

Annual report and accounts 2011/12

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An introduction to learning disability and Mencap

What is a learning disability?

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

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

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

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

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

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

What is Mencap?

Mencap is the voice of learning disability. Everything we do is about helping and supporting people with a learning disability, and their families and carers. We work to improve services, challenge prejudice and directly support thousands of people to live their lives as they choose.

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

Mencap is also a federation of nearly 600 like-minded independent organisations, which vary considerably in size and work. Each one is independently registered and governed, and self-financed. Collectively known as local groups, they include: volunteer-run societies that provide leisure activities; campaigning organisations; and larger bodies that employ hundreds of people to deliver public services. We are currently part way through a programme to strengthen partnership relationships across the federation.

What does Mencap do?

We provide high-quality, personalised support for people with a learning disability in areas including care and support, advocacy, housing, education, leisure and employment. We manage unique schemes and projects for specific groups, such as young people and people with profound and multiple learning disabilities. We also administer trust funds to provide for people with a learning disability when their parents or guardians are no longer around.

We campaign to change policy and improve lives so people with a learning disability have the same opportunities as everyone else. We work to influence government policy and lobby for changes in the law, and influence decision-makers to take action locally. We also support Mencap local groups and other organisations to promote the rights of people with a learning disability.

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

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

A message from the chairman

Disabled people, their carers and Mencap began to feel the full force of public sector cuts this year, as well as major changes in welfare benefits, health services and many other areas.

These constraints called for a new approach. So, to focus our resources in the areas we can have the biggest impact, we devised a new five-year strategy called *Shaping Our Future* – four aims that describe how we will bring about change. It is supported by My Life, a framework we will refine over the coming months. My Life will allow us to express what we are trying to achieve more clearly and to better focus our resources.

Despite the financial pressures, Mencap continued to play an important role in campaigning for change this year. In fact, our *Death by indifference* and *Getting it right* healthcare campaigns won us two awards at The Charity Awards 2011. Mencap not only won the disability category but was also chosen as overall charity of the year – a fantastic achievement.

Alongside our campaigning success, we delivered high-quality services to more people than ever before. We also took over seven Southern Cross services, taking responsibility for the support of more than 200 new people and securing £10 million worth of work.

A defining feature of 2011/12 was our Charity of the Year partnership with The Co-operative Group. The money raised for Mencap and ENABLE Scotland will benefit thousands of young people and families over the next three years, and the partnership itself also built awareness of learning disability through every Co-operative Group outlet across the UK. Huge thanks to everyone at The Co-operative Group for their hard work.

We would also like to thank all the staff, supporters, partners, members, volunteers and donors – and, of course, Brian Baldock, who stepped down as chairman in May 2011. Together you have made our contribution to improving lives possible this year.

Jim Glover
Chairman



An overview of the year from the chief executive

This year has been an immensely challenging one for people with a learning disability and for Mencap, especially in terms of the financial environment. But it has also been one in which we have made a significant contribution to improving many thousands of lives.

The harsh financial climate continued throughout 2011/12 and had a significant impact on the way we operate. For example, we were forced to charge less for many of our services and faced difficult conditions in which to fundraise.

But it was people with a learning disability who felt the full force of the economic challenges. They were affected by cuts to services, with the ongoing threat of wider changes making them even more vulnerable. There were proposals to remove Disability Living Allowance (DLA) payments for 80,000 people in residential care – something Mencap successfully campaigned to prevent. New assessment procedures around fitness to work, changes to housing benefit and proposals around DLA entitlement also created real concern.

At a local level, the public spending cuts affected people differently from place to place. Some local authorities and other public bodies worked with providers and people with a disability to consider how to offer appropriate individual support at a lower cost. Others simply cut prices or services. Many people also faced fewer opportunities because of cuts in travel concessions, day services and other local amenities.

Despite the challenging environment, Mencap exceeded its fundraising target, due mainly to the relationship with The Co-operative Group. While we successfully brought in money to fund specific projects, bringing in voluntary income (donations) for activities, such as campaigning and working in the community, proved more difficult.

Following the abuse scandal at Winterbourne View, an assessment and treatment unit near Bristol, there was rightly a heavy focus on quality assurance across social care. We responded positively – contributing to policy development and continuing to refine our own assurance procedures, which demand higher standards than those defined by the regulator.

At the start of the year, we restructured our service delivery to make sure we could deliver what public bodies want and will pay for, but in a way that still meets our own standards and values. Later in the year, we reduced some of our voluntary-funded activity (work funded by donations) and restructured to ensure we live within our means.

All of these challenges had a huge impact on the way we prioritised our year's work. We needed to put some plans on hold or significantly reduce the resources we dedicated to them. So, as this report shows, we didn't meet all of our objectives. However, we took on and prioritised new work in response to the immediate difficulties facing people with a learning disability. We delivered more valuable support and opportunities, and strengthened Mencap's capacity so we can continue to do so in the future.

Mark Goldring
Chief executive



Shaping Our Future: Mencap's new corporate strategy

Shaping Our Future is Mencap's overall plan of what we want to achieve over the next five years, based on what is most important for people with a learning disability. It builds on the great work we are already doing and takes into account the changing financial climate.

We recognise the need to make the best use of our limited resources in areas where we can have the biggest impact. *Shaping Our Future* builds on existing plans within each business unit and country to give us the strongest possible basis for effective joint working, both across Mencap and with other like-minded organisations.

We know we have to work in three ways to make a difference. We want to:

- change society's attitude and culture
- influence the people who shape policy and practice
- empower and support more people to live fulfilled lives.

Shaping Our Future sets out these aims and how we will deliver them. Underpinning this is a fourth aim: to strengthen Mencap's capacity to deliver our work. All four aims form the basis for planning and budgeting for this year and beyond.

The My Life framework

Ultimately, our mission is to effect real change in people's lives. We need to make sure that everything we do is helping to achieve this. The four aims in *Shaping Our Future* provide the context, but they do not specify the outcomes and impact that we want to achieve over the short, medium and long term.

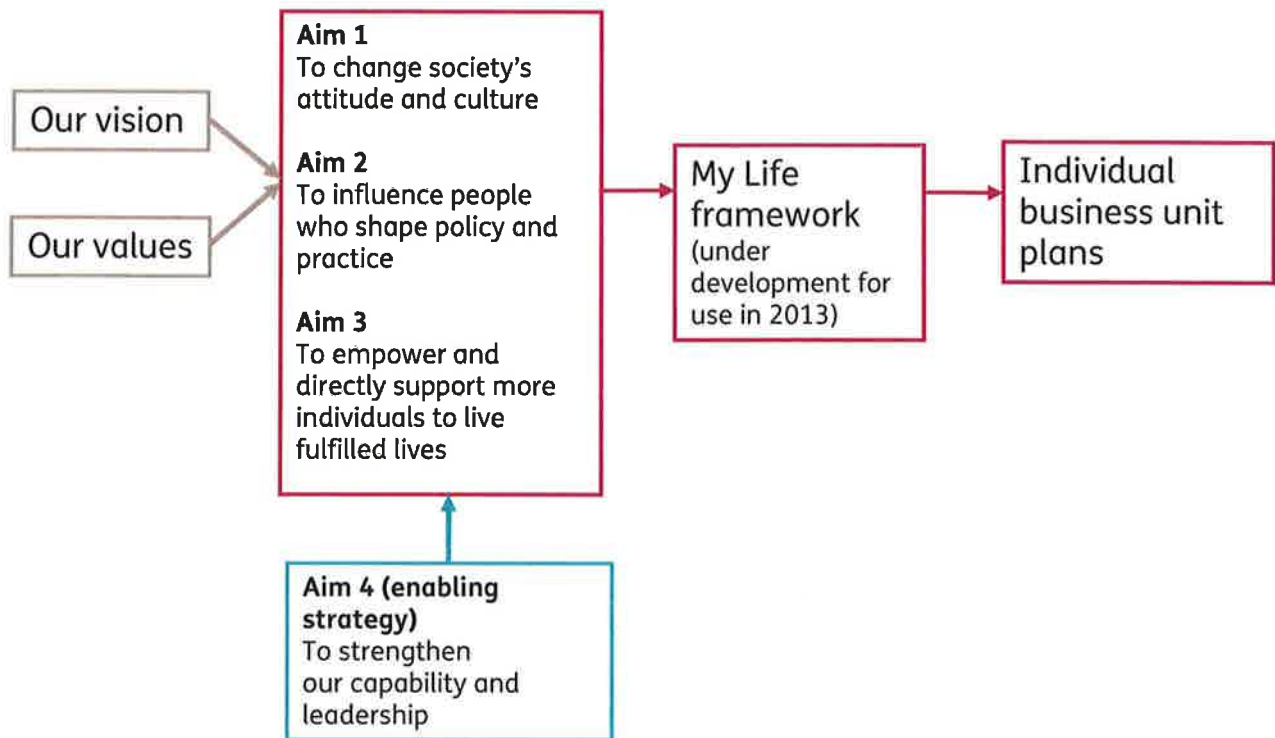
We have therefore developed a framework of outcomes to support our new strategy. People with a learning disability worked closely with us to identify the issues that matter most to the people we support. They helped us shape the My Life framework, which now clarifies exactly what we are seeking to achieve in respect of six different dimensions of a person's life. The diagram on the next page shows how this framework links with our strategy and individual business unit plans.

Using the My Life framework as a 'road map' for achieving our four aims, we can be confident that we are organising ourselves and our work in line with common themes and goals that use our resources, staff and money most effectively. We are now developing clear work programmes under each of these major themes:

- Building My Life – a childhood like any other
- Choosing My Life – making decisions about where I live, money and my support
- My Family Life – the right support at the right time for the whole family
- My Healthy Life – high-quality accessible healthcare for everyone
- Enjoying My Life – taking part in the world around me
- My Safe Life – staying safe wherever I am

We will continue to consult, internally and externally, on this important work well into 2012/13, and it will underpin all our planning for 2013.

A summary diagram of Mencap's new strategy 2011–2016



Our challenges and successes

Under each heading in this section, we have given a summary of some of our main objectives for 2011/12. We have also shown how successful we were in meeting each of these objectives with one of the following performance indicators:

Exceeded	We not only achieved our targets in this area, but we surpassed them.
Met	We successfully achieved our targets in this area.
Largely met	We achieved a great deal in this area but narrowly missed our targets.
Partially met	We made good progress towards meeting our targets, and work is ongoing.
Not met	We made some progress in this area but did not achieve the progress we planned, due to either internal reasons or reasons beyond our control.

Aim 1: Changing society's attitude and culture

We will work with people with a learning disability and their families to increase public awareness of learning disability and the challenges people face, and to include people with a learning disability as equal citizens in our communities.

The purpose of this aim is to change public attitudes and remove barriers to participation and equality for people with a learning disability. It focuses on creating an inclusive society. The target audience is therefore the general public, or selected sections of it.

While we have made real contributions to this aim over the years, most obviously in supporting independent living, it is the area where we have the greatest need for creativity and joint working to change behaviour and public attitude.

Mencap has two long-term goals in this area:

- People with a learning disability are valued as members of society and therefore actively participate and are visible in everyday life.
- People, on a mass scale, share our sense of anger and injustice at discrimination against people with a learning disability and join a movement for change.

Our main objectives for 2011/12

1. Scope out what a movement for change should look like, and develop and begin to implement a strategy to get individuals and organisations engaged. **(Partially met)**
2. Deliver employment services to 3,524 people – across England and Wales (3,004) and Northern Ireland (520). **(Exceeded)**
3. Achieve a broader range of media coverage across a variety of outlets – including significant news coverage and at least 15 pieces of other (non-news) national media coverage. **(Met)**

Highlight of the year

We created a brand new definition of learning disability to combat one of our biggest challenges – lack of awareness about learning disability and how it affects people's lives (page 11).

Our work in 2011/12

Creating a Mencap movement

If we are to create an inclusive society and flourish as the voice of learning disability, we need to build a network of like-minded individuals and organisations that share our beliefs and commitment.

A major objective for this year was to consider the scope of a new movement for change. In 2011/12, work began in earnest to plan how we might start bringing together everyone with a link to our cause – including, but not limited to, people with a learning disability and

the wider learning disability community. Our vision is of a mass movement of people who, individually and collectively, are making things better for people with a learning disability.

We are calling this 'the movement' – it has an important role in strengthening our campaigning voice, increasing our fundraising opportunities and maximising our engagement with local groups, potential donors, staff and volunteers. This will help us make the best use of the voluntary funds that finance Mencap's presence in the community and support more people with a learning disability. The movement will be a big part of our external communications and campaigns work in 2012/13.

Engaging volunteers

Mencap's volunteers make a significant contribution to our work, and this year we recruited an additional 1,500 to support us. This brought our total number of volunteers to around 12,000, including those who volunteer for Mencap local groups. We estimate that each one contributes a minimum of 100 hours a year.

This year, almost half of our volunteering applicants became active volunteers. This is a significant increase on last year's conversion rate of 23%. Boosting this figure to 47% during 2011/12 is great progress that we hope to build on again next year.

A satisfaction survey carried out at the end of 2011 showed that over 75% of our volunteers were happy with their Mencap volunteering role and planned to continue with it.

It is also encouraging to note that more than 60% of the volunteers we inducted in 2011/12 had no previous personal connection with learning disability. This shows that our work to engage new audiences – through our Charity of the Year partnership with The Co-operative Group, for example (see page 26) – is really making a difference.

A new definition of learning disability

We revised our definition of learning disability to address the lack of public awareness and understanding of what it is and the challenges people face. After consulting people with a learning disability, our staff and learning disability academics, we tested it with members of the public to make sure it was effective. The feedback was positive, and we launched our new definition in December 2011 (see page 3).

Delivering employment services

Providing employment services is central to our work to change attitudes. So another goal this year was to increase the employment services we offer so that more people can move into work.

We have a number of different employment and training services that help people with a learning disability get a job and undertake practical learning opportunities. The aim of the services is to improve people's skills and confidence, through various activities and support services, to move them closer to the labour market.

In 2011/12, we supported a total of 3,182 people across our employment business unit through employment, advocacy, leisure and day services – exceeding our target of 3,004 – in England and Wales.

In Northern Ireland, we supported 692 people during the year – again, far exceeding our target of 520 people. Of these, 463 were on the Pathway to success project, which provides

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assessment, training and supported work placements aimed at helping young people and adults with a learning disability to find and sustain paid employment.

In all three countries, we support and advise businesses so they can employ people with a learning disability, provide the right support and benefit from a truly diverse workforce. During 2011/12, we built strong relationships with The Co-operative and Sainsbury's in particular. The more we help people with a learning disability succeed in paid and voluntary roles, the more visible they become in their communities.

A broader range of media coverage

Our media team achieved over 3,000 pieces of coverage across the full range of media outlets and placed another 14 feature articles. A key story was the preventable deaths of people with a learning disability in NHS care, which was featured in the *Guardian*, *Daily Mail* and *Daily Telegraph*.

Towards the end of the year, Mencap promoted the Big Cuts events. These provided people with information about the cuts to learning disability services in their area, and how to fight them (see page 15). These events achieved widespread regional radio and newspaper coverage.

In Wales, our work on hate crime and the *Death by indifference* healthcare campaign saw significant new media opportunities to explain the challenges facing people with a learning disability in Wales.

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

We will work with government, public bodies, organisations and individuals who have the power to create a better environment for people with a learning disability and their families.

To achieve this aim, we work hard to engage with and influence legislators, decision-makers, budget-holders and practitioners in a wide range of roles that directly impact on people's lives, in both private and public sectors.

Mencap has three long-term goals in this area:

- Ensure that the legal and policy framework across the three countries promotes the rights and wellbeing of people with a learning disability and their families.
- Promote good practice within and beyond Mencap by demonstrating, collating and disseminating learning.
- Support people with a learning disability and their family members to be in positions of influence and to have their voices heard within Mencap and across the three countries.

Our main objectives for 2011/12

1. Continue campaigns and policy work on health, employment, welfare reform, housing and social care to effect real change. **(Met)**
2. Develop and communicate our policy position in relation to education at all life stages. **(Met)**
3. Better involve carers and people with a learning disability in informing Mencap's work. **(Not met – postponed)**

Highlights of the year

- 231 healthcare authorities signed up to our *Getting it right* charter for equal healthcare for people with a learning disability (page 14).
- 33 police services in England and Wales signed up to our *Stand by me* promise to end learning disability hate crime (page 14).
- We influenced the government to bring sentences for disability-aggravated murders in line with murder related to other prejudices (page 15).
- Another 127 Changing Places toilets were installed across the country – some in high profile places, like the Houses of Parliament (page 15).
- We co-led the world's first ever 'twobby' – a mass lobby against the care crisis using Twitter and Facebook (page 16).
- We saved the mobility component of the Disability Living Allowance (page 16).

Our work in 2011/12

Campaigning and policy work

Mencap's campaigning work is broad and varied, with major themes including education, health and living safely – issues that we know are important to people with a learning disability, and their families and carers.

As well as influencing changes at a national level, we support membership, staff and other groups to influence decision-makers to take action locally. We also have dedicated regional campaigners, who this year focused on four main issues: health, hate crime, cuts and the Changing Places campaign (see page 15).

Healthcare

Mencap wants to see health services that are designed for the people who use them. This will give people with a learning disability the same opportunities to be healthy as everyone else. Our campaigning work around equal healthcare has continued this year, and there has been some good progress.

We now have 231 health authorities signed up to *Getting it right*, our ongoing campaign to improve healthcare for people with a learning disability. In 2011/12, more than 800 people contacted their health authority to ask them to sign up to the *Getting it right* charter. Signing up to the charter commits each health authority to making reasonable adjustments in the way they deliver healthcare to patients with a learning disability.

Also this year, we wrote *Death by indifference: 74 deaths and counting*, a report about the deaths that have been brought to our attention since the publication of *Death by indifference* in 2007. It shows that, while progress has been made to address the shortfalls in NHS care, there is still much work to do. We hope it will bring about wider change in both the attitude towards, and treatment of, people with a learning disability in the NHS.

We secured funding from Simplyhealth to deliver 20 roadshows to major NHS hospital trusts across England. The roadshows give advice and share best practice for delivering better healthcare to people with a learning disability.

Winning two major awards at the Charity Awards 2011 for our *Death by indifference* and *Getting it right* campaigns was a welcome endorsement of our work to ensure equal access to healthcare for people with a learning disability. We are now working to recruit 2,000 new health campaigners to help us deliver even stronger health campaigns in the future, and our e-campaigning database has continued to grow this year to over 10,000 individuals.

Hate crime

The focus of Learning Disability Week was the launch of *Stand by me*, our campaign to tackle disability hate crime. We published *Don't stand by*, a research report that highlights some good work to tackle hate crime, but concludes that police are often not doing enough to stop it and makes recommendations for change.

We asked the police services in England, Northern Ireland and Wales to sign up to the *Stand by me* police promise. There are 10 pledges that we believe will make a huge difference for victims of disability hate crime, including producing easy read information and challenging wrong attitudes and behaviour when it arises.

During the year, 33 of the 43 police services in England and Wales signed up to our promise (beating our target of 20). We also produced a short film about a hate crime victim and made it available on our website. We asked people to share it via Facebook and were pleased to record an increase in both Twitter and Facebook followers after the campaign.

In Northern Ireland, the Human Rights subgroup of the Policing Board made key recommendations on tackling hate crime. In Wales, the Communities, Equalities and Local Government committee set up an enquiry into hate crime. The Welsh government has since launched a new hate crime strategy, which includes disability-related harassment.

The success of *Stand by me* gave us a platform to again raise the issue of the discrepancy in minimum sentences for murder. We highlighted the need to bring sentences for disability-aggravated murders in line with murder motivated by hostility to race, religion or sexuality. The government amended the Legal Aid, Sentencing and Punishment of Offenders Bill in England to make this change, which passed into law in April 2012 – a fantastic result.

Cuts

This year, we worked hard to campaign against the planned cuts to social care budgets, which threaten to impact some of the most vulnerable people in our society. Hundreds of services, such as day centres, specialist transport and short breaks for carers are at risk, with many already hit by the funding cuts.

Mencap continued to fight hard to challenge cuts to support for people with a learning disability; we lobbied national government to put more money into the overall system and worked to defend the support and services we campaigned so hard for in the past. As part of this work, we joined the *Hardest Hit* campaign, which is supported by the Disability Benefits Consortium and the UK Disabled People's Council. Mencap supported thousands of people in their protest to the government about the disproportionate impact that cuts would have on disabled people. Many Mencap members and supporters joined the protest march in May 2011, which was hailed as the biggest gathering of disabled people ever in the UK.

We held our second round of successful Big Cuts events this year, many delivered in partnership with local groups around the country. Through these workshops and other events, we spoke to 864 people about social care cuts. We informed them about the cuts happening in their area and gave them the information they needed to fight to protect their local services and support. And we are already seeing the results, with many court cases successfully being brought against local authorities trying to cut services or individual care packages.

Supporting people with profound and multiple learning disabilities

Throughout 2011/12, we continued to support the Changing Places campaign for accessible toilets for disabled people, including people with profound and multiple learning disabilities (PMLD). By the end of the year, another 127 toilets had been installed, bringing the campaign total to 392 – far exceeding the original target of 100. The campaign saw significant progress with the opening of Changing Places toilets in the Houses of Parliament, the Northern Irish Assembly, East Midlands Airport and Birmingham Airport, with Heathrow and Gatwick planning to install next year.

The Department of Transport made it a requirement for the largest UK train stations to install a Changing Places toilet. Building is underway in Birmingham New Street, King's

Cross and London Bridge stations. We also called for planning guidance and regulations to be updated to ensure all new buildings open to the public include a Changing Places toilet.

Other work this year to support those with PMLD included the Involve Me project to increase involvement in decision-making. The project, a collaboration between Mencap and the British Institute of Learning Disabilities, culminated in 2012 with the launch of a resource pack for all those working with people with PMLD.

We also produced a Mental Capacity Act resource pack that clearly explains what the act means for families, carers and others who support people with a learning disability, especially people with PMLD.

Care system reform

Some of our most successful campaigning relies on working in partnership with other organisations. One example of this is our work with the Care and Support Alliance, a consortium of more than 50 organisations that represents older and disabled people. This year, we wanted to influence the government's white paper on social care reform. We engaged with senior politicians and civil servants, helped supporters put pressure on MPs to reform the care system, gave people the chance to take action online with an e-action, and supported them to meet with their MPs.

With Age UK and the Care and Support Alliance, we also co-led the world's first ever 'twobby' – a Twitter (and Facebook) lobby that allowed people unable to attend the mass lobby to be involved. People who had never used Twitter before signed up to tweet about it, and we helped others get the message to their MPs. Many MPs were lobbied who were not actually in parliament on the day. Some responded to apologise for their absence and arrange meetings with lobbyists in their constituencies. The main aim of the twobby was to raise awareness of the care crisis. We succeeded by, among other things, getting the twobby trending on Twitter nationally. Trending topics can be seen by all 500 million Twitter users around the world.

Welfare reform

We have continued to make our voice heard about the Welfare Reform Act through ongoing engagement with peers and the government. The act received royal assent in March 2012, marking the first steps towards simplifying the welfare system and removing disincentives to take up employment.

We created and ran the Low Review as part of our campaign to protect the Disability Living Allowance (DLA) mobility component for 80,000 people in residential care. In close partnership with Leonard Cheshire Disability, we asked Lord Low of Dalston to carry out an independent review of the impact that removing these payments would have.

The Low Review received more than 800 submissions, including evidence from disabled people and their families, local authorities and care providers. None of the evidence gathered justified the proposed cut, and Lord Low said that stopping the payments would be "a serious step backwards for disability rights".

At the end of 2011, we heard the fantastic news that the government would amend the Welfare Reform Bill to protect the payments. This not only promotes equal rights to mobility, but also shows we can influence national policy when we campaign together for change.

We also campaigned on other areas of the Welfare Reform Act this year, including changes to the rules around housing benefit for disabled people.

Residential care

A BBC *Panorama* programme in May 2011 highlighted systematic abuse at an assessment and treatment unit for people with a learning disability and autism. As a result, we started a campaign in partnership with the Challenging Behaviour Foundation. The campaign is about making sure large assessment and treatment units are replaced with good local intensive support services that allow people to stay close to their family and friends.

The Department of Health has since begun reviewing the findings of inquiries into the abuse, with our chief executive on the advisory board. This was not only to find out how to prevent this kind of abuse in the future, but also to identify more appropriate care for people with a learning disability.

Employment and education

We continue to highlight the difficulties faced by people with a learning disability in finding and keeping jobs, taking forward policy and campaigns work in employment and education this year.

One focus was on raising awareness of the support that people with a learning disability need to help them move towards and into employment, through the roll-out of the government's welfare-to-work provision, Work Choice and the Work Programme. We will monitor how well this is working for people with a learning disability so we can continue to make sure they receive the right support.

As part of the independent review of the Work Capability Assessment – the test for Employment and Support Allowance – we worked alongside Mind and the National Autistic Society. The government agreed to working with the three charities to develop an evidence base to support any changes, and we made recommendations for improving the assessment for people with a learning disability.

As part of our objective to develop and communicate our policy about education at every stage of life, we developed a new policy statement that strengthens our commitment to inclusive education and learning. With our partners in the sector, including the Special Educational Consortium, we lobbied the Department for Education during the consultation period for the special educational needs (SEN) green paper. This included highlighting issues around transition and gaining meaningful opportunities, including employment, on leaving school. In line with our new policy, we advocated better provision in mainstream schools for young people with SEN.

Involving people with a learning disability in our work

We are always looking for ways to involve people with a learning disability and their carers in informing our work. One of our objectives was to do this even more effectively this year. We have maintained our ongoing focus on involvement, but the scale and pace of policy and other changes in the external environment this year – and our own major reorganisation – meant we did not have the capacity to take forward any new initiatives in this area. We have postponed this objective until we have the necessary resources to achieve it.

Developing new projects and identifying funding

Also this year, in line with our desire to develop and extend our projects and services for

Created with

people with a learning disability, we identified potential areas of work that would cost £15 million annually. We are now developing a programme of fundraising approaches to fund these projects and services.

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

We will improve the lives and wellbeing of people with a learning disability and their families through a range of high-quality, modern and innovative services and opportunities.

This aim is about creating opportunities and offering direct support for individuals and families. As well as providing our own high-quality services, we will ensure that opportunities are signposted and access to relevant information is freely available, so individuals can make choices and take control of their own lives.

Mencap has two long-term goals in this area:

- Deliver more support services and positive opportunities that are relevant, practical, sustainable and at an appropriate level of quality to people with a learning disability, and family carers.
- Identify and develop new services and opportunities for people most excluded from existing public or Mencap provision.

Our main objectives for 2011/12

1. Meet growth targets for commissioned services, to increase new business, grow financial contributions and reach more people.
 - Growth target of 3%. **(Exceeded)**
 - All our services achieve our 'What matters to me' quality standards. **(Largely met)**
 - Achieve full compliance across service activity with all regulators. **(Largely met)**
2. Strengthen advice and communication services by reaching more people in the community.
 - Customer satisfaction survey of 80%. **(Exceeded)**
 - Reach 2,400 people (1,260 through Inspire Me and 1,140 from other) in England. **(Exceeded)**
 - Reach 200 individuals through six information sessions in Northern Ireland. **(Largely met)**
 - Reach 2,500 people in Wales. **(Largely met)**
3. Scale up implementation of programmes to support more young people.
 - Support 600 young people through Raising Your Game in England. **(Exceeded)**
 - Provide 350 summer scheme places in Northern Ireland. **(Largely met)**
 - Support 40 young people through Play Our Way in Wales. **(Met)**
4. Deliver Inspire Me across the three nations to reach and support young people and family members.
 - Support 3,162 young people and 1,260 family members in England. **(Largely met)**
 - Support 281 young people and 140 family members in Northern Ireland. **(Exceeded)**
 - Support 400 young people and 600 family members in Wales. **(Exceeded)**
5. Launch a programme to develop a new children's centre and Segal House in Northern Ireland. **(Partially met)**

Highlights of the year

- We supported 10,703 people – more than ever before – through our direct services, despite the challenging environment (see below).
- We took over seven Southern Cross services to support over 200 new people with a learning disability and/or autism (see below).
- We relaunched our website to provide better information about learning disability (page 21).
- We launched Inspire Me, a project to support young people with a learning disability to make their lives better – and supported 3,748 young people (see page 22).

Our work in 2011/12

Meeting our targets for commissioned services

To be able to empower and support more people more effectively, Mencap needs to increase and enhance the services it provides. Growing our services in 2011/12 was challenging. This was because local authorities tended to choose providers based on price. However, despite the difficult financial climate, we supported more people than ever before, and we have maintained our profile of performance against both regulatory standards and our own best practice standards.

By the end of March 2012, the number of people we supported through our commissioned services had grown by 10.7% to 8,494, well beyond our 3% target. Overall, the number of people we supported directly (including non-commissioned services in England, Northern Ireland and Wales and through Golden Lane Housing) went up from 9,931 last year to 10,703.

We also successfully negotiated the takeover of services run by the failing private sector care group Southern Cross. Mencap worked as part of the national transfer team to make sure the care of the people affected by the move was not disrupted. Then, in September 2011, we took over seven of the services along with about 400 former Southern Cross staff. We also took responsibility for the support of over 200 people with a learning disability and/or autism, and secured work valued at £10 million a year.

As well as increasing the number of people we support, we must make sure they get the best out of our services. To do this, we use our 'What matters to me' (WMTM) standards. These are our internal quality standards, which we developed to reflect what people told us is important to them.

- We undertook 618 reviews of our housing and support services this year, and 88% of these successfully met WMTM standards. In 2012/13, we will also be extending the use of these standards across our education, learning and work provision in England, Northern Ireland and Wales.
- In England and Wales, 93% of our social care services achieved full compliance with the Care Quality Commission (CQC) or the Care and Social Services Inspectorate Wales (CSSIW). For those services where concerns were raised, action plans are now in place to move towards full compliance.

- In Northern Ireland, our services inspected this year achieved compliance with RQIA (the Regulation and Quality Improvement Authority).

We also launched a new commissioned service that provides personalised advocacy support for people with a learning disability across England. Empower Me is a flexible and responsive service that enables individuals to speak up about things that are important to them, to make informed choices and to have their voices heard.

Increasing our advice and information services

Our work in this area relies heavily on voluntary income and, to make the best use of this, we need to reach as many people as possible.

The popularity of the Mencap website has continued to grow. After substantial preparation in the last financial year, we relaunched the website in June 2011. This year, there has been a 22% increase in web traffic to the homepage, and a 46% increase in traffic to the pages about learning disability, which include our new definition of learning disability.

We also looked into ways to measure the standard of the information and advice we give people directly. We put satisfaction surveys in place for our calls, email enquiries and casework, and achieved a customer satisfaction rate of 83%, beating our target by 3%.

One of the ways we sought to reach more people this year was through our community-based advisers (CBAs). CBAs directly support people with a learning disability, their parents or carers – in person, over the phone or by letters and emails. They also hold events or surgeries, where people can come for face-to-face advice.

In England this year, we reached 4,422 people through CBA-led surgeries. Of those, 2,231 were part of the Inspire Me project (see page 22).

In Northern Ireland, our information and advice services responded to 1,792 enquiries. Our CBAs also provided information and support through 280 home visits and 14 information sessions, and took part in 18 child development clinics. We also delivered information and advice to families and young people with a learning disability through our Inspire Me project.

In Wales, 5,159 people contacted our Learning Disability Helpline or came to a face-to-face information session. In addition, over 800 parents attended specialist family events supported by Inspire Me.

Supporting more young people

Raising Your Game

This year we worked hard to reach more young people and their families and carers by further developing Raising Your Game (RYG). RYG is our programme designed to engage with young people with a learning disability or communication difficulty who have offended or are thought to be at risk of offending. Mencap delivers it in partnership with Nacro and I CAN, with funding from the Big Lottery Fund.

RYG supported 662 young people towards their personal goals this year, beating our target of 600. Our RYG team has also been working on a film for young people called *Getting ready for court* to show them what to expect in court and what they need to do.

Inspire Me

Alongside RYG, we also supported more young people through Inspire Me this year. This is a programme to improve the lives of 20,000 people with a learning disability aged 16–25, and their families. Mencap and ENABLE Scotland, our sister charity, launched the programme with the money raised by our Charity of the Year partnership with The Co-operative Group (see page 26).

Since its launch in June 2011, Inspire Me has provided activities and training workshops. These help young people to access more opportunities and build their confidence and life skills. The project also works with families and communities to break down barriers and change attitudes towards young people with a learning disability.

The programme got off to a good start this year. In England, Inspire Me supported 3,010 young people through workshops, community impact projects, and advice and information. It supported 2,231 carers and family members with information, guidance and advice.

In Northern Ireland, Inspire Me supported 283 young people, and 394 family members and carers received information, guidance and advice. Learning disability awareness training was delivered to 405 people.

In Wales, Inspire Me supported 455 young people, and 652 family members and carers received information, guidance and advice. The project delivered learning disability awareness training to 942 people.

Summer schemes and leisure opportunities

Our summer scheme placements give children with a learning disability the chance to take part in all sorts of leisure activities, such as sensory programmes, art, music and games.

In Northern Ireland, we offered 238 places on summer schemes. We had said that we would provide 350 places this year. However, we reduced the number when health and social care trusts asked us to support younger children and young people with more complex needs and behaviours that challenge. We also worked alongside, and successfully supported, two local councils to deliver their own schemes for children with a learning disability.

In Wales, the Play Our Way scheme funded by BBC Children in Need helps young people with a learning disability take part in more leisure activities. This year, the scheme met our target and provided support to 40 new young people.

Segal House nursery development

We planned to launch a programme in 2011/12 to redevelop Segal House in Northern Ireland – our nursery where preschool children with a learning disability get invaluable specialist help and support. This is now underway with plans to relocate the nursery and enhance the service by developing a new centre for early childhood development.

Education policy and provision

We have also taken forward work this year to review the way we provide education and support opportunities for young people. In England and Wales, as well as making our own education provision more inclusive, we integrated our education, learning and work

services. This was to make the transition between services easier for the people we support.

In Northern Ireland, we have been working in partnership with education authorities to deliver the lottery-funded Young People Together project. It delivers summer scheme activities to children who find it difficult to be part of mainstream provision. We have also been working with partners in the youth inclusion hub to deliver accredited training in disability awareness to mainstream youth groups.

Through our LiveNet project, we have been working with the Open College Network on accredited training on information and communications technology (ICT) to promote lifelong learning for people with a disability and their carers.

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

To deliver our three main aims, we have a fourth aim as an enabling strategy. Everything we do is delivered by our people. This means we must build our capability and leadership through our people strategy and by improving our infrastructure and systems.

Mencap has six long-term goals in this area:

- Ensure we have a skilled, motivated and high-performing workforce.
- Maintain financial health.
- Ensure the governance and participation of stakeholders is effective.
- Ensure our planning, reporting and risk management is effective.
- Build effective partnerships.
- Maximise efficient and effective ways of working.

Our main objectives for 2011/12

1. Complete the people strategy and implement the first stage around performance management and launch of an HR shared service. **(Partially met)**
2. Deliver a financial strategy to ensure the organisation makes the best use of its assets and appropriately plans for the short- and longer-term future. **(Met)**
3. Deliver agreed budget and financial outcomes as approved by the board. **(Met)**
4. In partnership with the trustees of the Mencap pension scheme, agree a new schedule for funding the pension deficit as valued in April 2011. **(Not met)**
5. Ensure efficient supporter engagement through effective supporter communications. **(Partially met)**
6. Evaluate 20:20 Vision partnership pilots and agree the basis of new relationships between Mencap and local groups; negotiate and roll out new partnership agreements to better deliver shared aims. **(Partially met)**
7. Complete and consolidate a restructure across the organisation. **(Largely met)**

Our work in 2011/12

Mencap's people strategy, performance management and HR shared service

This year, we launched Shape Your Future, a new performance management system that has been rolled out in the Personal Support team. It will be launched across other areas of the organisation in 2012/13.

We launched Ask HR in January 2012. This new service provides telephone advice to managers and employees on issues such as employee relations and company policies.

Please go to 'About the money' on page 33 to read about our progress on:

- delivering a financial management strategy
- delivering agreed budget and financial outcomes

- the Mencap pension scheme.

Supporter engagement and communications

Effective communication with our supporters is crucial – to tell them not only about Mencap’s vision but also about the level of funding we need to achieve our goals. To help with this, we have begun to develop a case for support – the key communication tool for engaging new supporters and sharing future ambitions with existing funders.

We have also undertaken a significant amount of research on our supporters and donors. The results will be used to shape a supporter communications strategy, which will be designed to tie in with the development of the Mencap movement (see page 10).

Strengthening relationships between Mencap and local groups

We have developed and begun to implement a strategy to take forward 20:20 Vision. This is a framework for our future relationships with local groups, organisations and individuals who share our vision and want to work with us. 20:20 Vision includes the development of both the movement and local group partnerships, and is fundamental to our desire to work more effectively with individuals and groups to deliver our shared aims.

Throughout 2011, a series of pilots in England, together with additional research, consultation and discussion, provided a framework for establishing future partnerships between Mencap and Mencap-branded local groups. We started work to develop and roll out a new partnership agreement that would reflect the learning from the pilots.

In 2011/12, staff continued to promote a dialogue with local groups. Our relationships with the majority of these groups are positive, and we have been able to build stronger links with some groups that we have not engaged so fully with in the past.

Mencap restructure

After reorganising the way we deliver our services to public bodies at the beginning of the year, we completed an internal restructure across the organisation – also a response to the tightening financial constraints on our work.

At the year end, the Communications team structure was being reviewed as part of the wider restructure of the Community Action team, in line with the required savings for 2012/13.

Mencap in Northern Ireland was also restructured in order to work more effectively and respond to the increasing demands of regulatory and legal requirements. We saw a smaller restructure in Wales, to ensure that posts are flexible and responsive and support Mencap Cymru’s aspirations within its business plan.

Fundraising

An overview

Mencap is extremely grateful to all of our donors and the individuals, groups and organisations involved in our fundraising efforts in 2011/12.

As ever, we delivered well on existing income streams. Our objective for 2011/12 was to generate a fundraised contribution of £11.1 million. We achieved £12.8 million – this is 15% above our target and 59% more than last year, owing to the exceptional contribution of £4.9 million raised by The Co-operative Group Charity of the Year partnership in this financial year.

2011/12 was an exceptional year. Our five-year plan is to maintain steady growth to achieve a sustainable contribution level of £13 million a year by 2016/17. To do this, we will continue our investment programme, reach new supporters, increase our effectiveness and manage our costs efficiently. This year, our income-to-cost ratio was 2.9 – up from 2.5 last year – and we aim to increase this to over 3.0 by 2016/17.

The legacy fundraising team brought in over £5.4 million, and we also branched out into new areas of fundraising to continue increasing the support we give people with a learning disability, their families and carers. One way we chose to do this is through our face-to-face fundraising investment programme, where fundraisers work on high streets across the UK and call door-to-door. Since testing this method in 2010, Mencap has recruited over 10,000 new supporters who donate by direct debit each month.

The Co-operative Group Charity of the Year partnership

Mencap and ENABLE Scotland were delighted to have been chosen as The Co-operative Group's Charity of the Year in 2011. A record number of The Co-operative Group's colleagues and members – an impressive 42,000 – voted for Mencap and ENABLE Scotland as their charity partners, and their support grew even more throughout the year.

This successful relationship smashed the already ambitious fundraising target of £3.7 million to raise an incredible gross income of £7 million over the term of the partnership, allowing us to launch Inspire Me (see page 22).

For the first time, each of The Co-operative Group businesses was involved in fundraising and volunteering. In addition to staff fundraising events, we were very grateful to have the support of The Co-operative Group's partners. We formed good relationships that supported the development of cause-related marketing opportunities, including: Cadbury Twirl; Proctor and Gamble; 99 Fairtrade Tea; Kimberly-Clark; Noble Eggs; and The Co-operative Christmas cards and Christmas sandwich range.

The amazing support and money raised by the partnership has increased opportunities for young people with a learning disability to be active members of their communities.

Corporate fundraising

As well as delivering the hugely successful partnership with The Co-operative Group, we built on Mencap's existing portfolio of partners. Overall, we have almost doubled corporate income since 2010 – to just over £450,000.

Our successes include some great sponsorship deals. For the Little Noise Sessions live music events, we secured £85,000 from ASUS. We were also hugely successful in securing in-kind support and additional Charity of the Year partnerships – including one with Reynolds Porter Chamberlain, which continued its strong support of the *Stand by me* campaign (see page 14). Cause-related marketing continues to be an area of growth, with major companies wishing to align themselves to the mission of Mencap, and one that we will continue to build on in 2012/13.

We also made great strides in diversifying our portfolio from across sectors and made sure the funding we secured supported a variety of activities, including advice and information, campaigning and innovative new projects.

Trusts and major gifts

This year was one of our most successful to date for trust fundraising, securing £1,247,636. This total included the development of new relationships with trusts, the largest of which was a £330,000 contribution from the Griffiths Newton Trust towards our work supporting people directly affected by government cuts. It also included two large one-off donations totalling £303,490.

We also had multiple successes securing income for our work with children and families, who are central to our wider plans. The most recent donation in support of this work was from the Kathleen Laurence Trust, which committed £45,000 over a three-year period – £15,000 of which was received as the first instalment in 2011/12.

2011/12 also saw the introduction of major donor fundraising at Mencap. Over the course of the year, we made great progress in developing relationships with high-net-worth individuals. We also secured major donations and pledges in excess of £350,000 for many necessary projects and activities – a great first year!

Grant fundraising

This year, we successfully secured over £2.5 million for five key projects that will support the delivery of our strategic aims now and in the future:

- Over £700,000 from the Department of Health to support the three-year Parent Pioneers project from 2012/13, supporting parents with a learning disability to develop their parenting skills.
- Over £600,000 from the Office of Civil Society, through the Social Action Fund, for our Change Makers project from 2012/13, which will support young people to volunteer and enhance their local communities. £115,000 was received in this financial year.

- £600,000 from the Department of Health for the Getting It Right – From The Start project to support people with a learning disability to access healthcare more equally. £200,000 was received in this financial year.
- Over £650,000 from the People's Health Lottery for the Gateway Active project to improve health and wellbeing for people with a learning disability. £263,000 was received in this financial year.
- Over £93,000 from Arts Council England and Legacy Trust supporting We Dance, a project inspired by the London 2012 Olympic Games that will involve hundreds of people with a learning disability in the Cultural Olympiad. £57,000 was received in this financial year.

2011/12 saw the implementation of a number of other projects supported by grants – for example the Inclusive Sports project, funded by Sport England, and Shout Out, a €20,000 project funded by the EU through the British Council. Shout Out aims to increase the active participation in representative democracy of young people with a learning disability.

We also began to further develop two projects for the Heritage Lottery Fund that will link with Mencap's *Stand by me* campaign. These projects aim to break down barriers and educate the public about the social history of people with a learning disability and address the lack of historical information recorded about their lives and experiences.

We have been working on projects, such as Reach Me and Link, for submission to the Big Lottery Fund for Northern Ireland. Reach Me focuses on supporting young people as they move through education and into employment. Link supports older people with a learning disability to access services in their local communities more easily and reduce their isolation.

Events

Mencap has always run a successful programme of events and 2011/12 was no different.

We launched a brand new global sponsored spelling competition called Spellathon. This initiative is fully digital, bringing fundraising and education into the 21st century. Spellathon invites players of all ages and abilities to play online spelling games. By the end of March 2012, it had attracted over 22,000 registrations in over 150 countries, and received great feedback from players, teachers and parents.

November 2011 saw the return of Little Noise Sessions, curated by Mencap ambassador Jo Whiley. This year we christened the event's new home, the stunning St John-at-Hackney church, with sell-out performances from the likes of Elbow, Chris Martin and Goldfrapp, and raised over £160,000.

Mencap's extreme events team also made good progress, securing places on two new races expected to be very popular: the Brecon Beacons Ultra and The Fire and Ice Ultra in Iceland. Our programme of running events has also continued to develop, with well over 500 people taking part from across the UK.

The Mencap special events team also had a successful year – our two committees raised more than £50,000 combined, and a gala evening generated more than £350,000 in donations.

Regional fundraising – England

Our regional fundraising in England covers a wide geographical spread and delivers a variety of fundraising activities and partnerships. One of the biggest contributions in 2011/12 was providing vital support for The Co-operative Group partnership. The regional team made sure we had a visible presence across England and that we fostered strong relationships with employees, which was pivotal to the success of the partnership.

Our fundraising also plays an important role in raising awareness about learning disability, as well as raising money – for example, building corporate partnerships, supporting volunteer committees and delivering sell-out events.

Regional fundraising – Northern Ireland and Wales

Fundraising across Northern Ireland and Wales faced challenging times this year – competition for funds was strong. So, we recognise there is more to do to boost brand awareness in these locations and to build on existing foundations.

In Northern Ireland, the Young Professionals committee played an important role in creating fundraising opportunities and reaching new supporters. We started to plan a programme of events and ways to secure new corporate partners.

In Wales, we explored ideas for more creative fundraising. We also engaged supporters from the community teams and worked with the Mencap Cymru committee to develop a regional fundraising plan.

In both Northern Ireland and Wales, we will look to build on the work started this year to deliver even greater success in 2012/13.

Special thanks to...

We would particularly like to thank the following people, organisations and groups for their contributions to our fundraising this year:

2012 Marathon des Sables team
Affinity Sutton Partnership
Annabel Giles
Arts Council England
Auto Cycle Union
Barclays Corporate
Barclaycard
BBC Children in Need
Belfast City Council
Big Lottery Fund
British Motorcycle Federation
Charity Sweets
Chequers Opera Evening Committee
City of London Police Awards Organising Committee
Clearwater Corporate Finance LLP
Cobbetts LLP

Comic Relief
Dame Norma Major
Daphne Cowan
de Poel
Department of Health: Health and Social Care Volunteering Fund
Dr John Beynon
DWF
Ember Inns
Endless LLP
English Baroque Choir
Euler Hermes UK
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Jo Whiley
Jodie Whittaker
John Lewis
Keepmoat
KPMG
LDC
Lloyds TSB Corporate Markets
London Stock Exchange
Mat Horne
MBNA Europe Bank Limited
Mencap special events committee
Mencap's young special events
committee
Mr and Mrs Abbey
Mr and Mrs Allner
Mr Dominic Christian
Mr Graham Ball
Mr Nigel Fishburn
Mr Martyn Smith
Mrs Whittaker
NI Live Vision Ltd
Northern Ireland ladies' committee
Northern Ireland Polo Club
Northern Ireland young professionals
committee
Parker Plant Hire Limited
Paul Fellerman
People's Health Trust
Peter Evans

Petleys
Pinsent Masons
RA Media
Reggie Ansah and Luxure Magazine
Reynolds Porter Chamberlain
Simon Cowan
Simon Rimmer
Simplyhealth
Skanska UK Plc
Slingshot Sponsorship
Sport England
Standard Chartered Bank
Sweet Causes Ltd
The Building Change Trust
The Cabinet Office: Social Action Fund
The Co-operative Group
The David Lister Charitable Trust
The Kathleen Laurence Trust
The Leeds Y Factor Committee
The Legacy Trust UK
The Manchester Y Factor Committee
The Priory Church of St Bartholomew
the Great
The Renton Foundation
The Sheffield Y Factor Committee
The Theodore Roussel Memorial Trust
Think Money
Total Hygiene
Walker Morris
Will Young
Yorkshire Bank
Zeus
Zochonis Charitable Trust

Looking ahead to 2012/13

Our objectives for 2012/13 again relate closely to the strategic aims in *Shaping Our Future* agreed in 2011. They build on the combination of successes, challenges, experience and this year's major reorganisation, to ensure that Mencap is strong and works within its means in future years.

Some of the objectives we set ourselves in 2011/12 could not be completed because of resourcing constraints. So we are carrying them over into 2012/13, along with our ongoing objectives, which are longer term. Each objective has a set of detailed key performance indicators to work to.

A summary of Mencap's key objectives for 2012/13

Aim 1: Changing society's attitudes and culture

Our main objective for this aim is to shape and begin to deliver a movement to:

- engage new and existing supporters
- raise awareness of learning disability
- support people with a learning disability, their families and carers
- improve policies related to learning disability.

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

Our main objectives for this aim are:

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

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

Our main objectives for this aim are:

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

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

Our main objectives for this aim are:

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

Accounts

About the money

In the notes to the accounts, we have made a fuller disclosure of our operating activities than is required legally or through accounting practice. This is so we can show that the Mencap accounts are made up of four charities:

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

Mencap is the sole member of each charity. However, each charity has its own board of trustees that is accountable to its membership in meeting its respective charitable objectives.

Note 3 to the accounts shows that the total income of all four charities is £200 million, with £12 million being received by Golden Lane Housing and the remainder largely by Mencap.

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

In last year's annual report, we talked about the decisions we had taken to meet the likely reductions in income as a result of the government's Comprehensive Spending Review in October 2010. We invested over £5 million to change the way we deliver exceptional value in our services that support people in their daily lives. During 2011/12, we worked hard to successfully embed those changes, grow our services and meet our financial targets.

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

In the overview to our fundraising section, we talked about the hugely successful work with The Co-operative Group, which has raised more than £7 million to fund work over three years. Overall, we more than met our financial targets for the year. The money from The Co-operative Group partnership accounts for the significant increase in cash balances in the year from £2.6 million to £7 million.

The outlook for funding our activities is challenging. It is anticipated that more income will be restricted to specific activities rather than being used at our discretion. This has meant we have had to realign the voluntary-funded aspects of our work to reduce costs, or otherwise find alternative sources of funding for our work. These changes have cost us £0.5 million this year.

Each year, we revalue our pension scheme in accordance with accounting rules. This year, our deficit has increased by £1.4 million from £18.4 million to £19.8 million. This contrasts with a fall of £9.4 million the previous year. These changes are largely due to the changing conditions in the financial and inflation assumptions, which are outside our control.

The independent trustees of the Mencap pension scheme are undertaking their three-yearly valuation of the scheme, and the economic conditions are more difficult now than in 2008, the date of their last review.

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

We have had a constructive dialogue with the pension trustees and are hopeful of a positive outcome based on what is affordable and sustaining for Mencap and thus, through our success, providing security for the scheme by being able to meet our obligations to make payments over the long term.

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

Golden Lane Housing has increased the amount of accommodation for people with a learning disability, providing 106 additional tenancies. The operations of Golden Lane Housing returned a surplus of £4.6 million, which funded scheduled loan repayments and contributed to property purchases of £2.8 million. You can find a fuller commentary on the activities and achievements of Golden Lane Housing in its annual report and accounts.

The AdCare Foundation has had a successful year, making small grants available to individuals and groups, and is continuing its strategy of reducing its investments by giving these grants to people with a learning disability over a number of years.

On 28 March 2011, Mencap became the sole member of NOFAS-UK, a charity concerned with foetal alcohol spectrum disorder. NOFAS-UK's results are included in the accounts for the first time this year.

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

Recognising each of the four charities

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

How each charity approaches its financial management, risks and reserves

Royal Mencap Society

Royal Mencap Society (Mencap) has a budgeted spend of £190 million for 2012/13, about 90% of which is funded from contracts with government and local authorities. These contracts primarily support people with a learning disability. This work enables Mencap to directly support people with a learning disability and provides the opportunity to raise the standard of care people receive. Although this source of income is under constant pricing and cost pressures, it is much more predictable in the short term than the income received from fundraising activities.

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

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

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

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

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

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

In order to mitigate the consequences of a rapid adverse change in liquidity, Mencap plans to ensure that it always has sufficient cash to meet its routine needs, such as paying staff and suppliers on a day-to-day basis. Mencap does this by developing and reviewing financial plans, budgets, forecasts and historic accounts, which enable us to monitor and forecast our cash requirements. In the year ending March 2009, we also agreed a new schedule of payments to repay the pension deficit over 20 years. This was aimed at deferring cash payments through transferring some excess land that we were in the process of selling.

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

- Long-term loans secured against an asset
- Overdraft facilities or cash deposits to manage short-term cash fluctuations

- Long-term investments to provide cash for unforeseen events

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

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

As we have described above in the report on our work in commissioned services, during 2011/12 we acquired a number of services from Southern Cross. As a precaution, we arranged an additional short-term facility of £2.5 million with Barclays to support this transaction but have not yet had the need to use it.

Investments

Our investments are held for four purposes:

- (i) Around £7 million is held as a general fund that can be assessed to mitigate one-off risks that might arise from our activities.
- (ii) Approximately £5.4 million is held to fund the long-term work of our Mencap Visiting Service.
- (iii) A little over £450,000 is held for the benefit of our work in Northern Ireland and is likely to be used in the near future.
- (iv) AdCare holds a little under £1 million, which will be spent over the next few years.

In line with the investment review undertaken in 2011, the general fund, while being held for the long term, may be needed at short notice. Our policy is to hold 70% as bonds, with 30% being held in equities.

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

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

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

Our reserves comprise:

	£ million
Restricted	8.6
Unrestricted	<u>8.4</u>
Total reserves	17.0

The charity's loans and borrowing facilities are £13.4 million (2011: £11.3 million), of which £3.6 million (2011: £4 million) was utilised at 31 March 2012.

Having reviewed the level of reserves and cash liquidity allowing for the long-term nature of the pension liability, the trustees are satisfied that they are appropriate to manage the risks highlighted above.

Golden Lane Housing

Golden Lane Housing has a spend of £7.4 million, the majority of which is funded by housing benefit. This allows us to provide housing for people with a learning disability.

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

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

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

At the end of the year, the charity had:

	£ million
Restricted	19.0
Unrestricted	<u>14.8</u>
Total reserves	33.8

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

The AdCare Foundation

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

The reserves of AdCare, which are all unrestricted, were £871,000. In line with the strategy for this charity, it is anticipated that these will be spent over the next few years to further the charity's objectives.

NOFAS-UK

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

	£'000
Restricted	26.7
Unrestricted	<u>(20.3)</u>
Total reserves	6.4

Mencap has undertaken to fund NOFAS-UK's unrestricted reserves deficit.

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

We have audited the group and parent company financial statements of Royal Mencap Society (company number 554057) for the year ended 31 March 2012 set out on pages 40 to 75.

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

Respective responsibilities of trustees and auditor

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

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

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the 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.



Tim Baines
Senior statutory auditor
for and on behalf of
Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Date: 11 July 2012

Group statement of financial activities for the year ended 31 March 2012 (incorporating an income and expenditure account)

	Note	Restricted funds 2012 £'000	Unrestricted funds 2012 £'000	Total funds 2012 £'000	Total funds 2011 as restated £'000
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	9,863	9,218	19,081	12,448
Activities for generating funds	3	-	754	754	738
Investment income	4	3	60	63	411
Incoming resources in furtherance of charitable objects:					
Grants and other income receivable	5	7,198	164,495	171,693	171,565
Rental income	3	2	8,935	8,937	8,352
Other incoming resources:					
Profit on disposal of tangible fixed assets		-	69	69	40
Total incoming resources		17,066	183,531	200,597	193,554
Resources expended					
Costs of generating funds:					
Costs of generating voluntary income		1,293	5,374	6,667	4,934
Costs of activities for generating funds	3	-	288	288	372
Investment management costs		-	22	22	48
Charitable activities:					
Supporting people		6,350	165,843	172,193	179,434
Engaging and influencing key stakeholders		3,104	7,391	10,495	10,915
Governance costs		-	366	366	505
Total resources expended	6	10,747	179,284	190,031	196,208
Net incoming/(outgoing) resources for the year before transfers	7	6,319	4,247	10,566	(2,654)
Transfers between funds	16	(732)	732	-	-
Realised gains on investments		12	1	13	1,961
Net income/(expenditure)		5,599	4,980	10,579	(693)
Other recognised gains and losses:					
Unrealised loss on revaluation of tangible fixed assets	8	-	(5,855)	(5,855)	-
Unrealised gains/(losses) on investments		338	467	805	(1,187)
Actuarial (loss)/gain on defined benefit pension scheme	20	-	(2,201)	(2,201)	9,672
Net increase/(decrease) in funds		5,937	(2,609)	3,328	7,792
Fund balances brought forward at 1 April 2011	16	21,681	27,083	48,764	40,972
Fund balances carried forward at 31 March 2012		27,618	24,474	52,092	48,764

All of the group's activities for both of the above financial years relate to continuing operations. There are no recognised gains and losses for both of the above financial years, other than those shown above. The notes on pages 44–75 form part of these financial statements.

Group balance sheet as at 31 March 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible assets	8		88,567		93,338
Investments	9		14,391		13,559
			102,958		106,897
Current assets					
Fixed assets held for sale		186	-		
Stocks		15		17	
Debtors	11	21,327		20,498	
Cash at bank and in hand		11,242		6,311	
		32,770		26,826	
Creditors: amounts falling due within one year	12	(36,075)		(22,746)	
Net current (liabilities)/assets			(3,305)		4,080
Total assets less current liabilities			99,653		110,977
Creditors: amounts falling due after more than one year	13		(22,286)		(35,753)
Provisions for liabilities	14		(5,496)		(8,035)
Net assets excluding pension scheme liabilities			71,871		67,189
Defined benefit pension scheme liability	20		(19,779)		(18,425)
Net assets including pension scheme liabilities			52,092		48,764
Funds					
Restricted funds	16		27,618		21,681
Unrestricted funds:					
Unrestricted income funds		33,941		29,341	
Revaluation reserve		10,312		16,167	
Unrestricted funds excluding pension liability		44,253		45,508	
Pension reserve		(19,779)		(18,425)	
Total unrestricted funds	16		24,474		27,083
			52,092		48,764

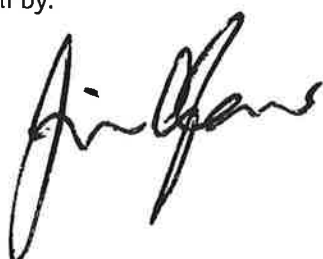
The notes on pages 44–75 form part of these financial statements.

Charity balance sheet as at 31 March 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible assets	8		19,667		26,692
Investments	9		13,404		12,642
			33,071		39,334
Current assets					
Fixed assets held for sale		186		-	
Stock		-		4	
Debtors	11	27,414		26,641	
Cash at bank and in hand		6,979		2,622	
		34,579		29,267	
Creditors: amounts falling due within one year	12	(21,822)		(20,056)	
Net current assets			12,757		9,211
Total assets less current liabilities			45,828		48,545
Creditors: amounts falling due after more than one year	13		(3,576)		(3,882)
Provisions for liabilities	14		(5,490)		(8,035)
Net assets excluding pension scheme liabilities			36,762		36,628
Defined benefit pension scheme liability	20		(19,779)		(18,425)
Net assets including pension scheme liabilities			16,983		18,203
Charity funds					
Restricted funds			8,553		4,217
Unrestricted funds:					
Unrestricted income funds		17,897		16,244	
Revaluation reserve		10,312		16,167	
Unrestricted funds excluding pension liability		28,209		32,411	
Pension reserve		(19,779)		(18,425)	
Total unrestricted funds			8,430		13,986
			16,983		18,203

The financial statements were approved and authorised for issue by the trustees on 11 July 2012 and signed on their behalf by:

Jim Glover
Chairman



Fred Worth
Trustee



The notes on pages 44-75 form part of these financial statements.

Group cash flow statement for the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
Net cash inflow from operating activities	(a)	10,928	2,656
Returns on investments and servicing of finance	(b)	(1,356)	(1,250)
Capital expenditure and financial investment	(c)	(2,937)	(705)
Net cash inflow before financing		6,635	701
Financing	(d)	(1,704)	613
Increase in cash for the year	(e)	4,931	1,314

Reconciliation of net cash flow to movement in net debt for the year ended 31 March 2012

	2012 £'000	2011 £'000
Increase in cash in the year	4,931	1,314
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	1,704	(613)
Change in net debt resulting from cash flows	6,635	701
Net debt at 1 April 2011	(31,146)	(31,847)
Net debt at 31 March 2012	(24,511)	(31,146)

The notes on pages 44–75 form part of these financial statements.

Notes to the group cash flow statement for the year ended 31 March 2012

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

	2012 £'000	2011 £'000
Net incoming/(outgoing) resources before other recognised gains and losses	10,579	(693)
Returns on investments and servicing of finance	1,356	1,250
Adjustment for pension funding	(848)	297
Depreciation of fixed assets	1,722	1,784
Adjustment for NOFAS-UK	-	20
Negative goodwill	-	(22)
Profit on sale of fixed assets	(69)	(40)
Decrease/(increase) in stocks	2	(4)
(Increase)/decrease in debtors	(829)	970
Increase/(decrease) in creditors	1,567	(1,447)
(Decrease)/increase in provisions	(2,539)	2,502
Gains on disposals of investment assets	(13)	(1,961)
Net cash inflow from operating activities	10,928	2,656

	2012 £'000	2011 £'000
(b) Returns on investments and servicing of finance		
Investment income	23	385
Management charges on investments	(22)	(48)
Interest received	40	26
Interest paid	(1,357)	(1,567)
Interest element of finance lease rentals	(40)	(46)
Net cash (outflow) from returns on investments and servicing of finance	(1,356)	(1,250)

	2012 £'000	2011 £'000
(c) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,358)	(1,942)
Shared investment contribution	5	(144)
Purchase of listed investments	(8,149)	(3,717)
Disposals of tangible fixed assets	430	1,086
Disposals of listed investments	8,135	4,012
Net cash (outflow) from capital expenditure and financial investments	(2,937)	(705)

	2012 £'000	2011 £'000
(d) Financing		
Capital element of finance lease payments	(81)	(130)
Loan drawdowns	(1,623)	743
Net cash (outflow)/inflow from financing	(1,704)	613

(e) Analysis of changes in net debt

	1 April 2011 £'000	Cash flow £'000	31 March 2012 £'000
Cash at bank and in hand	6,311	4,931	11,242
Debt:			
Finance leases	(518)	81	(437)
Debt due within one year	(1,460)	(11,818)	(13,278)
Debt due after one year	(35,479)	13,441	(22,038)
Net debt	(31,146)	6,635	(24,511)

Notes to the financial statements for the year ended 31 March 2012

1. Accounting policies

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

The principal accounting policies adopted are described below:

(a) Accounting convention

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

(b) Going concern

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

(c) Basis of consolidation

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

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

(d) Incoming resources

i) Voluntary income

Donations

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

Legacies

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

Life interests

Legacies include legacies with a life interest held by another party. Given the length of time these interests may take before they are realised, and the inherent uncertainties, no income is accounted for until the estate's accounts are finalised and the income is received by Mencap.

Trusts and Community Fund

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

Gifts in kind

Donated services and gifts in kind are included at the value to Mencap where this can be quantified. 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

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

Mencap also participates in a number of local government pension schemes in relation to a small number of staff who have transferred to Mencap. Mencap participates in these schemes by way of admission agreements. Full provision has been made according to FRS 17 in the financial statements in relation to two of the schemes. However as the liability per FRS 17 is not material, disclosure has been limited so as not to distort or overstate the importance of these schemes.

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

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

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

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

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

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

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

(i) Tangible fixed assets

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

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

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

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

Property assets that 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. £304,750 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 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 stationery and goods for resale, are stated at the lower of cost and net realisable value.

(n) Mencap Visiting Service

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

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

(o) Restatement of prior year numbers

Mencap adopted its new five-year strategy this year, underpinned by a different set of charitable activities from last year's. As a result, the previous year's charitable expenditure was restated to maintain comparability.

(p) Funds

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

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

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

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

2. Voluntary income

	Restricted funds £'000	Unrestricted funds £'000	Total 2012 £'000	Total 2011 £'000
(a) Donations	318	3,528	3,846	3,686
Total donations income	<u>318</u>	<u>3,528</u>	<u>3,846</u>	<u>3,686</u>
(b) Legacies receivable	194	5,235	5,429	5,579
Total legacies income	<u>194</u>	<u>5,235</u>	<u>5,429</u>	<u>5,579</u>

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 2012 these are estimated to be £0.1 million (2011: £0.1 million).

	Restricted funds £'000	Unrestricted funds £'000	Total 2012 £'000	Total 2011 £'000
(c) Trust fund				
BBC Children in Need for Play Our Way	94	-	94	79
Bolton Hyde Lea charity	-	-	-	30
Charities Aid Foundation for Access to Volunteering	-	-	-	5
City Bridge Trust for Newham parents' advocacy project	-	-	-	15
Croydon Relief in Need Charities for GLH renovation	-	-	-	12
Donald Forrester Trust for Bags of Ability	5	-	5	-
Friends of Forest Neighbourhood Homes Trust	101	-	101	-
Griffiths Newton Trust – for community	330	-	330	-
John James Bristol Foundation for A Clean Sweep	-	-	-	5
The Kathleen Laurence Trust for community-based advisers	15	-	15	20
The Kathleen Laurence Trust for A Clean Sweep	-	-	-	10
Legacy Trust UK for We Dance	47	-	47	-
Newham Society	202	-	202	-
People's Health Trust for Gateway Active	264	-	264	-
Pearson Family Fourth Settlement	-	-	-	18
The Renton Foundation for Involve Me	48	-	48	103
Social Care Institute for Excellence	-	-	-	14
Social Care Institute for Excellence – Mental Capacity Act	14	-	14	-
Theodore Roussel Memorial Trust for Berkshire Community	-	-	-	14
The Walcot Foundation for Streatham Garden Project	-	-	-	5
Zochonis Charitable Trust for Manchester Community	-	-	-	30
Zochonis Trusts for community-based advisers Manchester	30	-	30	-
Subtotal	1,150	-	1,150	360
Other	28	70	98	95
Total trust income	1,178	70	1,248	455

	Restricted funds £'000	Unrestricted funds £'000	Total 2012 £'000	Total 2011 £'000
(d) Community Fund/Big Lottery Fund				
Arts Council England for We Dance	10	-	10	-
Big Lottery Fund, Children's Play via Dudley Metropolitan Borough	-	-	-	14
Big Lottery Fund Wales, Children and Young People's Fund Reaching Out for Building Our Futures	-	-	-	32
Big Lottery Fund Wales, Advice Plus for In Control and Me	-	-	-	68
Big Lottery Fund Northern Ireland/Live and Learn for LiveNet	200	-	200	212
Big Lottery Fund Wales/Stepping Stones for Cer Amdani!	25	-	25	297
Big Lottery Fund Northern Ireland/Safe and Well for Young People Together	180	-	180	136
Big Lottery Fund/Young People's Fund 2 for Raising Your Game	1,019	-	1,019	792
Building Change Trust for Early Intervention Service Northern Ireland	-	-	-	16
Comic Relief For Older Voices	40	-	40	-
The Inclusive Sport Project	70	-	70	-
Inspire Me Plus	116	-	116	-
Total Community Fund/Big Lottery Fund	1,660	-	1,660	1,567
(e) Organisations raising significant funds				
The Co-operative Group (Charity of the Year)	5,883	-	5,883	908
Skanska	-	27	27	26
Travis Perkins	-	-	-	26
MBNA	-	42	42	22
RPC	25	-	25	-
Simplyhealth	50	-	50	-
Other	555	239	794	176
Total organisations raising significant funds	6,513	308	6,821	1,158
(f) Gifts in kind	-	77	77	3
Total voluntary income	9,863	9,218	19,081	12,448

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 2012 £'000	Total 2011 £'000
Trading subsidiaries						
Turnover	-	292	64	397	753	738
Cost of sales	-	(48)	(73)	(108)	(229)	(248)
Gross profit/(loss)	-	244	(9)	289	524	490
Administration costs	(2)	-	(11)	(46)	(59)	(124)
Net (loss)/profit	(2)	244	(20)	243	465	366
Paid to Mencap under Gift Aid	-	(244)	-	(243)		
Retained in subsidiaries	(2)	-	(20)	-		

The costs of all the above subsidiaries are included in the 'Group statement of financial activities' under costs of activities for generating funds.

	Royal Mencap Society £'000	Golden Lane Housing £'000	AdCare Foundation £'000	NOFAS- UK £'000	Total 2012 £'000	Total 2011 as restated £'000
Charitable companies						
Incoming resources	187,610	12,010	83	141	199,844	192,816
Resources expended	(167,178)	(5,432)	(139)	(96)	(172,845)	(177,500)
Income for the year before administration costs	20,432	6,578	(56)	45	26,999	15,316
Administration costs	(14,922)	(1,935)	(2)	(39)	(16,898)	(18,336)
Realised gain on investments	13	-	-	-	13	1,961
Net income/(expenditure)	5,523	4,643	(58)	6	10,114	(1,059)

Included in the rental income of £8.9 million shown in the group statement of financial activities is £8.6 million from Golden Lane Housing (2011: £8 million). The balance is from other sources.

	Total 2012 £'000	Total 2011 as restated £'000
Reconciliation of net income/(expenditure)		
Group statement of financial activities' net income/(expenditure)	10,579	(693)
Trading subsidiaries' net profit	465	366
Charitable companies' net income/(expenditure)	10,114	(1,059)
	10,579	(693)

4. Investment income

	Group 2012 £'000	Group 2011 £'000
Income from listed investments in the UK	23	385
Bank interest	40	26
	63	411

5. Grants and other income receivable

	Group 2012 £'000	Group 2011 £'000
Belfast Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	292	291
Black Country Connexions for NEET young people	-	15
Carmarthenshire County Council for Family adviser service, Children's information officer and Welfare benefits advice service	75	75
Carmarthenshire County Council for Pathways and community projects	-	159
City and County of Cardiff shopping project	-	42
Department for Employment & Learning (NI) for employment services	113	150
Department of Health, Social Services and Public Safety (NI) – Children's Fund for Shout Out project in Northern Ireland	10	31
Department of Health, Social Services and Public Safety (NI) core grant	112	109
Department of Health funding for the Opportunities for Volunteering Scheme	-	90
Department of Health for Raising Our Sights	85	-
Dudley Borough Council for Taking children and young people services through the Me2 Award and part-funding Young People Panel	-	40
Dudley Borough Council Early Years Children's Disabilities Team taking early years services through Me2 award	15	27
Dudley Borough Council decision-making in short breaks	28	28
EU British Council for Shout Out project	12	-
European Social Fund for employment services in Northern Ireland	638	749
Health and social services boards for Segal House nursery, area manager, information, advocacy and children services in Northern Ireland	78	156
Health and Social Care Volunteering Fund/Department of Health for Getting It Right – From The Start	200	-
Northern Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	104	97
Northern Ireland Housing Executive for Supporting People Grant	525	569
South Eastern Health and Social Care Trust for children and adults in Northern Ireland	265	271
Southern Health and Social Care Trust for children, adults and information services and area manager in Northern Ireland	307	329
Sure Start Partnerships in Northern Ireland for play adviser services	49	37
Vodafone World of Difference	3	-
Volunteer Development Agency for Millennium Volunteers project Northern Ireland	-	21
Welsh Assembly Government funding for core activities, independent support and information services, campaigning and information	193	203

	Group 2012 £'000	Group 2011 £'000
Western Health and Social Care Trust for children, adults, information and advocacy services in Northern Ireland	180	169
Youth Council Northern Ireland core grant	87	70
Subtotal	3,371	3,728
All other grants and other income receivable	168,322	167,837
Total grants and other income receivable	171,693	171,565

6a. Total resources expended

	Staff costs	Depreciation	Other direct costs	Other allocated costs	Total 2012	Total 2011 as restated
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating voluntary income	2,474	2	3,817	374	6,667	4,934
Trading costs of subsidiaries	38	4	246	-	288	372
Investment management costs	-	-	22	-	22	48
Supporting people	124,322	890	32,656	14,325	172,193	179,434
Engaging and influencing key stakeholders	7,548	15	2,729	203	10,495	10,915
Governance	207	-	139	20	366	505
Support	9,274	811	4,837	(14,922)	-	-
	143,863	1,722	44,446	-	190,031	196,208

6b. Support costs allocated

	Facility management	Processing and support	Finance	IT	HR and pension	Management support and quality	Total 2012	Total 2011
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating voluntary income	-	119	81	90	84	-	374	307
Supporting people	644	3,125	2,134	2,369	2,168	3,885	14,325	15,249
Engaging and influencing key stakeholders	28	56	38	42	39	-	203	699
Governance	-	6	5	5	4	-	20	50
	672	3,306	2,258	2,506	2,295	3,885	14,922	16,305

6c. Governance costs

	Total 2012 £'000	Total 2011 £'000
External audit fees	53	53
Internal audit	64	77
Annual report and AGM	19	27
Trustee meetings and staff support costs	59	76
Expenses reimbursed to trustees	10	11
Legal costs	80	81
Support costs	20	50
Recruitment fees	-	40
Other	61	90
	366	505

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

	Group 2012 £'000	Group 2011 £'000
Net incoming/(outgoing) resources for the year are stated after charging		
Depreciation		
Own assets	1,459	1,465
Leased assets	263	319
Rentals under operating leases		
Land and buildings	1,947	2,295
Interest payable		
Interest element of finance leases	40	46
Bank interest	1,357	1,567
FRS 17 expenditure movement for the year	(848)	297
Auditor's remuneration		
Audit of the group	73	70
Non-audit work	10	3

Included in the audit fee charged for the group was £60,900 (2011: £58,130) for the audit of the parent charity.

8. Tangible fixed assets

(a) Group

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Software £'000	Total £'000
Cost or valuation							
Balance at 1 April 2011	95,996	412	6,013	5,126	4,082	-	111,629
Additions	-	2,854	-	132	186	186	3,358
Disposals	(299)	-	-	(366)	(1,499)	-	(2,164)
Transfers	3,044	(3,258)	-	15	-	12	(187)
Revaluation	(10,295)	-	-	-	-	-	(10,295)
Balance at 31 March 2012	88,446	8	6,013	4,907	2,769	198	102,341
Accumulated depreciation							
Balance at 1 April 2011	7,551	-	462	3,198	3,588	-	14,799
Charge for the year	928	-	52	457	272	13	1,722
Disposals	(18)	-	-	(295)	(1,490)	-	(1,803)
Transfers	(1)	-	-	-	-	-	(1)
Revaluation	(4,440)	-	-	-	-	-	(4,440)
Balance at 31 March 2012	4,020	-	514	3,360	2,370	13	10,277
Net book value at 31 March 2012	84,426	8	5,499	1,547	399	185	92,064
Less: shared Investment contribution	(2,685)	-	(812)	-	-	-	(3,497)
	81,741	8	4,687	1,547	399	185	88,567
Net book value at 31 March 2011	88,445	412	5,551	1,928	494	-	96,830
Less: shared Investment contribution	(2,678)	-	(814)	-	-	-	(3,492)
	85,767	412	4,737	1,928	494	-	93,338

Included in motor vehicles of the company and the group are assets held under finance leases with a net book value of £0.5 million (2011: £0.5 million).

The freehold interest in the office buildings and college sites of the charity were valued at 31 March 2012 on an Existing Use Value basis, assuming the properties are not surplus to the charity's use. The 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).

Tangible fixed assets (group) continued

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

	Colleges £'000	Houses £'000	Offices £'000	Total £'000
Cost or valuation				
Balance at 1 April 2011	12,187	72,059	11,750	95,996
Additions	-	-	-	-
Disposals	-	(299)	-	(299)
Transfers	-	3,194	(150)	3,044
Revaluation	(5,187)	-	(5,108)	(10,295)
Balance at 31 March 2012	7,000	74,954	6,492	88,446
Accumulated depreciation				
Balance at 1 April 2011	1,562	3,433	2,556	7,551
Charge for the year	193	565	170	928
Disposals	-	(18)	-	(18)
Transfers	-	-	(1)	(1)
Revaluation	(1,755)	-	(2,685)	(4,440)
Balance at 31 March 2012	-	3,980	40	4,020
Net book value at 31 March 2012	7,000	70,974	6,452	84,426
Less: shared investment contribution	-	(2,685)	-	(2,685)
	7,000	68,289	6,452	81,741
Net book value at 31 March 2011	10,625	68,626	9,194	88,445
Less: shared investment contribution	-	(2,678)	-	(2,678)
	10,625	65,948	9,194	85,767

Tangible fixed assets

(b) Charity

	Freehold land and buildings £'000	Assets under construction £'000	Leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
Balance at 1 April 2011	29,145	15	76	5,122	4,082	38,440
Additions	-	10	-	132	186	328
Disposals	-	-	-	(366)	(1,499)	(1,865)
Transfers	(187)	(15)	-	15	-	(187)
Revaluation	(10,295)	-	-	-	-	(10,295)
Balance at 31 March 2012	18,663	10	76	4,903	2,769	26,421
Accumulated depreciation						
Balance at 1 April 2011	4,908	-	54	3,198	3,588	11,748
Charge for the year	501	-	2	457	272	1,232
Disposals	-	-	-	(295)	(1,490)	(1,785)
Transfers	(1)	-	-	-	-	(1)
Revaluation	(4,440)	-	-	-	-	(4,440)
Balance at 31 March 2012	968	-	56	3,360	2,370	6,754
Net book value at 31 March 2012	17,695	10	20	1,543	399	19,667
Net book value at 31 March 2011	24,237	15	22	1,924	494	26,692

Tangible fixed assets (charity) continued

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

	Colleges £'000	Houses £'000	Offices £'000	Total £'000
Cost or valuation				
Balance at 1 April 2011	12,187	5,208	11,750	29,145
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers	-	(37)	(150)	(187)
Revaluation	(5,187)	-	(5,108)	(10,295)
Balance at 31 March 2012	7,000	5,171	6,492	18,663
Accumulated depreciation				
Balance at 1 April 2011	1,562	790	2,556	4,908
Charge for the year	193	138	170	501
Transfers	-	-	(1)	(1)
Revaluation	(1,755)	-	(2,685)	(4,440)
Balance at 31 March 2012	-	928	40	968
Net book value at 31 March 2012	7,000	4,243	6,452	17,695
Net book value at 31 March 2011	10,625	4,418	9,194	24,237

9. Fixed asset investments

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Equities				
Market value at 1 April 2011	3,584	11,750	3,584	10,883
Acquisitions	2,280	3,717	2,280	3,717
Disposals	(212)	(12,657)	(212)	(11,723)
Net investment gains	318	774	318	707
Market value at 31 March 2012	5,970	3,584	5,970	3,584
Bonds, cash and cash instruments				
Market value at 1 April 2011	9,975	1,328	9,058	744
Acquisitions	5,869	15,741	5,806	13,875
Disposals	(7,923)	(7,094)	(7,875)	(5,561)
Net investment gains	500	-	445	-
Market value at 31 March 2012	8,421	9,975	7,434	9,058
Total market value at 31 March 2012	14,391	13,559	13,404	12,642
Cost at 31 March 2012	13,496	13,466	12,593	12,562

Included in the market value of investments is an amount for the Mencap Visiting Service of £5.4 million (2011: £5 million). This amount is held in a separate investment fund for the purpose of funding the scheme in future years. The liability of the scheme is shown in Note 14.

	Equities 2012 £'000	Bonds, cash and cash instruments 2012 £'000	Total 2012 £'000
Group			
Listed on UK Stock Exchange	5,970	-	5,970
UK bonds, cash and cash instruments	-	8,421	8,421
Market value at 31 March 2012	5,970	8,421	14,391
Market value at 31 March 2011	3,584	9,975	13,559
Charity			
Listed on UK Stock Exchange	5,970	-	5,970
UK bonds, cash and cash instruments	-	7,434	7,434
Market value at 31 March 2012	5,970	7,434	13,404
Market value at 31 March 2011	3,584	9,058	12,642

10. Subsidiaries

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

Subsidiary undertaking	Principal activity	Net assets/(liabilities) £'000
AdCare Foundation Limited	Trust management	871
Blue Sky Housing Limited	Property development	(3)
Golden Lane Housing Limited	Property management and development	33,790
Mencap Limited	Mail order catalogue selling gifts and Christmas cards	(101)
Mencap Promotions Limited	Promotional and other special events	-
Mencap Trust Company Limited	Discretionary trust management	31
NOFAS-UK	Raise awareness and support for those affected by foetal alcohol spectrum disorder	6

All of the above are registered in England and Wales. The governance of the charities, of which Mencap is the sole member, is maintained by their board of trustees that acts to deliver the objectives of each charity. The above undertakings form part of the group consolidation. Mencap has no automatic right to the gross assets or reserves of Golden Lane Housing Limited and AdCare Foundation Limited.

11. Debtors

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Trade debtors	11,621	11,612	11,243	11,158
Amount due from group undertakings	-	-	7,081	7,301
Other debtors	2,596	2,618	2,514	2,509
Prepayments	865	556	677	267
Accrued income	6,245	5,712	5,899	5,406
	21,327	20,498	27,414	26,641

Included in the net amounts due from group undertakings is a loan from the charity to Golden Lane Housing Limited for £6.04 million (2011: £6.36 million) of which £0.32 million is due within one year. The loan is to be repaid in full over a period of 25 years from initial drawdown, which was in 2007; capital paid quarterly, interest paid monthly and charged at an interest rate of 0.5% below Bank of England base rate.

12. Creditors: amounts falling due within one year

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Obligations under finance leases	189	244	189	244
Local society creditors	50	63	50	63
Trade creditors	1,193	1,450	1,056	1,296
Taxation and social security costs	5,723	5,893	5,723	5,893
Other creditors	4,366	2,826	4,260	2,812
Accruals	6,340	5,751	5,433	4,517
Deferred income	4,936	5,059	4,832	4,954
Current portion of long-term loans	13,278	1,460	279	277
	36,075	22,746	21,822	20,056

	Group 2012 £'000	Charity 2012 £'000
Deferred income movement:		
Balance 1 April 2011	5,059	4,954
Amount released in the year	(5,059)	(4,954)
Amount deferred in the year	4,936	4,832
Balance at 31 March 2012	4,936	4,832

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

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Obligations under finance leases, two to five years	248	274	248	274
Debenture loan	1,778	1,764	-	-
Bank loans	20,260	33,715	3,328	3,608
	22,286	35,753	3,576	3,882

Mencap

In 2007, Mencap obtained a loan for £1.5 million, repayable in equal instalments over 25 years, at an interest rate of LIBOR plus 1.0125%. As at 31 March 2012, the value of the loan stood at £1.3 million. The loan agreement is secured by an unlimited guarantee between Royal Mencap Society, Blue Sky Housing Limited, Mencap Limited, Mencap Promotions Limited and Mencap Trust Company Limited. It is further secured by a first legal charge over our property in Peterborough.

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

Golden Lane Housing

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

The bonds are unsecured and will be repaid in full on 30 April 2013.

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

All the loans which Golden Lane Housing has obtained to support its work are provided by Nationwide Building Society and Triodos. They are secured on freehold land and buildings and include £22.7 million of fixed term loan finance from Nationwide Building Society, and £8.6 million of loans from Triodos.

The interest rates for the loans provided by Nationwide are fixed until September 2011, April 2012, March 2013 and June 2025. Elements of the loans are repayable in May 2012. The remaining loans mature on 19 June 2025. The balances of the loans are provided at variable interest rates which are repayable over 25 years. The interest rates for the loans through Triodos are variable.

The group loans are repayable as follows:

	Group 2012 £'000	Group 2011 £'000
Under one year	13,278	1,460
Between one and two years	2,774	13,356
Between two and five years	9,576	11,823
Over five years	9,688	10,300
	35,316	36,939

14. Provisions for liabilities and charges

	Group 2012 £'000	Group 2011 £'000
Balance at 1 April 2011	8,035	5,533
Increase/(decrease) in Mencap Visiting Service provision	199	(316)
(Reduction)/increase in restructuring and other provisions	(2,738)	2,818
Balance at 31 March 2012	5,496	8,035

Of the above amount, £4.3 million (2011: £4.4 million) is in respect of the future liability for costs of the Mencap Visiting Service. This is a closed scheme whereby Mencap has undertaken to visit members of the scheme after the death of their parents or guardians.

Within the Group balance of £5.5 million, a provision of £5,500 has been made within NOFAS-UK, with the remainder sitting within Mencap.

15. Analysis of assets and liabilities between funds

	Restricted funds £'000	Unrestricted funds £'000	Total 2012 £'000	Restricted funds £'000	Unrestricted funds £'000	Total 2011 £'000
Group						
Fixed assets	25,290	77,668	102,958	23,405	83,492	106,897
Current assets	7,406	25,364	32,770	80	26,746	26,826
Liabilities	(5,078)	(78,558)	(83,636)	(1,804)	(83,155)	(84,959)
	27,618	24,474	52,092	21,681	27,083	48,764

16. Funds

Group movement in funds	Balance 1 April 2011 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	Balance 31 March 2012 £'000
Restricted						
Homes	271	13	(1)	-	-	283
Northern Ireland divisional fund	471	11	-	-	-	482
Mencap Visiting Service	609	104	(146)	-	350	917
Research fund	19	-	-	-	-	19
Rothenberg Fellowship	28	-	-	-	-	28
Rothenberg Memorial Trust	125	-	-	-	-	125
Service provision	20,138	16,938	(10,600)	(732)	-	25,744
Special contingency	20	-	-	-	-	20
	21,681	17,066	(10,747)	(732)	350	27,618
Unrestricted						
General	27,763	183,531	(180,131)	732	468	32,363
Revaluation	16,167	-	-	-	(5,855)	10,312
Service provision	1,578	-	-	-	-	1,578
Pension deficit	(18,425)	-	847	-	(2,201)	(19,779)
	27,083	183,531	(179,284)	732	(7,588)	24,474

The largest transfer of funds from restricted service provision to general unrestricted was for £450,000 which related to a service that lifted its restriction on income during the year. A further £159,000 was transferred as a result of a number of funders extinguishing restrictions on grants upon completion of projects. The remaining £123,000 release followed a disposal of three properties, for which Golden Lane Housing had to repay grants in proportion to the market value.

Within unrestricted reserves for the group we have designated funds in Golden Lane Housing for non-repayable grants received of £5,840,511 (2011: £5,926,603). This fund recognises the value of assets that have been funded by capital grants. The fund balances are reduced by the depreciation charge on the assets they have been used to purchase.

Refer to Note 20 for pensions disclosure information.

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

The purpose of each fund detailed above is as follows:

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

17. Information relating to employees

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

	2012 including termination payments	2012 still employed	2012 No.	2011 No.
£60,000–£70,000	3	12	15	15
£70,000–£80,000	3	5	8	8
£80,000–£90,000	1	2	3	5
£90,000–£100,000	1	4	5	1
£100,000–£110,000	2	1	3	1
£110,000–£120,000	3	1	4	1
£130,000–£140,000	-	1	1	2
£170,000–£180,000	-	-	-	1
	13	26	39	34

Of the 39 employees above, 27 are members of the defined contribution scheme. Payments made to the defined contribution scheme on behalf of those individuals amounted to £70,744 for the year. Of the above employees, 13 are included as a result of salary payments paid during the year and additional termination payments either made before the year end or provided in the accounts as at the year end.

Employee costs during the year:

	2012 £'000	2011 £'000
Wages and salaries	130,927	137,589
Social security costs	9,935	10,527
Pension costs	3,001	2,779
	143,863	150,895
Benefits in kind	131	131
	143,994	151,026

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

	2012 No.	2011 No.
Supporting people	5,225	5,127
Engaging and influencing key stakeholders	224	232
Generating voluntary income	58	62
Support	249	231
Governance	6	5
	5,762	5,657

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

	2012 No.	2011 No.
Supporting people	7,320	7,249
Engaging and influencing key stakeholders	320	331
Generating voluntary income	113	79
Support	284	265
Governance	7	6
	8,044	7,930

Amounts paid to temporary staff (not included in the above) during the period totalled £2.9 million (2011: £5.6 million).

18. Expenses of the trustees

During the year, 11 trustees (2011: 12) were reimbursed for out-of-pocket expenses in relation to travel and subsistence. The total amount reimbursed amounted to £10,240 (2011: £11,540). 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 (2011: £31,658).
- ii) Professional indemnity and trustees', directors' and officers' insurance
The cost for the year paid by the charity was £21,290 (2011: £17,321).

20. Pension schemes

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

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

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

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 2008, and we subsequently agreed a schedule of contributions with the pension scheme trustees to settle the pension deficit over a period of 20 years. The trustees are in the process of finalising the valuation for March 2011.

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

For the year ended 31 March 2012	£1.50 million
Each year thereafter until 31 March 2028 (2013–28)	£2.04 million

This schedule of repayments is intended to fund the deficit over 20 years.

At 31 March 2012, the total scheme liabilities were valued at £93.2 million and the assets at £73.6 million. The net deficit is therefore £19.6 million. This compares with a net deficit of £18.3 million reported last year.

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

Principal actuarial assumptions (rates are per annum)	At 31 March 2012	At 31 March 2011	At 31 March 2010
Weighted-average assumptions to determine benefit obligations			
Rate of interest/discount rate	5.10%	5.50%	5.70%
Rate of price inflation (RPI)	3.40%	3.70%	3.70%
Rate of price inflation (CPI)	2.60%	3.00%	n/a
Rate of pension increases	3.30%	3.40%	3.60%
Weighted-average assumptions to determine net pension cost			
Discount rate	5.50%	5.50%	5.70%
Expected long-term return on assets	6.01%	6.10%	6.10%
Rate of price inflation (RPI)	3.50%	3.50%	3.70%
Rate of price inflation (CPI)	3.00%	3.00%	n/a
Rate of pension increases	3.40%	3.60%	3.60%

The demographic assumptions used are the same as used for the last actuarial valuation. The mortality table is the PA92 (year of birth) medium cohort table:

	At 31 March 2012	At 31 March 2011
Male member aged 65 (current life expectancy)	21.50 years	22.20 years
Female member aged 65 (current life expectancy)	23.70 years	25.10 years
Male member aged 45 (life expectancy at 65)	22.90 years	23.20 years
Female member aged 45 (life expectancy at 65)	25.30 years	26.00 years

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

	Expected return	Fair value at 31 March 2012 £'000	Expected return	Fair value at 31 March 2011 £'000	Expected return	Fair value at 31 March 2010 £'000
Equities	6.00%	38,332	6.90%	38,288	5.07%	35,849
Bonds	4.24%	25,582	4.93%	22,529	5.70%	10,496
Gilts		-		-	4.50%	11,732
Property	5.10%	6,000	5.50%	5,997	5.70%	6,000
Net current assets/insured pensioners	3.50%	3,702	4.44%	4,077	4.50%	3,118
Total market value of scheme assets		73,616		70,891		67,195
Present value of scheme liabilities		(93,261)		(89,223)		(94,758)
Deficit in the scheme		(19,645)		(18,332)		(27,563)
Associated deferred tax asset/(liability)		-		-		-
Net deficit in the scheme		(19,645)		(18,332)		(27,563)

Analysis of net return on pension scheme:

	Year to 31 March 2012 £'000	Year to 31 March 2011 £'000
Expected return on pension scheme assets	4,219	4,084
Interest on pension liabilities	(4,829)	(5,342)
Net interest cost	(610)	(1,258)

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

	Year to 31 March 2012 £'000	Year to 31 March 2011 £'000
Actual return less expected return on scheme assets	(118)	756
Experience gains and losses on liabilities	862	6,586
Changes in assumptions	(2,905)	2,220
Total actuarial (loss)/gain recognised	(2,161)	9,562

Movement in deficit during the year:

	Year to 31 March 2012 £'000	Year to 31 March 2011 £'000
Benefit obligation at beginning of year	(89,223)	(94,758)
Interest cost	(4,829)	(5,342)
Actuarial (loss)/gain	(2,043)	8,806
Benefits paid	2,834	2,071
Benefit obligation at end of year	(93,261)	(89,223)
Fair value of plan assets at beginning of year	70,891	67,195
Expected return on plan assets	4,219	4,084
Actuarial (loss)/gain	(118)	756
Employer contribution	1,458	927
Benefits paid	(2,834)	(2,071)
Fair value of plan assets at end of year	73,616	70,891
Deficit in scheme at end of year	(19,645)	(18,332)

History of experience gains and losses	Year to 31 March 2012 £'000	Year to 31 March 2011 £'000	Year to 31 March 2010 £'000	Year to 31 March 2009 £'000	Year to 31 March 2008 £'000
Difference between expected and actual return on scheme assets	(118)	756	10,818	(12,990)	(6,718)
Percentage of scheme assets	0%	1%	16%	(27%)	(12%)
Experience gains/(losses) on scheme liabilities	862	(6,586)	(1,376)	3,575	3,438
Percentage of scheme liabilities	1%	(7%)	(2%)	6%	4%
Actuarial (losses)/gains recognised in funds	(2,161)	9,562	(17,916)	8,691	100
Percentage of scheme liabilities	(2.3%)	11%	(19%)	14%	0%
Cumulative amount of gains/(losses) immediately recognised	67	2,220	(7,334)	10,582	19,273

The pension cost for the defined contribution plan over the period was £1.5 million (2011: £1.8 million).

Local authority pension schemes

Shropshire County Pension Fund

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

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

The agreed employer's contribution rate for the year to March 2012 was 19.9% plus £12,900 and is expensed during the year.

The FRS 17 valuation at 31 March 2012 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £105,000. This deficit is included in the balance sheet.

Staffordshire County Pension Fund

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

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

The agreed employer's contribution rate for the year ended March 2012 was 17.6% and rising over the next two years to 18.6%. These contributions are expensed during the year.

The FRS 17 valuation at 31 March 2012 revealed that Mencap's share of liabilities of the scheme exceeded the value of Mencap's share of the scheme's assets by £29,000. This deficit is included in the balance sheet.

Other local government pension schemes

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

Dyfed Pension Fund
Clwyd Pension Fund (Flintshire)
Powys Pension Fund

No active members
No active members
1 active member

Key data

A summary of key data and assumptions from the 31 March 2012 FRS 17 valuation is shown below for both the Shropshire County Pension Fund and the Staffordshire County Pension Fund. The full disclosures normally required to be made under the provisions of FRS 17 have not been given as the schemes are not material to the charity's financial statements.

	Shropshire County Pension Fund 2012 %p.a.	Staffordshire County Pension Fund 2012 %p.a.
Principal assumptions		
Pension increase rate	2.50%	2.50%
Rate of CPI inflation	2.50%	-
Salary increase rate	4.00%	4.80%
Discount rate	4.90%	4.80%
Expected return on assets		
Equities	7.00%	6.20%
Bonds	4.10%	3.30%
Government bonds	3.10%	-
Property	6.00%	4.40%
Other	7.00%	-
Cash	0.50%	3.50%
Mortality rate assumption life expectancy at age 65	Years	Years
Current male pensioners	22.0	21.2
Current female pensioners	24.7	23.4
Future male pensioners	23.4	23.3
Future female pensioners	26.2	25.6
Amounts recognised in the balance sheet	£'000	£'000
Fair value of scheme assets	539	98
Present value of funded obligations	(644)	(127)
Deficit	(105)	(29)
	2012	2011
	£'000	£'000
Actuarial gains/(losses) on defined benefit schemes		
Mencap pension scheme	(2,161)	9,562
Shropshire County Pension Fund	(37)	88
Staffordshire County Pension Fund	(3)	22
	(2,201)	9,672
Defined benefit pension liability		
Mencap pension scheme	(19,645)	(18,332)
Shropshire County Pension Fund	(105)	(68)
Staffordshire County Pension Fund	(29)	(25)
	(19,779)	(18,425)
FRS 17 expenditure movement		
Mencap pension scheme	848	(331)
Shropshire County Pension Fund	-	(5)
Staffordshire County Pension Fund	(1)	39
	847	(297)

21. Operating lease commitments

At 31 March 2012 the group and charity were committed to the following payments during the next year in respect of operating leases:

	Land and buildings 2012 £'000	Land and buildings 2011 £'000
Leases which expire		
Within one year	1,028	1,457
Within two to five years	546	731
After five years	1,300	107
	<u>2,874</u>	<u>2,295</u>

22. Related parties

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

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

Structure, governance and management

Trustees

Governing document

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

Appointment of trustees

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

Trustee induction and training

New trustees undergo an induction programme that ensures they are briefed on their legal obligations under charity and company law, and the content of the Articles of Association. New trustees also meet fellow trustees and senior managers of Royal Mencap Society, and visit a number of locations to gain an understanding of the services and activities of Royal Mencap Society.

Organisation

The board of trustees meets six times a year along with members of the leadership team to set strategic direction and review progress and priorities. The board of trustees holds to itself a range of reserved matters and delegates certain authority to the leadership team in order to run the organisation efficiently.

Committees

The trustees have established a number of committees with clear terms of reference, including those listed below:

Audit and assurance committee

The main purpose of this committee is:

- to provide assurance to trustees that the information the board receives on achievement of the corporate objectives is reliable and complete
- to review the annual financial statements and monitor the internal audit plan.

Finance committee

The main purpose of this committee is to support trustees to achieve Mencap's strategic objectives by:

- reviewing Mencap's exposure to financial and related business risks
- ensuring policy decisions are taken with full awareness of financial and/or business risk
- ensuring effective management of financial and business risks.

Remuneration and employment committee

The main purpose of this committee is to approve Mencap's reward strategy, oversee all senior management reward proposals and recommend salary and benefits levels for the post of chief executive and directors to the board of trustees.

Governance committee

The main purpose of this committee is to be responsible for effective best practice governance of Mencap.

Education and learning committee

The main purpose of this committee is to support Mencap's education and learning activity, and advise on the development and provision of education and learning for people with a learning disability. This is done to best reflect Mencap's strategic aims and the aspirations of individuals.

Each of Mencap's three colleges has an advisory board that informs the work and activity of the college locally and supports the work of the education and learning committee.

Country and regional committees

Country: Mencap Cymru, Mencap in Northern Ireland

Regional: London, south east, east, south west, West Midlands, East Midlands, north, east Yorkshire and Humberside, north west

The main purpose of these committees is to provide the board of trustees with a link to the Mencap membership in the English regions, Northern Ireland and Wales. Mencap Cymru also provides the board of trustees with a link to the National Assembly for Wales, and Mencap in Northern Ireland provides the board of trustees with a link to the Northern Ireland Assembly.

Statement of trustees' responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year 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 judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and the group will continue to operate.

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

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

Provision of information to auditor

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

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

Auditor

Crowe Clark Whitehill LLP has expressed its willingness to be reappointed as statutory auditor.

Risk management and internal control

Mencap's key risks are grouped into four categories:

1. Maintenance of funding and cash flow
2. Maintenance of reputation
3. Attracting and retaining quality staff
4. Having an infrastructure that is fit for purpose

The leadership team reviews the risks and provides periodic updates to the board of trustees, highlighting any areas of concern. Over the year, this has included increasing the emphasis on demonstrating the quality of services provided, with trustees supporting management in this area.

The economic environment continues to adversely impact our corporate finances. While the restructuring conducted last year to rationalise and refocus operational management in our direct services has been successful in reducing the impact of reductions in hours of support and cuts in hourly rate, trustees have agreed a policy decision not to compete for contracts where cuts have made services unsustainable; we will not reduce the quality of the service to fit the price.

While increased clarity of restricted funding has enabled us to improve the projected utilisation of restricted funds, further restructuring is now taking place to refocus campaigning and community activities to take account of the impact of reduced resources. This reinforces the need to improve our engagement with Mencap local groups and other like-minded partners to progress shared objectives. This work forms a key element of our strategy going forward.

Although the economic challenges are significant, and constraining activity in some areas, we are continuing to pursue investment in key projects where we are able to limit our risk exposure; proposals being explored include the children's centre and community hub in Northern Ireland, although this is unlikely to be of the scale originally envisaged, and growth initiatives in our own services and those of our partners – Golden Lane Housing and Mencap Trust Company.

Reference and administrative details

Trustees Brian Baldock CBE, Chairman (stood down 18 May 2011) William James Glover, Chairman (appointed 18 May 2011) Pete Bickers Janet Brown Alan Griffiths (term ended 15 October 2011) Richard Hastings Manny Lewis (stood down 1 March 2012) Debra Moore (stood down 30 November 2011) John Phillips Kate Quail (elected 15 October 2011) Jan Sunman Colin Rogers Karen Townsend George Venus Fred Worth	Chief executive Mark Goldring CBE
	Company secretary Jill Tombs (stood down 18 April 2011) Mark Goldring CBE (appointed 18 April 2011)
	Senior staff members to whom day-to-day management of the charity is delegated by the trustees Ellie Gray, director of fundraising Maureen Piggot OBE, director of Mencap in Northern Ireland Rowena Webster, director of community action (stood down 14 October 2011) Alison Cowan, interim director of community action (appointed 26 October 2011) Jill Tombs, director of human resources and governance (stood down 18 April 2011) Jan Tregelles, director of personal support John Tranter, director of finance Wayne Crocker, director of Mencap Cymru
Name and registered office of the charity The full name of the charity is the Royal Mencap Society, and its registered office is 123 Golden Lane, London EC1Y 0RT. The registered charity number is 222377 (England, Northern Ireland and Wales) and SC041079 (Scotland); the company registration number is 550457.	

President The Lord Rix Kt CBE DL	Vice presidents Sir George Bull Kt Barrie Davis Pauline Fairbrother OBE Dame Pauline Harris DBE Alan Hill Michael Mackey MVO BEM Dame Norma Major DBE The Lady Rix Leslie Wooster Brian Baldock CBE (appointed 15 October 2011)
Auditor Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	Bankers Barclays Bank PLC Charities Team Level 28 1 Churchill Place London E14 5HP
Solicitors Bates Wells Braithwaite 2–6 Cannon Street London EC4M 6YH Laytons Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0LS Bircham Dyson Bell LLP 50 Broadway London SW1H 0BL	Investment managers Aberdeen Asset Management Bow Bells House 1 Bread Street London EC4M 9HH Blackrock Investment Management UK Limited 33 King William Street London EC4R 9AS Investec Wealth & Investment Limited Unit 4, The Billings 3 Walnut Tree Close Guildford GU1 4UL

Mencap Trust Company Limited

The Mencap Trust Company Limited (MTC) was formed in 1975 by Mencap. It is a professional trust company with its own independent board of directors. MTC acts as the sole trustee of trust funds held for people with a learning disability. MTC is a not-for-profit organisation and made neither a profit nor a loss in the year ending 31 March 2012.

MTC differentiates itself from standard trust companies, or trust service providers, in that it:

- builds and maintains relationships with all beneficiaries while their trust fund is active – this includes personal visits to discuss how funds will be used
- provides a person-centred investment approach by using alternative portfolio models that take account of both the scale of individual funds and personal circumstances (which may vary over time)
- can draw on its knowledge base, which comes from several decades of providing a trust service to people with a learning disability, as well as the expertise of our MTC board members and Mencap staff and resources.

While providing its trust service, MTC will:

- ensure all trust property (investments and physical property) is used to enhance the quality of life of the beneficiaries
- operate with integrity and be financially sound
- administer the trust and investments efficiently.

MTC provides its service through a standard discretionary trust deed made between the settlor of the funds and MTC. Each deed has its own named primary beneficiary and instructions about what to do with any residual funds left on the death of the primary beneficiary – the person with a learning disability.

MTC does not provide a personal care service. However, it works closely with the people who support the person with a learning disability. MTC informs care staff that there is a trust fund available and asks them to contact MTC if they think money from the fund could improve the life of the person they care for. MTC also arranges periodic review visits so that the trust can be discussed directly with the beneficiary and their key supporters.

MTC uses the following third-party professionals and specialists for specific services:

- Investec Wealth & Investment Limited to invest all trust funds in a portfolio model that best suits individual circumstances.
- Deloitte PCS Limited ensures individual trusts are fully tax-compliant and all statutory returns are made.
- Golden Lane Housing Limited manages and maintains physical trust property.

By the end of 31 March 2012, MTC was actively managing 179 individual trusts with a financial value of £15 million. During the 2011/12 financial year, MTC arranged 65 individual review visits and processed 493 discretionary payment requests from beneficiaries.

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

Golden Lane Housing

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

GLH aims to:

- develop close and supportive relationships with tenants, their families and supporters
- continue to develop its housing portfolio, both in number and in quality
- provide advice and guidance to tenants, as well as people with a learning disability who are not tenants of GLH
- work with MTC to provide a service to help people leave, manage and maintain property in trust for a loved one with a learning disability.

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

The AdCare Foundation

The AdCare Foundation is a registered charity established in 1985 and a fully-owned subsidiary of Mencap with its own independent board of trustees. It is funded by voluntary donations.

Traditionally, the AdCare Foundation has provided small grants to people with a learning disability for activities that are not funded by public money.

The foundation has limited funds at its disposal and would have spent these over the next few years. These grants, while making a big difference to those who received them, could only ever reach a small proportion of those with a learning disability.

After undertaking a review, the trustees decided that the foundation would achieve a greater impact by funding a programme of work to increase leisure opportunities in the community. The foundation will work with Mencap to deliver that project.

NOFAS-UK

The merger with NOFAS-UK in March 2011 provided Mencap with an opportunity to develop expertise in the area of foetal alcohol spectrum disorder. This is gaining prominence in the UK, attracting interest from health and social care professionals and policy makers. NOFAS staff have brought with them an excellent knowledge of this group of alcohol-related birth defects, which are also associated with learning disability. This merger has supported Mencap's strategy to further develop and coordinate learning disability expertise to maximise our impact and influence, both within the UK and internationally.

Employee involvement and employment of people with a disability

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

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

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

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

In accordance with our diversity policy, Mencap also has long-established fair employment practices for the recruitment, retention and training of staff with disabilities. At 31 March 2012, there were 247 people with a declared disability on Mencap's payroll. Actual numbers of employees with a disability in employment are likely to be higher since disability disclosure is voluntary.

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

Contact us

Mencap

123 Golden Lane
London EC1Y 0RT

help@mencap.org.uk
www.mencap.org.uk

Mencap Cymru

31 Lambourne Crescent
Cardiff Business Park
Llanishen
Cardiff CF14 5GF

helpline.wales@mencap.org.uk
www.mencap.org.uk/wales

Mencap in Northern Ireland

Segal House
4 Annadale Avenue
Belfast BT7 3JH

helpline.ni@mencap.org.uk
www.mencap.org.uk/ni

Mencap Direct

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

