The Garfield Weston Foundation
- The John James Bristol Foundation
- The Kathleen Laurence Trust
- The Rix family
- The Roger de Haan Charitable Trust
- The Wixamtree Trust
- The Zochonis Charitable Trust
- Theodore Roussel Memorial Trust

Fundraisers or donors

- 2014 London Marathon team
- 2014 Marathon des Sables team
- Dame Norma Major
- Dr John Beynon
- George & Liz Parker MBE
- Loon Las Goonies

Trustees' report (cont.)

- Majid Jafar
- Mencap Special Events Committee
- Mencap Young Professionals Committee
- Miss S Black
- Mr A Butcher
- Mr and Mrs Philip Loney
- Mr Beer
- Mrs C S Glover
- Mrs Eleanor Holloway
- Mrs J Trudgian
- Northern Ireland Polo Club
- Northern Ireland Special Events Committee
- Northern Ireland Young Professionals Committee
- Peggy Doidge MBE
- Sir John Zochonis
- Stephen Peel
- The Pears Foundation
- The Renton Foundation

Other donors

- Card and Payments Awards
- Debbie Douglas
- Hill Dickinson

- Irwin Mitchell Solicitors
- Jane Gordy
- Jessica-Jane Applegate MBE
- Jo Brand
- Jo Whiley
- Jodie Whittaker
- Johnny Ball
- Jon Richardson
- Kate Spicer
- Kelly Shirley
- LDC
- Lord Grade CBE
- Lydia Rose Bright
- Mathew Horne
- The Clare Milne Trust
- The Edge
- Neev Spencer
- Omid Djalili
- Russell Howard
- Sarah Gordy
- Tim Vine
- Ty Glaser
- Votwo

AIM 3: Transforming the organisation to meet the considerable challenges ahead

We know that to achieve our vision, the different departments of Royal Mencap Society must work together better. Our people care deeply about our mission and work tirelessly every day for a just world for people with a learning disability, their families and carers.

In 2013/14, we aimed to:

- maintain high staff engagement
- further embed talent and performance management across Royal Mencap Society
- deliver information technology that allows our people to be effective
- ensure high-performance governance to allow robust decision-making and the achievement of our vision.

Maintain and improve high staff engagement

Assessing employee engagement

Our employees are important to us. This year we improved our engagement with staff and reviewed and improved our internal communications:

- We launched a new microsite to welcome new starters to the organisation.

- We started a process to engage staff in our social media channels as one of the ways to better reach our 'hard to reach' staff.
- We ran our annual engagement survey in April 2013 and the results show high engagement across all teams.

Improving internal communications

With such a geographically dispersed and busy workforce, we are constantly trying to improve our staff communication and engagement. We have made some significant improvements this year, such as increased use of video and an online version of our internal communications magazine, *Connect*, as well as frequently sharing good news across the organisation.

Improving recruitment and fostering talent

Talented and engaged staff ensure Royal Mencap Society successfully achieves its aims. We made several improvements this year to embed talent throughout the organisation.

What we did

- We improved our recruitment advertising which has increased applications by 57% compared to last year
- We improved our appraisal and performance management process across the organisation

Trustees' report (cont.)

- We had an internal audit from PricewaterhouseCoopers on our performance management processes and the feedback was positive in all areas reviewed
- We ran a successful talent programme across the whole of Royal Mencap Society for the first time, resulting in 27% of participants being promoted.

Deliver information technology that allows our people to be effective

What we did

- We hired a new head of IT who has been focusing on updating our IT infrastructure and systems to bring them up to a modern standard
- We started a project to reduce the number of internet connections, allowing us to improve both the costs and service
- We started to move our IT systems from our head office to a new and modern data centre.

Ensure high-performing governance to allow robust decision-making and the achievement of our vision

This year we reviewed our governance as part of our internal audit programme, and we also did a review of our governance

using the Code of Governance which included a board review and committee reviews.

The board of trustees and committee members had an externally facilitated training day on the role of a trustee and various awareness raising sessions on new developments in charity law and conflicts of interest. We reviewed our terms of reference and trustee communications. This review of governance allows us to set a baseline so we can track improvements in future years. It showed that our governance has improved over the last year with relationships being more positive, communication has improved and board papers have improved. The board feels that it is clearer on its role and that the role of committees is clearer as a result of this work.

Financial review

After a difficult 2012/13 year, Royal Mencap Society Group has made great strides in improving its financial health, ensuring that as a group we continue to be better placed to help our beneficiaries.

Financial highlights – group

- Total income £201.2m, up 2.3% on prior year
- A return to an unrestricted surplus of £6.4m (2013 deficit £8.7m). A turnaround of £15.1m (£5m of this due to technical FRS17 pension adjustments)
- Total unrestricted reserves of £22.2m which is up 40% on prior year
- A GLH bond issue of £10m, which greatly contributed to providing additional housing for 220 people with a learning disability
- Low level of Gearing* at 0.7 which is in line with last year
- Current assets to current liabilities is 1.6, up from 1.4 last year
- Increased liquidity. Cash held £19.4m, up from £10m last year.
- Receipt of £2.7m towards the redevelopment of Segal House in Ireland

- One Mencap, a programme designed to reduce duplication and increase efficiency across the organisation, was introduced which will generate annualised savings in excess of £6m
- College sale completed on 3 June 2014, increasing cash by a further £7m.

Financial highlights – Royal Mencap Society charity

- Total unrestricted reserves of £1.8m, up from previous year's deficit of £1.8m
- Current assets to current liabilities is 2.3, up from 1.8 last year
- Increased liquidity. Cash held £13.3m, up from £5.7m last year. Additional undrawn facilities of £7.3m are available with Barclays Bank Plc

Royal Mencap Society is funded by a mixture of income generated from providing statutory services to individual people with learning disabilities and by receipt of donations and grants from individuals and organisations.

£187m was spent on supporting people and engaging and influencing key stakeholders. All of this spend went to maximising impact for people with a learning disability and their families and carers.

*Gearing is calculated as long term borrowing / unrestricted reserves (excluding long term pension liability)

Trustees' report (cont.)



The majority of our income is spent directly supporting people to live the lives they choose, in their own homes, in education and in employment. Although statutory budgets remain under pressure, Royal Mencap Society is a leader in the field in providing quality outcomes for people with a learning disability. We want to continue to lead practice and to ensure that as many people as possible have a good quality of life in the here and now.

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. Despite a year of significant change, our fundraising team generated an income of £13.2m, a tremendous achievement in a very difficult year of change which enabled Mencap to continue with its important projects.

Liquidity was strong in 2013/14 and was further strengthened by the sale of our colleges which completed on the 3 June 2014. The sale also gives Mencap the additional liquidity to invest for the future benefit of people with a learning disability.

This is a real change for Mencap and allows us to focus more closely on key strategic issues without spreading our precious resources too thinly.

This year Golden Lane Housing issued a bond raising £10m, all of which was spent on buying houses for people with a

learning disability who are also supported by Royal Mencap Society. This and other activity has meant that Golden Lane Housing has housed 220 more people this year. The operations of Golden Lane Housing returned a surplus of £2.4m, 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.

The success of the One Mencap programme has brought the organisation together with a level of engagement of which we can be proud. The results of this programme have not only eliminated duplication and waste but brought a new energy and focus to our work.

We received £2.5m from the Department of Health and Social Services and Public Safety (NI). Together with a further £250k from Garfield Weston Foundation, this was a fantastic start to kick off the planned redevelopment of our work with young children in Northern Ireland. We will now be building a purpose built facility to encompass the nursery and facilities for professionals working with young people with a learning disability.

Charitable income and restricted reserves in particular

When reviewing the group's results and position it is important to understand that the nature of recording income in a charity

may mean that there is a timing difference between when income is received and spent. This can result in surplus or deficits in a year which are then carried forward to the future.

As a charitable organisation, Royal Mencap Society does not have shareholder funds but gearing is calculated on the basis of unrestricted funds. This includes our pension liability, which is a long-term liability and does not adversely impact on our daily operational activities. As such, we believe that it is more meaningful to calculate gearing excluding long term pension liabilities as this gives a clearer and more accurate representation of our financial stability. (See financial highlights on page 39.)

Defined benefit pension liability

Each year we revalue our defined benefit pension scheme liability in accordance with accounting rules. This year, our deficit has decreased by £3.8m from £27.9m to £24.1m. This contrasts with increases of £8.2m and £1.4m in the previous two years. These changes demonstrate the volatility of our liability and are largely due to the changing conditions in the financial markets and inflation assumptions, which are outside our control.

We have also reviewed some of the underlying assumptions regarding payments of future pensions to dependents and brought these into line with the rules of the scheme, resulting in a gain of £4.5m in the year.

Trustees' report (cont.)

We continue to make contributions towards the deficit, as agreed with the independent trustees of Royal Mencap Society pension scheme. This combined with the expected investment performance of the fund's assets, should ensure that there are sufficient funds available to pay pensions as they fall due. This is, of course, a long term liability and we have agreed a schedule of payments over the next 17 years with the trustees of the pension scheme. The trustees of the pension scheme have adopted a more active approach to managing the pension fund's assets. Working collaboratively, Royal Mencap Society and the trustees of the pension scheme are focused on managing this liability in the interests of both the beneficiaries of Royal Mencap Society and the pension scheme members.

Meeting our obligations with regard to the pension scheme is important and we continue to focus on ensuring that we manage our financial resources so that we can meet our liabilities as they fall due. We recognise that it is in the interest of all our beneficiaries, as well as the pension fund, for Mencap to be financially strong. We have focused this year on ensuring that we use our resources as efficiently and effectively as possible. This has enabled us to reduce costs and to make sure that the scarce resources we have are put to best use to deliver positive outcomes for our beneficiaries. Our ambition is to ensure that we balance incoming and outgoing resources from unrestricted funds, whilst being able to invest for the long term in activities that deliver positive impact to people with a learning disability.

Recognising each of the four charities

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 Royal Mencap Society group comprises the four separate and distinct charities.

Royal Mencap Society and NOFAS-UK agreed that NOFAS-UK would be better placed to help its specific beneficiaries if it operated as an independent charity and not under Royal Mencap Society's umbrella. As a result it was agreed that NOFAS-UK would separate from Royal Mencap Society from 31 December 2013. From that date Royal Mencap Society ceased to be the owner. NOFAS-UK now operates as an independent charity.

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 (disposed of as at 31 December 2013)

Royal Mencap Society is the sole member of each charity. However, each charity has its own board of trustees that is accountable to its beneficiaries in meeting its respective

charitable objectives. It should be noted that Royal Mencap Society has no automatic right to the gross assets or reserves of other subsidiary charities of the group.

Note 3 to the accounts shows that the total income of all 4 charities is £200m, with £11.5m being received by Golden Lane Housing and the balance largely by Royal Mencap Society.

Each charity has different tasks, needs and financial management policies. The financial management objectives and reserves policies of Royal Mencap Society 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 to achieve the desired outcomes.

Risk management and internal control

The board of trustees oversees strategic risks annually with additional operational risk assessment through delegation to the audit and assurance committee. The committee is satisfied with the processes for identifying, managing and reporting risk at this operational level and PricewaterhouseCoopers provide independent assurance as our internal audit function. Risk control is exercised appropriately by executive directors who review risks regularly and formally on a quarterly basis.

Our main risks are:

- Safety of service users will always be a big risk due to the nature of the work that we do. We mitigate this with our own quality assurance system which helps us ensure that we have sufficient and effective management arrangements in place to drive, confirm and monitor practice and service compliance. Our services are regularly inspected by regulators and reviewed by commissioners and we carry out our own reviews as part of quality assurance. We have a health and safety management system in place which is measured and we monitor trends through our critical incident reporting process and complaints audits
- Funding, which remains a significant risk with continuing pressure from service commissioners to reduce contract prices balanced against our need. We will ensure that we can deliver quality social care 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. We are giving priority to stabilisation and resilience in order to provide a sound base for business critical applications. Yet there is still work to do and risks around our IT network still exist

Trustees' report (cont.)

- Our pension liability remains a risk and has potentially significant financial implications. We have discussed how we manage this risk and the impact on our gearing on the preceding pages.

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 in specific areas and significant changes in risks. All board papers include a risk assessment in their cover sheet to draw out the key risks and mitigations.

How each charity approaches its financial management, risks and reserves

Royal Mencap Society

Royal Mencap Society expects to spend in the order of £175m in 2014/15, about 90% of which is funded from contracts with government and local authorities. This work enables us 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 more predictable in the short term than the income received from fundraising activities.

Fundraising income is very important to Royal Mencap Society as it pays for activities that lead to immediate improvements in the lives of people with a learning disability. It also helps us

influence longer term societal change through campaigning and working with partners such as the Mencap local societies. Connecting organisations that share our aims will enable us to drive change faster together than we can on our own.

The reserves policy for Royal Mencap Society 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. We may also lose contracted income whilst remaining committed to expenditure for a period of time
- The long-term pension liability can fluctuate widely, with adverse movements reducing the net assets and, as a consequence, Royal Mencap Society's reserves. Fluctuations in the pension liability are caused by economic and other factors that are outside the control or influence of Royal Mencap Society.

In common with much of the charity sector, we have limited reserves, however, we always ensure we have sufficient cash available to meet operating requirements, pay staff and suppliers on a day-to-day basis, support investments in activities and cope with short-term, unplanned fluctuations in cash needs. We monitor our expected cash requirements closely and we always work to ensure that our financing arrangements match our aspirations to grow our activities.

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.

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, Royal Mencap Society seeks to ensure that it has sufficient reserves to meet adverse fluctuations in the level of this liability, although our stakeholders do not expect the charity to hold high levels of reserves, which could otherwise be used to further its aims and objectives. We agree a schedule of payments with the pension trustees and take this agreement into account in our budgeting and planning processes. The pension liability is long term and will be funded out of future surpluses.

Our other 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. Our reserves are detailed in the accompanying accounts and note 16. Unrestricted free reserves (excluding FRS17 pension liability of £24.1m) less fixed assets net of loans secured on those assets, stand at £16.6m.

The principal sources of information which were taken into account when reviewing the level of reserves included:

- the company's risk management framework
- income budgets and forecasts and analyses of the stability of sources of income
- expenditure budgets; forecasts and capital expenditure
- cash flow forecasts including the agreed contributions in respect of the defined benefit pension scheme
- levels of reserves held by the charity's subsidiaries, including any practical restrictions on access to those reserves and the appropriate levels which are required for liquidity and the mitigation of financial risk at the level of the subsidiary.

Having considered all of the above, the trustees consider the level of reserves to be appropriate for the current level of operations and to manage the risks highlighted. The overall level of reserves is and will be kept under constant review to ensure sufficient capacity for the ongoing sustainability of the charity.

Trustees' report (cont.)

Golden Lane Housing (GLH)

Golden Lane Housing has an annual spend of £9.2m, the majority of which is funded by housing benefit. This allows us to provide housing for people with a learning disability.

Reserves policy

The policy in relation to unrestricted reserves is to set aside amounts for specific future purposes and to hold a minimum of £700,000 expenditure cover under designated or free reserves, backed by cash. The trustees have reviewed the reserves for the charity and believe they are appropriate considering the operations of GLH. Details of their policy and level of reserves are set out in Golden Lane Housing's accounts.

The AdCare Foundation

The AdCare Foundation has a policy to grant the money it has by way of donations to individuals, groups and organisations. In 2014/15, AdCare is intending to grant the remainder of its reserves of £774,000 to Royal Mencap Society which will be charged with continuing the work of Adcare until the cash received is fully spent. Once Adcare has granted the reserves and has no more funds available it will be closed.

Investment, policy and performance

Our investments are held for four purposes:

- (i) Approximately £6.4m is held to fund the long-term work of our Royal Mencap Society Visiting Service.
- (ii) Approximately £446,000 is held for the benefit of our work in Northern Ireland and is likely to be used in 2014/15.
- (iii) AdCare holds £774,000 in cash which will be spent over the next few years.
- (iv) We have sold our general listed investments of £8.2m and hold this currently in cash.

We will be reviewing our investment objectives in 2014/15 to ensure that they are in line with our financial strategy. The funds for Royal Mencap Society Visiting Service are long-term and we are able to plan the need to access these funds. Therefore, we keep 70% in equities and 30% in bonds for this portfolio. The Northern Ireland fund will be held as cash and will be used in connection with the redevelopment of our Segal House facility.



Looking ahead to 2014/15

Royal Mencap Society provides services and advice, challenges prejudice and campaigns for the changes that people with a learning disability want. We know that with limited resources in 2014/15, we must focus on a few key aims where we can make the biggest difference: improving the lives of people with a learning disability, reducing inequality for families of people with a learning disability and building a sustainable Royal Mencap Society.

We are currently working to articulate our purpose, mission and how we align everything we do to make it possible. This will give us clarity and focus on where we can make the biggest difference to our main beneficiary, which is people with a learning disability.

Aim 1: Improve the lives of people with a learning disability

Our support for people with a learning disability is one of our greatest strengths. In addition to offering continued services to individuals, we believe that to change lives in the future for people with a learning disability, we need to change the attitudes of the public today.

In the next year we want to:

- grow our services to support more people with a learning disability
- raise learning disability up the political agenda in a general election year to influence MPs
- challenge negative public perceptions of people with a learning disability
- better articulate and measure the difference that Royal Mencap Society makes in the lives of individuals with a learning disability.

Aim 2: Reduce inequality for families of people with a learning disability

Research has shown that individuals and their families cannot be separated. So caring for individuals with learning disabilities means caring for their families.

We have looked at the evidence and know that families of children with a learning disability face two significant inequalities: they are more likely to live in poverty than other parents in the UK, and they are two to three times more likely to experience high levels of stress or develop mental health problems.

Less affluent parents have fewer resources to invest in their children's development and education. They are also at an increased risk for experiencing stress and mental health difficulties, which can affect their ability to develop the most positive and nurturing relationships possible with their children. Very worryingly, these inequalities in parents' health are already found by the time their child is five years of age. Once established, they are difficult to deal with and may get worse over time.

These inequalities are avoidable. However, Royal Mencap Society aims to reduce them by strengthening families and supporting parents.

Over the next year we want to:

- develop new areas of work to reduce inequalities faced by families of people with a learning disability
- be able to articulate and measure the difference that Royal Mencap Society makes in reducing the inequalities faced by families of people with a learning disability.

Aim 3: Build a sustainable Royal Mencap Society

There are things that we need to do internally to ensure that Royal Mencap Society is strong enough to make the changes that we want to see. We aim to ensure that Royal Mencap Society is well run and sustainable.

In the next year we want to:

- better understand the capabilities and behaviours that we need to deliver the strategy, filling the gaps through recruitment or development
- ensure our work is informed by evidence
- improve our partnerships, working with other like-minded organisations
- improve our financial sustainability in order to best deliver our strategy.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Strategic Report, 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 a 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.

Statement of trustees' responsibilities (cont.)

Provision of information and public benefit

Royal Mencap Society'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.

This Annual Report of the Trustees, under the Charities Act 2011 and the Companies Act 2006, was approved by the Board of Trustees on 16 July 2014 including approving in their capacity as company directors the Strategic Report contained therein, and is signed as authorised on its behalf by:

On behalf of the trustees



Graham Williams, chair

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

We have audited the financial statements of Royal Mencap Society for the year ended 31 March 2014 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 23.

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 auditors' 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 charitable company'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 Strategic report and the Trustees' Annual

Independent auditor's report to the trustees of Royal Mencap Society (cont.)

Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report

and the Trustees' 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) requires 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
Crowe Clark Whitehill LLP, London

25 July 2014



Accounts

Consolidated statement of financial activities for the year ended 31 March 2014

	Note	Restricted funds 2014 £'000	Unrestricted funds 2014 £'000	Total funds 2014 £'000	Total funds 2013 £'000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	2,752	9,769	12,521	12,969
Activities for generating funds	3	-	652	652	651
Investment income	4	1	66	67	60
Income resources in furtherance of charitable objects:					
Grants and other income receivable	5	6,281	170,269	176,550	173,006
Rental income	3	-	11,305	11,305	9,898
Profit on disposal of tangible fixed assets		3	97	100	-
Total incoming resources		9,037	192,158	201,195	196,584
Continuing operations		9,037	178,350	187,387	182,536
Discontinued operations	23	-	13,808	13,808	14,048
Resources expended					
Costs of generating funds:					
Costs of generating voluntary income		42	4,380	4,422	5,677
Costs of activities for generating funds	3	-	229	229	279
Investment management costs		5	4	9	21
Charitable activities:					
Supporting people		5,417	174,852	180,269	183,324
Engaging and influencing key stakeholders		2,694	4,361	7,055	9,107
Governance costs		-	528	528	433
Total resources expended	6	8,158	184,354	192,512	198,841
Net incoming resources / (resources expended) before transfers		879	7,804	8,683	(2,257)
Transfers between funds	16	20	(20)	-	-
Net incoming/(outgoing) resources for the year before investment disposals		899	7,784	8,683	(2,257)

	Note	Restricted funds 2014 £'000	Unrestricted funds 2014 £'000	Total funds 2014 £'000	Total funds 2013 £'000
Continuing operations		899	7,362	8,261	(1,243)
Discontinued operations	23	-	422	422	(1,014)
Reduction in funds upon deconsolidation of NOFAS	3	-	(79)	(79)	-
Net gain/(loss) on investments		242	(122)	120	1,692
Actuarial loss on defined benefit pension scheme	20	-	(1,159)	(1,159)	(9,331)
Net increase/(decrease) in funds		1,141	6,424	7,565	(9,896)
Fund balances carried forward at 1 April	16	26,435	15,761	42,196	52,092
Fund balances carried forward at 31 March		27,576	22,185	49,761	42,196

Consolidated balance sheet as at 31 March 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		87,764		78,877
Investments	9		6,445		16,034
			94,209		94,911
Current assets					
Fixed assets held for sale	23		5,935		6,387
Stocks			25		40
Debtors	11		19,949		19,336
Cash at bank and in hand			19,445		10,031
			45,354		35,794
Creditors: amounts falling due within one year	12		(28,346)		(24,772)
Net current assets			17,008		11,022
Total assets less current liabilities			111,217		105,933
Creditors: amounts falling due after more than one year			(32,457)		(30,177)
Provisions and charges	14		(4,888)		(5,564)
Net assets excluding pension scheme liabilities			73,872		70,192
Defined benefit pension scheme liability	20		(24,111)		(27,996)
Net assets including pension scheme liabilities			49,761		42,196
Funds					
Restricted funds	16		27,576		26,435
Unrestricted funds:					
Unrestricted income funds			35,984		33,445
Revaluation reserve			10,312		10,312
Unrestricted funds excluding pension liability			46,296		43,757

	Note	2014		2013	
		£'000	£'000	£'000	£'000
Pension reserve		(24,111)		(27,996)	
Total unrestricted funds	16		22,185		15,761
Total funds			49,761		42,196

The financial statements were approved by the trustees on 16 July 2014 and signed on their behalf, by:



Graham Williams
chair



Fred Worth
trustee

The notes on pages 59 to 79 form part of these financial statements.

Charity balance sheet as at 31 March 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	12,311	11,897
Investments	9	6,445	14,992
		18,756	26,889
Current assets			
Fixed assets held for sale	23	5,935	6,387
Stocks		-	22
Debtors	11	25,386	25,023
Cash at bank and in hand		13,259	5,744
		44,580	37,176
Creditors: amounts falling due within one year	12	(19,777)	(20,592)
Net current assets		24,803	16,584
Total assets less current liabilities		43,559	43,473
Creditors: amounts falling due after more than one year	13	(3,038)	(3,479)
Provisions for liabilities and charges	14	(4,889)	(5,558)
Net assets excluding pension scheme liabilities		35,632	34,436
Defined benefit pension scheme liability	20	(24,111)	(27,996)
Net assets including pension scheme liabilities		11,521	6,440

	Note	2014 £'000	2013 £'000
Charity funds			
Restricted funds		9,727	8,208
Unrestricted funds:			
Unrestricted income funds		15,593	15,916
Revaluation reserve		10,312	10,312
Unrestricted funds excluding pension liability		25,905	26,228
Pension reserve		(24,111)	(27,996)
Total unrestricted funds/(deficit)		1,794	(1,768)
Total funds		11,521	6,440

The financial statements were approved by the trustees on 16 July 2014 and signed on their behalf, by:



Graham Williams
chair



Fred Worth
trustee

The notes on pages 59 to 79 form part of these financial statements.

Consolidated cash flow statement for the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Net cash flow from operating activities	(a)	4,439	1,674
Returns on investments and servicing of finance	(b)	(1,196)	(1,184)
Capital expenditure and financial investment	(c)	(231)	445
Cash inflow before financing		3,012	935
Financing	(d)	6,402	(2,146)
Increase/(decrease) in cash in the year	(e)	9,414	(1,211)

Reconciliation of net cash flow to movement in net debt for the year ended 31 March 2014

	2014 £'000	2013 £'000
Increase/(decrease) in cash in the year	9,414	(1,211)
Cash outflow/(inflow) from decrease in debt and lease financing	(6,402)	2,146
Change in net debt resulting from cash flows	3,012	935
Net debt at 1 April 2013	(23,576)	(24,511)
Net debt at 31 March 2014	(20,564)	(23,576)

The notes on pages 59 to 79 form part of these financial statements.

Notes to the group cash flow statement year ended 31 March 2014

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

	2014 £'000	2013 £'000
Net incoming/(outgoing) resources before other recognised gains and losses	8,683	(2,257)
Returns on investments and servicing of finance	1,196	1,184
Depreciation of tangible fixed assets	1,605	2,890
Adjustment for pension funding	(5,044)	(1,114)
(Profit)/loss on sale of fixed assets	(100)	203
Adjustment for NOFAS-UK	(79)	-
Decrease/(increase) in stocks	15	(25)
(Increase)/decrease in debtors	(613)	1,991
(Decrease)/increase in creditors	(549)	(1,266)
(Decrease)/increase in provisions	(675)	68
Net cash inflow from operating activities	4,439	1,674

(b) Returns on investments and servicing of finance

	2014 £'000	2013 £'000
Management charges on investments	(9)	(21)
Interest received	67	60
Interest paid	(1,213)	(1,179)
Interest element of finance lease rentals	(41)	(44)
Net cash outflow from returns on investments and servicing of finance	(1,196)	(1,184)

(c) Capital expenditure and financial investment

	2014 £'000	2013 £'000
Purchase of tangible fixed assets	(10,608)	(1,610)
Shared investment contribution	(5)	(696)
Disposals of tangible fixed assets	672	2,702
Net sales of fixed investments	9,710	49
Net cash (outflow)/inflow from capital expenditure and financial investments	(231)	445

(d) Financing

	2014 £'000	2013 £'000
Capital element of finance lease payments	(182)	232
Loan drawdowns	6,584	(2,378)
Net cash inflow/(outflow) from financing	6,402	(2,146)

(e) Analysis of changes in net debt

	1-Apr 2013 £'000	Cash flow £'000	31-Mar 2014 £'000
Cash at bank and in hand	10,031	9,414	19,445
Debt:			
Finance leases	(669)	182	(487)
Debt due within one year	(3,191)	(4,147)	(7,338)
Debt due after one year	(29,747)	(2,437)	(32,184)
Net debt	(23,576)	3,012	(20,564)

1. Accounting policies

The financial statements for Royal Mencap Society (Mencap) 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). NOFAS-UK's results were consolidated to 31 December 2013 at which point Royal Mencap Society disposed of its interest. The charity is the sole member of both Golden Lane Housing Limited and AdCare Foundation Limited. 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.

Royal Mencap Society 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 at the earlier of:

- receipt of the legacy or
- notification that we are entitled to a legacy and are also able to both quantify it and be certain of receipt.

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 BlackRock Investment Management (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 FRS17 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.

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 separately 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 FRS17.

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

(o) 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.

2. Voluntary income

	Restricted funds £'000	Unrestricted funds £'000	Total 2014 £'000	Total 2013 £'000
(a) Donations	95	3,325	3,420	3,383
Total donations income	95	3,325	3,420	3,383
(b) Legacies	295	5,915	6,210	6,200
Total legacies income	295	5,915	6,210	6,200

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 2014, these are estimated to be £0.1 million (2013: £0.1 million).

	Restricted funds £'000	Unrestricted funds £'000	Total 2014 £'000	Total 2013 £'000
(c) Trust fund				
Art Council for We Dance	-	-	-	10
Bailey Thomas Charitable Trust	10	-	10	-
Children In Need for Play our Way	51	-	51	75
Comic Relief for Older Voices	30	-	30	40
Edith Murphy Foundation	5	-	5	-
Garfield Weston Foundation	250	-	250	-
John James Bristol Foundation	10	-	10	-
Griffiths Newton Trust - for Community	-	-	-	15
Kathleen Laurence CT - CBAs	15	-	15	45
Multithon Trust	5	-	5	-
Pears Foundation	25	-	25	-
Peoples Health Trust for Gateway Active	-	-	-	572
Roger de Haan Charitable Trust	10	-	10	-
Torbay Older Carers	-	5	5	-
Will Charitable Trust	15	-	15	-
Wixamtree Trust	5	-	5	-

	Restricted funds £'000	Unrestricted funds £'000	Total 2014 £'000	Total 2013 £'000
Zachonis Trusts for Mencap on the Move	35	-	35	30
Subtotal	466	5	471	787
Other	15	55	70	98
Total trust income	481	60	541	885
(d) Community Fund/Big Lottery Fund				
Big Lottery Fund Northern Ireland/ Live&Learn for Livenet	211	-	211	186
Big Lottery Fund Northern Ireland/Safe and Well for Young People Together	259	-	259	219
Big Lottery Fund/Link Me	3	-	3	-
Big Lottery Fund/Young People's Fund 2 for Raising Your Game	1,061	-	1,061	1,083
Building Change Trust for Early Intervention Service Northern Ireland	-	-	-	2
Department of Health for Parent Pioneers	125	-	125	-
Heritage Lottery Fund for Hidden Now Heard	11	-	11	14
Sport England for the Inclusive Sport Project	-	-	-	104
Total Community Fund/Big Lottery Fund	1,670	-	1,670	1,608
(e) Organisations raising funds				
The Co-operative Group (charity of the year)	-	50	50	65
MBNA	-	35	35	38
MBNA (MPL)	-	8	8	-
RPC	-	-	-	4
GlaxoSmithKline	-	-	-	60
International Power	-	19	19	25
De Poel	-	-	-	51
Gemserve	-	10	10	12
Franklins Solicitors	-	34	34	-

2. Voluntary income (cont.)

	Restricted funds £'000	Unrestricted funds £'000	Total 2014 £'000	Total 2013 £'000
Nexen Petroleum	-	5	5	-
Stavros Niarchose Foundation	50	-	50	-
United House Group	-	15	15	-
Charity Sweets	-	27	27	-
Aveso	28	-	28	-
Parker Plant	6	-	6	-
Opus Energy	-	24	24	-
Other	117	152	269	517
Total organisations raising funds	201	379	580	772
(f) Gifts in kind	10	90	100	121
Total voluntary income	2,752	9,769	12,521	12,969

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 2014 £'000	Total 2013 £'000
Trading subsidiaries						
Turnover	-	274	91	287	652	651
Cost of sales	-	-	(64)	(62)	(126)	(224)
Gross profit/(loss)	-	274	27	225	526	427
Administration costs	-	(57)	(10)	(36)	(103)	(247)
Net profit/(loss)	-	217	17	189	423	180
Paid to Mencap under Gift Aid	-	-	-	(189)	(189)	(180)
Retained in subsidiaries	-	217	17	-	234	-

The costs of all the above subsidiaries are included in the Consolidated Statement of Financial Activities under costs of activities for generating funds, less any transactions between companies within the Mencap group.

	Royal Mencap Society £'000	Golden Lane Housing £'000	AdCare Foundation £'000	NOFAS - UK £'000	Total 2014 £'000	Total 2013 £'000
Charitable companies						
Incoming resources	188,533	11,514	396	101	200,554	195,933
Resources expended	(172,290)	(6,608)	(1)	(92)	(178,991)	(181,372)
Income/(expenditure) for the year before administration costs	16,243	4,906	395	9	21,553	14,561
Administration costs	(10,824)	(2,465)	(2)	(2)	(13,293)	(17,190)
Net incoming/(outgoing) resources for the year before transfer	5,419	2,441	393	7	8,260	(2,629)
Realised gain on investments	1,216	-	-	-	1,216	117
Net income/(expenditure)	6,635	2,441	393	7	9,476	(2,512)

Included in the rental income of £11.3m shown in the Consolidated Statement of Financial Activities is £10.8m from Golden Lane Housing (2013: £9.3m). The balance is from other sources.

At 31 December 2013, NOFAS-UK exited the Mencap group following a strategic review of the group's operating plans. This resulted in a reduction in the group funds of £79k, which is recognised as such on the face of the Consolidated Statement of Financial Activities.

	Total 2014 £'000	Total 2013 £'000
Reconciliation of net incoming/(outgoing) resources for the year before transfers		
Group statement of financial activities' net incoming/(outgoing) resources before transfers	8,683	(2,257)
Trading subsidiaries' net profit adjusted for consolidation entries	423	372
Charitable companies' net incoming/(outgoing) resources for the year before transfers	8,260	(2,629)
	8,683	(2,257)

4. Investment income

	Group 2014 £'000	Group 2013 £'000
Income from listed investments in the UK	-	-
Bank interest	67	60
	67	60

5. Grants and other income receivable

	Group 2014 £'000	Group 2013 £'000
Belfast Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	291	290
Cabinet Office Fund for Social Action	48	-
Cabinet Office for Me and My Vote	59	-
Care Quality Commission - Healthwatch	20	-
Big Lottery Link Me	105	-
Carmarthenshire County Council for Family adviser service, Children's information officer and Welfare benefits advice service	-	71
Department of Health and Social Services and Public Safety (NI) for Segal House Project	2,500	-
Schools & Regional Colleges for employment services in Northern Ireland	47	58
Department for Employment & Learning (NI) for employment services	95	104
Department of Health and Social Services and Public Safety (NI) core grant	110	110
Department of Health for Strategic Partnership	200	-
CAWT	-	5
Dudley Borough Council decision making in short breaks	-	28
European Social Fund for employment services in Northern Ireland	615	531
Health and social services boards for Segal House nursery, area manager, information, advocacy and children services in Northern Ireland	142	138
Health and Social Care Volunteering Fund/Department of Health for Getting It Right - From The Start	200	117
Inspire Me Contact a Family	67	-
Kids for Good (Nesta)	30	-
Northern Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	65	98
Northern Ireland Housing Executive for Supporting People Grant	682	587

	Group 2014 £'000	Group 2013 £'000
People's Health Trust for Gateway Active	172	-
Sheffield & District Hospital Service	5	-
South Eastern Health and Social Care Trust for children and adults in Northern Ireland	261	266
Southern Health and Social Care Trust for children, adults and information services and area manager in Northern Ireland	244	256
Sport England for Inclusive Sports Project	51	-
Sure Start Partnerships in Northern Ireland for play adviser services	35	53
Welsh Assembly Government funding for core activities, independent support and information services, campaigning and information	-	177
Western Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	512	223
Youth Council Northern Ireland core grant	119	89
Department of Health for Parent Pioneers	125	184
Cabinet Office for Inspire Me +	-	489
Parker Plant Hire Ltd	-	7
Subtotal	6,800	3,881
All other grants and other income receivable	169,750*	169,125
Total grants and other income receivable	176,550	173,006

*Of this, £167m income is received for the provision of personal services.

6a. Total resources expended

	Staff costs	Depreciation	Other direct costs	Other allocated costs	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating voluntary income	1,633	1	2,543	245	4,422	5,677
Trading costs of subsidiaries	22	4	203	-	229	279
Investment management costs	-	-	9	-	9	21
Supporting people	134,404	959	34,194	10,712	180,269	183,324
Engaging and influencing key stakeholders	4,618	7	2,130	300	7,055	9,107
Governance	280	-	216	32	528	433
Support	9,137	634	1,518	(11,289)	-	-
	150,094	1,605	40,813	-	192,512	198,841

Other allocated costs of supporting people include a one off gain of £4.5m relating to past service costs of the defined benefit pension scheme and the net interest cost relating to the defined benefit pension scheme of £1m (2013: £0.9m). This scheme was closed to new members and accruals 31 March 2009 (see pension note 20).

6b. Support costs allocated

	Facility management	Processing and support	Finance	IT	HR	Management support and quality	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating voluntary income	-	76	2	64	43	60	245	366
Supporting people	765	3,115	89	2,597	1,727	2,419	10,712	13,807
Engaging and influencing key stakeholders	(96)	124	4	103	69	96	300	543
Governance	-	10	-	8	6	8	32	25
	669	3,325	95	2,772	1,845	2,583	11,289	14,741

Finance costs are significantly reduced by the impact of a £4.5m one-off gain relating to past service costs of the defined benefit pension scheme.

6c. Governance costs

	Total 2014 £'000	Total 2013 £'000
External audit fees	79	62
Internal audit	101	74
Annual report and AGM	7	13
Trustee meetings and staff support costs	54	57
Expenses reimbursed to trustees	9	11
Legal costs	103	84
Governance and planning	125	82
Support costs	32	25
Other	18	25
	528	433

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

Net incoming/(outgoing) resources for the year are stated after charging	Group 2014 £'000	Group 2013 £'000
Depreciation		
Own assets	1,359	2,661
Leased assets	246	229
Rentals under operating leases		
Land and buildings	807	1,028
Interest payable		
Interest element of finance leases	41	44
Bank interest	1,213	1,179
FRS17 expenditure movement for the year	(5,044)	(1,114)
Auditor's remuneration		
Audit of the group	79	62
Non-audit work		
Tax	8	16
Other	-	3

Included in the audit fee charged for the group was £51,675 (2013: £51,675) for the audit of the parent charity.

8. Tangible fixed assets

(a) group	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Software	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
Balance at 1 April 2013	79,017	605	5,909	2,856	2,966	234	91,587
Additions	9,425	863	-	171	138	10	10,607
Disposals	(260)	-	(177)	-	(268)	-	(705)
Balance at 31 March 2014	88,182	1,468	5,732	3,027	2,836	244	101,489
Accumulated depreciation							
Balance at 1 April 2013	4,602	-	555	2,400	2,292	60	9,909
Charge for the year	872	-	50	369	265	49	1,605
Disposals	(13)	-	(7)	-	(251)	-	(271)
Transfer between classes and held for sale	(133)	-	-	(181)	-	-	(314)
Balance at 31 March 2014	5,328	-	598	2,588	2,306	109	10,929
Net book value at 31 March 2014	82,854	1,468	5,134	439	530	135	90,560
Less shared investment contribution	(2,061)	-	(735)	-	-	-	(2,796)
	80,793	1,468	4,399	439	530	135	87,764
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

Included in motor vehicles of the company and the group are assets held under finance leases with a net book value of £0.5million (2013: £0.6million).

The freehold interest in the office buildings 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 valuations 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).

8. Tangible fixed assets (cont.)

(b) Charity	Freehold land and buildings	Assets under construction	Leasehold land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
Balance at 1 April 2013	11,473	523	76	2,856	2,966	17,894
Additions	-	858	-	171	138	1,167
Disposals	-	-	-	-	(268)	(268)
Balance at 31 March 2014	11,473	1,381	76	3,027	2,836	18,793
Accumulated depreciation						
Balance at 1 April 2013	1,247	-	58	2,400	2,292	5,997
Charge for the year	414	-	2	369	265	1,050
Disposals	-	-	-	-	(251)	(251)
Transfer between classes and held for sale	(133)	-	-	(181)	-	(314)
Balance at 31 March 2014	1,528	-	60	2,588	2,306	6,482
Net book value at 31 March 2014	9,945	1,381	16	439	530	12,311
Net book value at 31 March 2013	10,226	523	18	456	674	11,897

9. Fixed asset investments

	Group 2014	Group 2013	Charity 2014	Charity 2013
	£'000	£'000	£'000	£'000
Equities				
Market value at 1 April	6,541	5,970	6,541	5,970
Acquisitions	303	256	303	256
Disposals	(2,463)	(832)	(2,463)	(832)
Net investment gains	296	1,148	296	1,148
Market value at 31 March	4,677	6,542	4,677	6,542

	Group 2014	Group 2013	Charity 2014	Charity 2013
	£'000	£'000	£'000	£'000
Bonds, cash and cash instruments				
Market value at 1 April	9,494	8,421	8,452	7,434
Acquisitions	9,929	911	8,905	875
Disposals	(17,478)	(384)	(15,430)	(346)
Net investment gains	(177)	544	(159)	487
Market value at 31 March	1,768	9,492	1,768	8,450
Total market value at 31 March	6,445	16,034	6,445	14,992
Cost at 31 March	5,072	13,594	5,072	12,692

All the investments are for the Mencap Visiting Service (2013: £6.2m). 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.

All equities are listed on the UK stock exchange, and all bonds, cash and cash investments are UK based.

	Equities 2014	Bonds, cash and cash instruments 2014	Total 2014
	£'000	£'000	£'000
Group and charity			
Listed on UK Stock Exchange	4,677	-	4,677
UK bonds, cash and cash instruments	-	1,768	1,768
Market value at 31 March 2014	4,677	1,768	6,445
Market value at 31 March 2013	6,542	9,492	16,034

10. Subsidiaries

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

Subsidiary undertaking	Principal activity	Net assets/ (liabilities) £'000
AdCare Foundation Limited	Trust management	773
Blue Sky Housing Limited	Property development	-
Golden Lane Housing Limited	Property management and development	36,992
Mencap Limited	Mail order catalogue selling gifts and Christmas cards	(82)
Mencap Promotions Limited	Promotional and other special events	-
Mencap Trust Company Limited	Discretionary trust management	40

All 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, who act 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 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Trade debtors	14,378	13,570	13,968	13,190
Amount due from group undertakings	-	-	6,311	6,679
Other debtors	214	700	158	542
Pre-payments	1,115	974	921	733
Accrued income	4,242	4,092	4,028	3,879
	19,949	19,336	25,386	25,023

Included in the net amounts due from group undertakings is a loan from the charity to Golden Lane Housing Limited for £5.39m (2013: £5.71m) of which £0.32m 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 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Current portion of long-term loans	7,338	3,191	283	281
Obligations under finance leases	214	239	214	239
Trade creditors	2,299	2,237	2,061	2,022
Taxation and social security costs	2,418	3,685	2,402	3,685
Local society creditors	48	48	48	48
Other creditors	5,288	4,429	5,283	4,346
Accruals	5,525	5,550	4,278	4,617
Deferred income	5,216	5,393	5,208	5,354
	28,346	24,772	19,777	20,592

12. Creditors: amounts falling due within one year (cont.)

	Group 2014 £'000	Charity 2014 £'000
Deferred income movement:		
Balance 1 April 2013	5,393	5,354
Amount released in the year	(5,393)	(5,354)
Amount deferred in the year	5,216	5,208
Balance at 31 March 2014	5,216	5,208

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

	Group 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Obligations under finance leases, two to five years	273	430	273	430
Debenture loan	10,000	-	-	-
Bank loans	22,184	29,747	2,765	3,049
	32,457	30,177	3,038	3,479

Royal Mencap Society

In 2007, Mencap obtained a loan for £1.5m, repayable in equal instalments over 25 years, at an interest rate of LIBOR plus 1.0125%. As at 31 March 2014, the value of the loan stood at £1.1m. 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 £0.4m was obtained, which is interest free and repayable over five years. A further loan of £2.2m was obtained on 11 May 2011 and carries a 2.0% interest rate for the first five years at 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 2014, the balances on these loans stood at £0.1m and £1.8m respectively.

Golden Lane Housing**Original bond repaid**

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 interest on the bonds was 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%.

There was a balance of £1,783,600 as at 31 March 2013. Of this £37,900 was gifted to Golden Lane Housing and the balance repaid on 30 April 2013.

New bond issued

In February 2013, Golden Lane Housing issued a five year bond offering through Triodos Bank. An Investment Memorandum offered 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 were raised and held on account by Capita registrars and were released to Golden Lane Housing on 1 May 2013.

A total of £10 million was raised paying 4% per annum. The cost of raising the bond was £215,000 which was partially met by a grant of £145,000 from the Big Lottery Fund.

Loan Refinanced

During the year ended 31 March 2013, 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 £7.3m of fixed term loan finance from Nationwide Building Society and £19.1m 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

Notes to the accounts year ended 31 March 2014

the loans are provided at variable interest rates which are repayable over 25 years. They mature at 31 August 2014. The interest rate for the loans through Triodos are variable.

The group loans are repayable as follows:	Group 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Under one year	7,339	3,191	284	281
Between one and two years	877	7,415	156	284
Between two and five years	2,829	2,929	471	465
Over five years	28,478	19,403	2,137	2,300
	39,523	32,938	3,048	3,330

14. Provisions for liabilities and charges

	Group 2014 £'000	Group 2013 £'000
Balance at 1 April	5,564	5,496
(Decrease) in Mencap Visiting Service provision	(376)	(377)
(Decrease)/increase in restructuring and other provisions	(300)	445
Balance at 31 March	4,888	5,564

Of the above amount, £3.5m (2013: £3.9m) 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.

15. Analysis of assets and liabilities between funds

	Restricted funds £'000	Unrestricted funds £'000	Total 2014 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2013 £'000
Group						
Fixed assets	24,353	69,856	94,209	25,501	69,410	94,911
Current assets	7,216	38,138	45,354	5,073	30,721	35,794
Liabilities	(3,993)	(85,809)	(89,802)	(4,139)	(84,370)	(88,509)
Total	27,576	22,185	49,761	26,435	15,761	42,196

16. Funds

Group movement in funds	Balance 1 April 2013 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and Losses £'000	Balance 31 March 2014 £'000
Restricted						
Homes	406	272	(5)	-	-	673
Northern Ireland divisional fund	445	-	-	(445)	-	-
Mencap Visiting Service	1,728	95	60	-	242	2,125
Research fund	19	-	-	-	-	19
Rothenberg Fellowship	28	-	-	-	-	28
Rothenberg Memorial Trust	125	-	-	-	-	125
Service provision	23,664	8,670	(8,213)	465	-	24,586
Special contingency	20	-	-	-	-	20
	26,435	9,037	(8,158)	20	242	27,576
Unrestricted						
General	33,445	192,158	(189,477)	(20)	(122)	35,984
Revaluation	10,312	-	-	-	-	10,312
Pension deficit	(27,996)	-	5,044	-	(1,159)	(24,111)
	15,761	192,158	(184,433)	(20)	(1,281)	22,185

The transfers of £20,000 include the following movements between restricted and unrestricted reserves: (i) an amount of £42,115 was released from restricted to unrestricted funds following a reclassification of the charges on four properties; (ii) a further £65,000 was transferred as a result of purchase of the property now being classed as unrestricted; (iii) an additional £104,470 was moved from unrestricted reserves to reflect a prior year movement for the Inspire Me strand; and (iv) the remaining was a minor adjustment of £23,000.

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. Royal Mencap Society 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 – 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:

	2014 including termination payments	2014 still employed	2014 No.	2013 No.
£60,000 - £70,000	1	8	9	13
£70,000 - £80,000	3	6	9	5
£80,000 - £90,000	-	2	2	3
£90,000 - £100,000	2	3	5	5
£100,000 - £110,000	-	1	1	-
£110,000 - £120,000	1	-	1	1
£120,000 - £130,000	-	-	-	1
£130,000 - £140,000	-	1	1	-
£150,000 - £160,000	-	-	-	1
£190,000 - £200,000	-	-	-	1
	7	21	28	30

Of the 28 employees above, 22 are members of the defined contribution scheme. Payments made to the defined contribution scheme on behalf of those individuals amounted to £105,195 for the year. The defined benefit scheme was closed to new entrants and future accruals on 31 March 2009. Of the above employees, 7 are included as a result of salary payments paid during the year and additional termination payments (£335k) either made before the year end or provided in the accounts as at the year end.

Employee costs during the year:	2014 £'000	2013 £'000
Wages and salaries	138,959	136,198
Social security costs	9,336	9,817
Pension costs	1,799	1,447
Total as staff costs as per note 6a	150,094	147,462
Capitalised Kinetic staff costs	203	-
Benefits in kind	148	168
Total employee costs	150,445	147,630

Included in the above are amounts paid to temporary staff during the year totalling £3.4m (2013: £3.0m).

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

	2014 No.	2013 No.
Supporting people	5,656	5,472
Engaging and influencing key stakeholders	173	214
Generating voluntary income	51	55
Support	197	227
Governance	5	5
	6,082	5,973

17. Information relating to employees (cont.)

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

	2014 No.	2013 No.
Supporting people	7,744	7,589
Engaging and influencing key stakeholders	232	295
Generating voluntary income	88	137
Support	218	257
Governance	5	6
	8,287	8,284

18. Expenses of the Trustees

During the year, 9 trustees (2013:11) were reimbursed for out of pocket expenses in relation to travel and subsistence. The total amount reimbursed amounted to £8,917 (2013: £10,613). 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 (2013: £31,959)

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

The cost for the year paid by the charity was £22,350 (2013: £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 45 active employees. Full provision has been made according to FRS17 in the financial statements in relation to two of the schemes covering the 45 active staff. However, as the liability per FRS17 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.

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 2014 and going forward, we agreed to make the following cash payments to the scheme:

Period	Payment
1 April 2013 - 31 March 2015	£2.04m p.a.
1 April 2015 - 31 March 2028	£2.12m p.a. increasing by 4% (i.e the payment for the year ending 31 March 2017 will be £2.20m).

20. Pension schemes (cont.)

At 31 March 2014, the total scheme liabilities were valued at £108m and the assets at £85m. The net deficit is therefore £23m. This compares with a net deficit of £28m 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 2014	At 31 March 2013	At 31 March 2012
Weighted-average assumptions			
Rate of interest/discount rate	4.50%	4.40%	5.10%
Rate of price inflation (RPI)	3.40%	3.40%	3.40%
Rate of price inflation (CPI)	2.40%	2.50%	2.60%
Rate of pension increases	3.30%	3.30%	3.30%

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 2014	At 31 March 2013
Male member aged 65 (current life expectancy)	21.90 years	21.90 years
Female member aged 65 (current life expectancy)	24.20 years	24.20 years
Male member aged 45 (life expectancy at 65)	23.70 years	23.70 years
Female member aged 45 (life expectancy at 65)	26.20 years	26.10 years

Based on this valuation, using methodology which complies with FRS17, a deficit has been identified as follows:

	Expected return	Fair value at 31 March 2014 £'000	Expected return	Fair value at 31 March 2013 £'000	Expected return	Fair value at 31 March 2012 £'000
Equities	6.50%	33,103	5.80%	35,507	6.00%	38,332
Gilts and LDI Funds	3.50%	27,947	3.30%	19,236		-
Bonds	4.30%	11,083	4.40%	13,390	4.24%	25,582
Property	6.50%	9,255	4.40%	7,034	5.10%	6,000
Insurance Contracts	4.50%	2,999		-		-
Net Current assets/insured pensioners	3.50%	318	3.30%	9,575	3.50%	3,702
Total market value of scheme assets		84,705		84,742		73,616
Present value of scheme liabilities		(107,840)		(112,569)		(93,261)
Deficit in the scheme		(23,135)		(27,827)		(19,645)
Associated deferred tax asset/(liability)		-		-		-
Net deficit in the scheme		(23,135)		(27,827)		(19,645)

20. Pension schemes (cont.)

Analysis of net return on pension scheme

	Year to 31 March 2014	Year to 31 March 2013
	£'000	£'000
Expected return on pension scheme assets	3,897	3,796
Interest on pension liabilities	(4,896)	(4,680)
Net interest cost	(999)	(884)

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

	Year to 31 March 2014	Year to 31 March 2013
	£'000	£'000
Actual return less expected return on scheme assets	(3,401)	8,323
Experience gains and losses on liabilities	-	221
Changes in assumptions	2,545	(17,837)
Total actuarial loss recognised	(856)	(9,293)

Movement in deficit during the year

	Year to 31 March 2014	Year to 31 March 2013
	£'000	£'000
Benefit obligation at beginning of year	(112,569)	(93,261)
Interest cost	(4,896)	(4,680)
Actuarial loss	2,545	(17,616)
Past service gain	4,507	-
Benefits paid	2,573	2,988
Benefit obligation at end of year	(107,840)	(112,569)
Fair value of plan assets at beginning of year	84,742	73,616
Expected return on plan assets	3,897	3,796
Actuarial (loss)/gain	(3,401)	8,323
Employer contribution	2,040	1,995
Benefits paid	(2,573)	(2,988)
Fair value of plan assets at end of year	84,705	84,742
Deficit in scheme at end of year	(23,135)	(27,827)

History of experience gains and losses

	Year to 31 March 2014	Year to 31 March 2013	Year to 31 March 2012	Year to 31 March 2011	Year to 31 March 2010
	£'000	£'000	£'000	£'000	£'000
Difference between expected and actual return on scheme assets	(3,401)	8,323	(118)	756	10,818
Percentage of scheme assets	(4%)	10%	0%	1%	16%
Experience gains/(losses) on scheme liabilities	-	221	862	(6,586)	(1,376)
Percentage of scheme liabilities	0%	0%	1%	(7%)	(2%)
Actuarial (losses)/gains recognised in funds	(2,545)	(9,293)	(2,161)	9,562	(17,916)
Percentage of scheme liabilities	2%	(8%)	(2%)	11%	(19%)
Cumulative amount of (losses)/gains immediately recognised	(856)	(9,226)	67	2,220	7,334

20. Pension schemes (cont.)

The pension cost for the defined contribution plan over the year was £2m (2013 £2m).

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 agreed employer's contribution rate for the year to March 2014 was 19.9% plus £8,500 and is expensed during the year.

The last active Mencap member of the pension scheme retired on the 21 March 2014. We have received a final request for £19,140 together with a termination certificate. Mencap therefore has no further liability to the pension fund and no FRS17 liability or disclosure has been made in respect of the Shropshire County Pension Fund.

The £19,140 has been provided for and expensed in the financial accounts.

Nottinghamshire County Council Pension Scheme

The Nottinghamshire County Council 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 agreed employer's contribution rates for the year to March 2014 was 13.5% and were expensed during the year. Contributions from the 1 April 2014 have been set at 11.1% for the next three years to 2016/2017.

The FRS17 valuation at 31 March 2014 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by 379,000. This deficit has been treated as an expense during the year and is included in the balance sheet.

Staffordshire County Council 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 agreed employer's contribution rate for the year ended 31 March 2014 was 17.1% and rising annually to reach 21.6% for the year 2016/2017. These contributions are expensed during the year.

The FRS17 valuation at 31 March 2014 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £48,000. This deficit has been treated as an expense during the year and is included in the balance sheet.

Mencap has one active member of the pension scheme.

Other local government pension schemes

Mencap also participates in three other local government pension schemes. However, as there are no remaining active members, and in view of the cost of obtaining FRS17 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: No active members

20. Pension schemes (cont.)

Key data

A summary of key data and assumptions from the 31 March 2014 FRS17 valuation is shown below for both the Nottinghamshire County Council Pension Fund and the Staffordshire County Pension Fund. The full disclosures normally required to be made under the provisions of FRS17 have not been given as the schemes are not material to the charity's financial statements.

	Nottinghamshire County Council Pension Fund 2014 %p.a.	Staffordshire County Pension Fund 2014 %p.a.
Principal assumptions		
Pension increase rate	2.90%	2.90%
Rate of RPI inflation	3.70%	-
Rate of CPI inflation	2.90%	-
Salary increase rate	4.70%	4.70%
Discount rate	4.60%	4.30%
Expected return on assets		
Equities	6.80%	6.70%
Bonds	4.20%	4.10%
Government bonds	3.60%	-
Property	6.00%	4.80%
Cash	0.50%	3.70%
Mortality rate assumption life expectancy at age 65		
	Years	Years
Current male pensioners	22.0	22.1
Current female pensioners	25.1	24.3
Future male pensioners	24.1	24.3
Future female pensioners	27.4	26.6
Amounts recognised in the balance sheet		
	£'000	£'000
Fair value of scheme assets	1470	113
Present value of funded obligations	(2,398)	(161)
Deficit	(928)	(48)

	2014 £'000	2013 £'000
Actuarial losses on defined benefit schemes		
Mencap pension scheme	856	(9,293)
Nottinghamshire County Council Pension Fund	303	-
Shropshire County Pension Fund	-	(22)
Staffordshire County Pension Fund	-	(16)
	1,159	(9,331)
Defined benefit pension liability		
Mencap pension scheme	(23,135)	(27,827)
Nottinghamshire County Council Pension Fund	(928)	-
Shropshire County Pension Fund	-	(123)
Staffordshire County Pension Fund	(48)	(46)
	(24,111)	(27,996)
FRS17 expenditure movement		
Mencap pension scheme	(5,548)	1,111
Nottinghamshire County Council Pension Fund	625	-
Shropshire County Pension Fund	(123)	4
Staffordshire County Pension Fund	2	(1)
	(5,044)	1,114

21. Operating lease commitments

At 31 March 2014 the group and charity were committed to the following payments during the next year in respect of operating leases:

	Land and buildings	Land and buildings
	2014	2013
	£'000	£'000
Leases which expire		
Within one year	657	807
Within two to five years	911	757
After five years	1,387	1,300
	2,955	2,864

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 (balance as at 31 March 2014 £112,500) 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 £2.2m (balance as at 31 March 2014 £1.8m) 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 (who left during the current year) 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 13.

23. Post balance sheet events and discontinued activities

GLH Bond Issue

On 26 June 2014, Retail Charity Bonds PLC launched an £11m "Golden Lane Housing Retail Charity Bond" offering 4.375% due 2021 (the "Bond"). This is the first bond to be issued through the recently launched Retail Charity Bonds platform, which has been created as an issuing vehicle to enable UK charities to raise medium term debt finance through bonds issued to retail and wholesale investors.

The bond was due to close on 23 July, but the offer period was closed on 9 July because it was oversubscribed. The funds will be loaned by Retail Charity Bonds PLC to Golden Lane Housing on the following terms:

- 4.375%
- 7 years

The funds will enable Golden Lane Housing to buy over 30 properties across the country, providing homes to over 100 people with a learning disability.

Sale of Colleges

Mencap believes that children and young people with a learning disability should grow up in a world that includes them in all areas of society, gives them the support and opportunities to engage with their peers and equips them with the personal skills to progress and be valued members in the community. In light of this belief, and following an extensive review, the board of trustees has decided that the colleges no longer fit in with the longer term strategy of Mencap.

As a result, Mencap transferred ownership of all its three colleges, Lufton, Dilston and Pengwern, to a new provider, Cambian Whinfell School Limited. An agreement was originally signed on 18 March 2014 and was completed on 3 June 2014 with a consideration of £7m.

At 31 March 2014, the colleges' assets were being held for sale and were shown in current assets at the value of £5.9m. All the profits resulting from the transaction will be recognised in the financial year 2014/15.

23. Post balance sheet events and discontinued activities (cont.)

The incoming resources and resources expended relating to this discontinued operation are detailed below both for the current and previous financial year:

	2014	2013
	£'000	£'000
Income		
Statutory funders	13,368	13,743
Individuals	161	80
Fundraising	12	2
Trading	26	30
Other income	241	193
Total income of discontinued activities	13,808	14,048
Total expenditure of discontinued activities	13,386	15,062
Operating surplus/(deficit) of discontinued activities	422	(1,014)

The loss in the 2012/13 financial year was a result of a write down of the value of the college assets by £1.3m, following a valuation of the education activity carried on by Royal Mencap Society and the decision to withdraw from the activity and sell the colleges.



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