

**MID-WARWICKSHIRE SOCIETY FOR
MENTALLY HANDICAPPED CHILDREN AND
ADULTS**

**A COMPANY LIMITED BY GUARANTEE –
NOT HAVING A SHARE CAPITAL**

**FINANCIAL STATEMENTS
31 MARCH 2002**

**Registered Company No: 2560195
Registered Charity No: 1040654**



MID-WARWICKSHIRE SOCIETY FOR MENTALLY HANDICAPPED CHILDREN AND ADULTS
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DIRECTORS AND OFFICERS

EXECUTIVE COMMITTEE

Sally Cooknell
Sheila Cunningham
Penelope Holloway
Rebecca Dowling
Dr Michael Shepherd
Gillian Williams
Elizabeth Savage
Wendy Skyte

Members of the committee are directors of the Company and Trustees of the Charity.

SECRETARY

Elizabeth Savage

REGISTERED OFFICE

4 Scar Bank
Millers Road
Warwick
CV34 5DB

AUDITORS

Michael Harwood & Co
Greville House
10 Jury Street
Warwick
CV34 4EW

BANKERS

Lloyds TSB Plc
73 The Parade
Leamington Spa

SOLICITORS

Button and Co
4 Manor Road
Coventry
CV1 2LH

DIRECTORS' REPORT

The Mid-Warwickshire Society for Mentally Handicapped Children and Adults is a charitable company limited by guarantee. The directors present their report and the financial statements for the year ended 31 March 2002. The financial statements have been prepared in accordance with the Charity Commission's Statement of Recommended Practice and all applicable Accounting and Reporting standards.

PRINCIPAL ACTIVITIES

The Company is established to promote and provide the care, treatment and education of children and adults with a learning disability. The directors continued the charitable activities in the year.

REVIEW OF THE YEAR

The directors are pleased to report on the successful development of our development and care facilities in the year. Due to the planned refurbishment and building work at Oakwood Grove, some letting facilities have been unavailable during the year leading to a deficit of £10,107 (2001 – surplus of £36,779).

POST BALANCE SHEET EVENT

On 4 September 2002 the company entered into a 21 year lease with Warwickshire County Council in respect of 38 Oakwood Grove at a peppercorn rent. There is no cash payment in respect of this but it is a condition of the lease that the charity undertake the agreed conversions and alterations to 38 Oakwood Grove. On termination of the lease by either party half the current market value of the property at that date will revert to Mid-Warwickshire Society for Mentally Handicapped Children and Adults.

DIRECTORS

The following directors have held office since 1 April 2001:

Sally Cooknell
Sheila Cunningham
Rebecca Dowling
Penelope Holloway
Elizabeth Savage
Dr Michael Shepherd
Gillian Williams
Wendy Skyte

RESERVES POLICY

Total reserves at the year end stood at £592,021 which is equivalent to six months expenditure, the reserves were particularly high to meet the committed capital expenditure.

In principle, the directors have agreed a policy whereby unrestricted funds not committed or invested in tangible fixed assets held by the charity should be maintained at a minimum £20,000. This policy allows for a possible reduction in the more stable parts of income during any particular year and so would allow the charity to continue its activities at the current level.

RISK REVIEW

The directors have considered the risks to which the charity is exposed, and have established systems for mitigating those risks. External risks have been minimised by the adoption of a strategic plan reviewed every year. Internal risks are minimised by implementing procedures for authorising transactions, projects etc, and to ensure consistent quality of delivery of all operational aspects of the charity.

INVESTMENT POLICY

The Directors have considered the most appropriate policy for investing funds and have decided that at least three month's worth of expenditure should be kept in directly accessible cash. The Directors have invested the cash in high interest bank deposits and Treasury funds. The Directors consider the return on these funds of 5.2% is satisfactory.

COMPANY STATUS

The company is a registered charity (Number 1040654) and a company limited by guarantee having no share capital (Number 2560195).

MID-WARWICKSHIRE SOCIETY FOR MENTALLY HANDICAPPED CHILDREN AND ADULTS A COMPANY LIMITED BY GUARANTEE – NOT HAVING A SHARE CAPITAL

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DIRECTORS' REPORT (Cont)

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 proper accounting records which disclose with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Michael Harwood & Co be re-appointed as auditors of the company will be put to the Annual General Meeting.

The director's report has been prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies (s246(8)(b)).

By order of the board.



Elizabeth Savage
Secretary

**AUDITORS' REPORT TO THE MEMBERS OF MID-WARWICKSHIRE SOCIETY FOR MENTALLY
HANDICAPPED CHILDREN AND ADULTS
A COMPANY LIMITED BY GUARANTEE - NOT HAVING A SHARE CAPITAL**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion based on our audit, on those statements and to report our opinion to you.

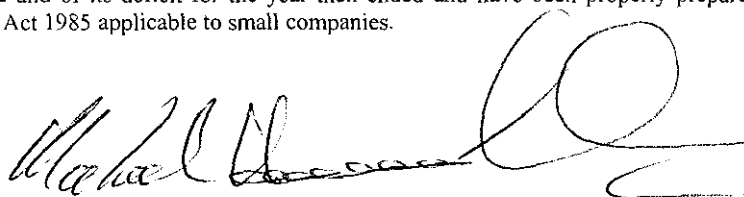
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

A handwritten signature in black ink, appearing to read 'Michael Harwood', with a large, stylized circular flourish at the end.

MICHAEL HARWOOD & CO
Chartered Accountants
Registered Auditors
Greville House
10 Jury Street
Warwick
CV34 4EW

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating the Income and Expenditure Account) for the year ended 31 March 2002

	Notes	Unrestricted	Restricted	2002 Total	2001 Total
INCOMING RESOURCES					
Board and Lodgings		396,415	-	396,415	455,630
Respite Care		46,979	-	46,979	43,368
Support Services		314,903	-	314,903	207,847
Grants	2	244,888	-	244,888	231,711
Subscriptions		451	-	451	500
Donations and Gifts		900	-	900	2,289
Bank Interest Receivable		16,493	-	16,493	22,057
Fundraising Activities		-	-	-	1,028
Other income		3,477	-	3,477	3,633
TOTAL INCOMING RESOURCES		<u>£1,024,506</u>	<u>£ -</u>	<u>£1,024,506</u>	<u>£968,063</u>
RESOURCES EXPENDED					
Direct charitable expenditure:					
Board and Lodgings		700,413	-	700,413	619,422
Respite Care		48,398	-	48,398	34,849
Support Services		236,210	-	236,210	197,517
		985,021	-	985,021	851,788
Other expenditure:					
Charity Administration	5	74,592	-	74,592	79,496
TOTAL RESOURCES EXPENDED	4	<u>£1,059,613</u>	<u>£ -</u>	<u>£1,059,613</u>	<u>£931,284</u>
NET (OUTGOING)/INCOMING RESOURCES		(35,107)	-	(35,107)	36,779
UNREVISED GAIN ON REVALUATION OF PROPERTY		25,000	-	25,000	-
		(10,107)	-	(10,107)	36,779
Fund Balances brought forward 1 April 2001		549,628	52,500	602,128	565,349
FUND BALANCES CARRIED FORWARD AT 31 MARCH 2002	11	<u>£539,521</u>	<u>£52,500</u>	<u>£592,021</u>	<u>£602,128</u>

The notes on pages 7 – 11 form part of these financial statements.

The surplus for the period arises from the company's continuing operations.

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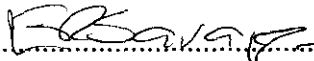
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**BALANCE SHEET
31 March 2002**

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	161,689	133,330
CURRENT ASSETS			
Debtors	8	114,150	96,131
Cash at bank and in hand		343,392	395,791
		<u>457,542</u>	<u>491,922</u>
CREDITORS			
Amounts falling due within one year	9	27,210	23,124
NET CURRENT ASSETS		<u>430,332</u>	<u>468,798</u>
NET ASSETS		<u>£592,021</u>	<u>£602,128</u>
FUNDS AND RESERVES			
RESTRICTED	11	52,500	52,500
UNRESTRICTED	11	539,521	549,628
		<u>£592,021</u>	<u>£602,128</u>

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

Approved by the board on

.....  **Director** E Savage

.....  **Director** S M Cooknell

The notes on pages 7 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention and comply with the Charity Commissions' Statement of Recommended Practice on Accounting by Charities and all applicable accounting and financial reporting standards.

b) Incoming resources

Board and Lodgings, Respite Care and Support Services represent amounts receivable for the supply of these services to clients in the UK.

Grants receivable are accounted for on an accruals basis.

General donations, gifts, fundraising and subscriptions are brought into account when received.

Donations and grants given for specific purposes are treated as income in the year of receipt. Unspent restricted income is included under restricted funds as it is fully committed.

c) Resources expended

The resources expended are classified under the charity's functional categories of expenditure rather than the type of expense in order to provide more useful information. The functional categories are explained in note 1 (h).

The functional costs comprise direct costs attributable to the activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with budgeted use of resources.

d) Fixed assets

Fixed assets are stated at cost or approximate valuation in the case of donated assets.

Depreciation is provided to write off the costs of fixed assets over their estimated useful lives as detailed below.

Property	2% per annum straight line
Furniture and Equipment	15% reducing balance

e) Pension costs

The assets of the schemes are held separately from those of the company in an independently administered fund. The pension costs represent the contributions payable by the company to the funds and amounted to £1,040 (2001 £1,040). Contributions totalling £NIL (2001 £NIL) were payable to the funds at the period end and are included in creditors.

f) Operating leases

Operating lease rentals are charged to the income and expenditure account as they become due.

g) Fund accounting

Unrestricted funds comprise the accumulated surplus or deficit on the income and expenditure account. They are available for use at the discretion of the directors in furtherance of the general objectives of the company.

Restricted funds are funds subject to specific restricted conditions imposed by donors. The purposes and use of the restricted funds are set out in note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

h) Expenditure categories

Expenditure is allocated to one of four functional categories which reflect the charitable activities of the company:

Board & Lodgings – The provision of care, housing and accommodation for people with a learning disability.

Respite Care – The provision of short term care for people with a learning disability.

Support Services – To support and supply the provision of clinics, workshops and other associated services.

Charity Administration – Office administration and management.

2. GRANTS RECEIVABLE

Grants are made to the charity by Warwickshire County Council Social Services Department, Warwickshire Health Authority and New Era Housing Association.

3. INTANGIBLE INCOME FROM DONATED FACILITIES

The charity has the use rent free of two properties. The intangible benefit arising from the rent free use of the donated properties is difficult to quantify given their specialist nature. The financial statements do not reflect this income.

4. TOTAL RESOURCES EXPENDED

	Staff Costs £	Other Costs £	2002 Total £	2001 Total £
Board and Lodgings	535,822	164,591	700,413	619,422
Respite Care	48,398	-	48,398	34,849
Support Services	214,556	21,654	236,210	197,517
Charity Administration	41,837	32,755	74,592	79,496
	<u>£840,613</u>	<u>£219,000</u>	<u>£1,059,613</u>	<u>£931,284</u>

5. CHARITY ADMINISTRATION

	£	£
Salaries	41,837	50,420
Motor Expenses	2,609	2,241
Printing, Postage and Stationery	5,423	5,205
General Office Expenses	5,303	4,063
Professional Fees	8,716	5,729
Bank Charges	-	139
Staff Training	1,762	1,905
Premises Costs	8,942	9,794
	<u>£74,592</u>	<u>£79,496</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

6. SURPLUS OF INCOME AND EXPENDITURE

This is stated after charging:	2002 £	2001 £
Auditors' remuneration:		
Audit fees	£2,160	£2,056
Employees:		
Staff costs during the year amounted to:		
Salaries	774,506	666,277
Social security costs	65,067	57,067
Pension costs	1,040	1,040
	£840,613	£724,384
Average number of staff during the year	65	55
No employees received emoluments above £50,000		
None of the directors received any expenses during the year.		

7. TANGIBLE FIXED ASSETS	Improvements to Short Leasehold Property £	Freehold Land And Buildings £	Furniture And Equipment £	Total £
COST OR VALUATION:				
1 April 2001	-	135,000	51,969	186,969
Additions	6,214	-	-	6,214
Revaluation	-	25,000	-	25,000
31 March 2002	6,214	160,000	51,969	218,183
DEPRECIATION:				
1 April 2001	-	2,700	50,939	53,639
Charge for year	-	2,700	155	2,855
31 March 2002	-	5,400	51,094	56,494
NET BOOK VALUE:				
31 March 2002	£6,214	£154,600	£875	£161,689
31 March 2001	-	£132,300	£1,030	£133,330

All the fixed assets are used in direct furtherance of the charity's objectives.

The property at 37 Oakwood Grove was revalued by Black Horse Agencies on 11 February 1999 on an open market basis. The Trustees have reviewed the valuation and consider the valuation should be increased to £160,000.

The historical cost of the property is £60,628.

Improvements to short leasehold property comprise the refurbishment and extension of 38 Oakwood Grove.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

8. DEBTORS	2002 £	2001 £
Board and Lodgings	95,036	74,039
Other debtors	5,485	-
Prepayments and accrued income	13,629	22,092
	<u>£114,150</u>	<u>£96,131</u>

9. CREDITORS		
Amounts falling due within one year:		
Trade creditors	3,334	1,912
Social security and other taxes	19,397	17,310
Accruals	2,782	3,773
Other creditors	1,697	129
	<u>£27,210</u>	<u>£23,124</u>

10. OPERATING LEASE COMMITMENTS

Annual commitments under operating leases expiring:

Within one year	-	-
In the second to fifth year	973	592
After five years	21,524	20,372
	<u>£22,497</u>	<u>£20,964</u>

11. MOVEMENTS ON RESERVES

	Balance 1 April 2001 £	Income in Year £	Expenditure In Year £	Balance 31 March 2002 £
Restricted Funds	52,500	-	-	52,500
Unrestricted Funds	549,628	1,024,506	1,034,613	539,521
	<u>602,128</u>	<u>1,024,506</u>	<u>1,034,613</u>	<u>592,021</u>

The restricted fund represents a donation held towards any property costs incurred at 38 Oakwood Grove.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2002

12. ANALYSIS OF NET ASSETS BETWEEN RESERVES

	Tangible Fixed Assets £	Net Current Assets £	Total £
Restricted Funds	-	52,500	52,500
Unrestricted Funds	161,689	377,832	539,521
	<u>161,689</u>	<u>430,332</u>	<u>592,021</u>

13. TAXATION

No corporation tax has been provided for in these financial statements because income of the company, a registered charity, is within the exemptions granted by Section 505 of the Income and Corporation Taxes Act 1988. The company has borne VAT on its expenditure where appropriate.

14. CAPITAL COMMITMENT

The charity is committed to capital expenditure on 38 Oakwood Grove amounting to £300,000 at 31 March 2002.

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A COMPANY LIMITED BY GUARANTEE - NOT HAVING A SHARE CAPITAL

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INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2002

This page does not form
part of the statutory
financial statements

	2002	2001
	£	£
INCOMING RESOURCES		
Board and Lodgings	396,415	455,630
Respite Care	46,979	43,368
Support Services	314,903	207,847
Grants	244,888	231,711
Bank Interest	16,493	22,057
Donations	900	2,289
Subscriptions	451	500
Fundraising Activities	-	1,028
Other income	3,477	3,633
	-----	-----
	1,024,506	968,063
 EXPENDITURE		
Salaries/Administration	840,613	724,384
Travelling	29,219	22,684
Staff Recruitment	1,495	2,712
Staff Training	3,223	3,550
Day Care Activities and Personal Allowances	33,881	35,096
Rent and Rates	31,100	31,414
Heat and Light	11,376	13,647
Telephone	6,868	7,296
Insurance	3,261	500
Provisions	47,681	49,926
Registration Fees	1,944	1,708
Printing, Stationery and Office Expenses	5,481	5,205
Auditor's Remuneration	1,412	2,056
Professional Charges	7,304	3,673
TV Licences	621	1,191
Repairs and Renewals	27,172	18,170
Refurbishment - Heath Terrace	-	1,436
Miscellaneous Expenses	4,107	3,754
Depreciation - fixtures and fittings	155	182
- property	2,700	2,700
	-----	-----
	1,059,613	931,284
 (DEFICIT)/SURPLUS FOR THE YEAR	 £(35,107)	 £36,779
	=====	=====