

MENCAP TRUST COMPANY LIMITED

(A company limited by guarantee)

**Report and Financial Statements
31 March 2014**

REPORT AND FINANCIAL STATEMENTS YEAR ENDED MARCH 2014

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OFFICERS AND PROFESSIONAL ADVISERS YEAR ENDED MARCH 2014

Directors

A Jenkins (Chairman)
A Crook
G Gee
L James-Jenkinson
L Todd

Secretary

J Schwarz

Bankers

Barclays Bank plc
Level 28
Churchill Place
London E14 5HP

Auditor

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Name and Registered Office of the Company

The full name of the company is Mencap Trust Company Limited and its registered office is 123 Golden Lane, London EC1Y 0RT.

Investment Managers

Investec Wealth and Investment Limited
Unit 4
The Billings
3 Walnut Tree Close
Guildford
GU1 4UL

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

Activities and results

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 (the Trustee). MTC acts as sole Trustee of trust funds held for people with a learning disability. MTC is a not for profit organisation; it generated a surplus of £9,296 in 2013-14 (2012-13 £4,867). The surplus generated in 2013-14 will be retained. Over the coming years, we aim to build reserves to a minimum of 3 months of running costs. In 2012-13 the surplus was gifted to Royal Mencap Society.

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

- builds and maintains relationships with all beneficiaries whilst their trust fund is active (a key means towards this is personal visits to discuss planned use of funds)
- 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 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 with 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 trust funds could improve the life of the person they care for. MTC also undertakes periodic review visits so that the trust can be discussed directly with the beneficiary and key supporters.

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

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

As at 31 March 2014 MTC was actively managing 198 (2013 - 193) individual trusts with a financial value of £17.7 million (2013 - £16.2 million). During the 2013-14 financial year MTC arranged 76 (2013 - 79) individual review visits and processed 573 (2013 - 539) discretionary payment requests from beneficiaries.

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

Future activities

The directors intend to continue to grow and develop the present activities of the company.

Directors and their interests

The directors of the company, which acts as trustee for the settlements which the company administers, serve the company in an honorary capacity. The following served as directors during the year and to the date of signing this report except where otherwise stated:

Director	Biography
A Crook	Ann was the mother of a profoundly learning disabled son now deceased. She was a medical researcher and then taught science for a number of years. Ann has been associated with Mencap for 50 years and has been a Mencap Trust Company Director for 10 years.
A Jenkins	Alan was a solicitor until 2011. He was formerly chairman of Eversheds LLP, the international law firm. He is currently a board member of various organisations in the private, public and voluntary sectors and also is a member or chairman of several audit committees. Alan has a daughter with a learning disability.
G Gee	Gary is currently a Wealth Manager with one of the UK's most renowned Private Banks and has over 20 years of experience in financial services.
L James-Jenkinson	She works for Jay-Jay Associates and has held substantial contracts to act as Director North West Training and Development Team/ CEX of Pathways Associates CIC since 2005. Both organisations work at the interface between disabled people, families and support services to support and encourage continued development that puts people at the centre of all planning. Lynn is a qualified Social Worker and has management qualifications. Lynn has six children one of whom has a learning disability.
L Todd	Laurie is currently UK Director of Guinness Peat Group. Previous experience includes positions as Finance Director of quoted companies in the retail, publishing, construction and distribution sectors. He is a Fellow of the Institute of Chartered Accountants. Laurie has a daughter with a learning disability.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors 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 directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

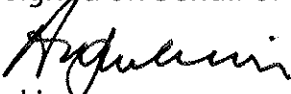
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The following statements have been affirmed by each of the directors of the company:

- so far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors
and signed on behalf of the Board


A Jenkins
Chair

Date: 7 July 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENCAP TRUST COMPANY LIMITED

We have audited the financial statements of Mencap Trust Company Limited (company number 1233201) for the year ended 31 March 2014 set out on pages 9 to 14.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MENCAP TRUST COMPANY LIMITED
(Continued)

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its result 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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 requires us to report to you if, in our opinion:

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

N. Hashemi

Naziar Hashemi
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
London

Date: *25 July 2014*

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	2	273,307	243,286
Administrative expenses	3	261,687	243,286
General reserve transfer		-	-
Profit before tax		11,620	Nil
Provision for tax		2,324	-
Net profit for the year		9,296	-

The results for the current and preceding year derive from continuing activities.

There are no recognised gains and losses or other movements in shareholders' funds for the current or preceding financial years other than as stated in the income and expenditure account. Accordingly no Statement of Total Recognised Gains or Losses is presented.

The notes on pages 11 to 14 form part of these financial statements.

BALANCE SHEET
As at 31 March 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible Assets	4	-	3,909
CURRENT ASSETS			
Debtors	5	205,736	210,779
Cash at bank and in hand		95,375	22,537
		<u>301,111</u>	<u>233,316</u>
TOTAL ASSETS		301,111	237,225
CREDITORS: amounts falling due within one year	7	(258,571)	(206,305)
NET CURRENT ASSETS		42,540	27,011
PROVISION FOR TAX		(2,324)	-
NET ASSETS		<u><u>40,216</u></u>	<u><u>30,920</u></u>
CAPITAL AND RESERVES			
Profit and loss account b/f	11	30,920	30,920
Profit / (loss) for the year		9,296	-
Profit and loss account c/f		<u><u>40,216</u></u>	<u><u>30,920</u></u>

These financial statements were approved by the Board of Directors and authorised for issue on 7th July 2014.

Signed on behalf of the Board of Directors



A Jenkins
Chair

The notes on pages 11 to 14 form part of these financial statements.

NOTES TO THE ACCOUNTS
Year ended 31 March 2014

1. STATUS

The company is limited by guarantee and has no share capital. The liability of the members in the event of a winding up is limited to £5 each.

Royal Mencap Society is the sole member.

2. ACCOUNTING POLICIES

The financial statements are prepared in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Fixed assets

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

Depreciation is provided so as to write off the cost of assets in equal instalments over their estimated useful life. The depreciation rates used for assets are as follows:

Fixtures, fittings and equipment 10% - 33% per annum

Depreciation commences once the asset has been brought into operation. Prior to the point the assets are brought into operation the costs are captured and reported as work in progress.

Turnover

All income is recognised in the profit and loss account when the conditions for the receipt have been met and there is reasonable assurance of receipt.

NOTES TO THE ACCOUNTS (Continued)
Year ended 31 March 2014

	2014	2013
	£	£
TURNOVER		
Annual Trust management fees	190,981	161,766
Third party taxation work recovered from settlements	43,540	37,800
Other Trust fees	23,786	19,677
Initial set up fees	15,000	14,250
Legacy income	-	9,793
	<u>273,307</u>	<u>243,286</u>
	<u>273,307</u>	<u>243,286</u>

The annual trust management fee is based on the value of trust property at 5 April in the relevant year. There was no legacy income in the year ended 31 March 2014.

3. ADMINISTRATIVE EXPENSES

	2014	2013
	£	£
Management fee to Royal Mencap Society	206,827	191,687
Professional and legal fees	43,640	37,200
Donation to Royal Mencap Society	-	4,867
Other expenses	9,580	7,892
Audit fees	1,640	1,640
	<u>261,687</u>	<u>243,286</u>
	<u>261,687</u>	<u>243,286</u>

The directors did not receive any remuneration during the year in respect of their services to the company (2013 - £nil).

The company had no employees during the current or preceding year.

NOTES TO THE ACCOUNTS (Continued)
Year ended 31 March 2014

4. FIXED ASSETS

Mencap Trust Company Limited began the implementation of CCH Trust Accounts in March 2011, a specialist Trust system designed to control and manage Trust property. The costs associated with the implementation and bringing the system into operation have been capitalised and are amortised over a 3 year period. The system went live on 6th April 2011.

	2014	2013
	£	£
Cost or valuation		
Balance at 1 April 2013	11,725	11,725
Additions	-	-
	<hr/>	<hr/>
Balance at 31 March 2014	<u>11,725</u>	<u>11,725</u>
 Accumulated depreciation		
Balance at 1 April 2013	(7,816)	(3,908)
Charge for the year	(3,909)	(3,908)
	<hr/>	<hr/>
Balance at 31 March 2014	<u>(11,725)</u>	<u>(7,816)</u>
	<hr/>	<hr/>
Net book value at 31 March 2014	<u>-</u>	<u>3,909</u>

5. DEBTORS

	2014	2013
	£	£
Amounts owed by parent undertaking	-	-
Amounts owed by settlements	200,192	207,416
Other debtors	2,842	2,713
Other taxes and social security costs	2,702	650
	<hr/>	<hr/>
	<u>205,736</u>	<u>210,779</u>

NOTES TO THE ACCOUNTS (Continued)
Year ended 31 March 2014

6. TAXATION

	2014	2013
	£	£
Provision for tax	2,324	-
	2,324	-
	2,324	-

7. CREDITORS

	2014	2013
	£	£
Amounts owed to parent undertaking	246,191	196,157
Other taxes and social security costs	10,190	2,082
Other creditors	585	5,626
Accruals	1,605	2,440
	258,571	206,305
	258,571	206,305

8. RELATED PARTIES

The company has taken advantage of the exemption within Financial Reporting Standard 8 “Related Party Disclosures” for wholly owned subsidiaries, not to disclose transactions with group companies.

9. CASHFLOW STATEMENT

Advantage has been taken of the exemption from preparing a cash flow statement under Financial Reporting Standard FRS 1 (revised 1996) “Cash flow statements”.

10. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

In the opinion of the directors the ultimate parent company and controlling party of the company is The Royal Mencap Society, a company registered in England and Wales. That company heads the smallest and largest groups for which consolidated accounts are prepared. Copies of the group financial statements of The Royal Mencap Society may be obtained from Mencap National Centre, 123 Golden Lane, London EC1Y 0RT.

NOTES TO THE ACCOUNTS (Continued)
Year ended 31 March 2014

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Retained earnings brought forward	30,920	30,920
Result for the year	9,296	-
Closing shareholders' funds	<u>40,216</u>	<u>30,920</u>

The Board of Royal Mencap Society approved a £100,000 contingent funding facility to Mencap Trust Company Ltd. This funding is available at the request of the directors of MTC Ltd and is there to underpin the financial stability of the Company if they ever deem its use necessary.

