METHODIST HOMES

England & Wales · Charity number 1083995

Details

Other names	METHO HOME, METHODIST HOMES, METHODIST HOMES FOR THE AGED, MHA
Status	Registered
Legal form	Charitable company
Company number	04043124
Registered	2000-12-04
Register	View on the Charity Commission register

Contact

Address	Methodist Homes Epworth House 3 Stuart Street Derby DE1 2EQ
Phone	01332 222313
Email	enquiries@mha.org.uk
Website	www.mha.org.uk

Activities

Objects: 3.1 THE COMPANY'S OBJECTS SHALL BE FOR THE RELIEF OF ELDERLY PEOPLE AND OTHER ADULTS IN NEED, PARTICULARLY (BUT NOT LIMITED TO) THOSE WITH MENTAL ILLNESS OR PHYSICAL AND/OR LEARNING DISABILITIES BY PROVIDING: (I) CARE AND SUPPORT SERVICES; AND/OR (II) ACCOMMODATION; AND/OR (III) ANY OTHER PROVISION (WHETHER OR NOT SIMILAR TO THE FOREGOING) WHICH MAY FACILITATE AN IMPROVED QUALITY OF LIFE FOR SUCH PERSONS IN THE UNITED KINGDOM, THE CHANNEL ISLAND AND THE ISLE OF MAN.

Activities: Methodist Homes is a charity providing care, accommodation and support services for older people throughout Britain. We are one of the largest charitable care providers in the sector and amongst the largest charities in Britain, providing services to 15,000 older people for nearly 70 years.

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Classification

- **How:** Provides Human Resources, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** The Advancement Of Health Or Saving Of Lives, Accommodation/housing
- **Who:** Elderly/old People

Geography

- **Area of benefit:** UNITED KINGDOM. THE CHANNEL ISLAND AND THE ISLE OF MAN.
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£283,275,000	£285,223,000	£233,542,000	4698
2024-03-31	£279,198,000	£281,007,000	£235,501,000	5877
2023-03-31	£268,825,000	£386,245,000	£231,715,000	5510
2022-03-31	£251,089,000	£233,003,000	£346,232,000	5595
2021-03-31	£242,998,000	£236,811,000	£308,289,000	6061

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Trustees

Name	Role	Appointed
JAMES ANTHONY REILLY	Chair	2016-07-14
Catherine Jane Kerr		2024-08-01
Claire Dixon		2025-09-01
Dr Richard Mark Vautrey		2022-11-22
Frances Alison Beves		2024-08-01
Jessica Elizabeth White		2023-09-06
KEITH HICKEY		2019-05-09
Ka Man Carman Lo		2026-03-26
Lucy Dadge		2025-08-01
Rev DEREK JOHN MCLEAN		2024-08-19
Richard Broadbelt		2026-03-26
Richard Humphries		2024-09-26

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METHODIST HOMES

England & Wales - Charity number 1083995

Accounts

mha
Live later life well

Methodist Homes

Annual Report and Financial Statements

31 March 2025

Companies House No. 04043124
Registered Charity No. 1083995

Mission, vision and values

Our Mission

To enable people to live later life well by inspiring the best care and wellbeing at every stage of later life.

Our Vision

By 2030, MHA will be a stronger, more sustainable organisation, creating opportunities for thousands of people in later life to feel supported, connected, and able to live the life they want to lead.

Our Values

We respect every person, treating them with dignity.

We nurture mind, body and spirit.

We inspire the best in each other.

16,215 older people supported (17,423 in 2023/24)

6,075
colleagues
(6,836 in 2023/24)

2,425
volunteers
(2,644 in 2023/24)

£283m
income
(£279m in 2023/24)

£280m
expenditure
(£286m restated in 2023/24)

96%
Retirement Living Schemes rated good, outstanding or equivalent
(94% in 2023/24)

59
Retirement Living Communities
(59 in 2023/24)

91%
of care homes rated good, outstanding or equivalent
(91% in 2023/24)

75
care homes
(80 in 2023/24)

94%
of care home residents satisfied with their care
(93% in 2023/24)

37
MHA Communities Hubs
(43 in 2023/24)

9,000
befriending calls to 450 older people, from 273 volunteers

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Board of Directors' report

This year marks the beginning of our next five-year strategy, built on the blueprints we developed over the life of our previous strategy, shaping the future of our services and central support functions. It will see MHA investing in significant system and process change, improving the ways in which we engage with those who use our services, and enhancing key areas such as Artificial Intelligence (AI), finance, charitable giving, property and facilities management. We will also continue investment in our IT infrastructure, as part of our three-year IT strategy. These improvements will streamline operations, increase clarity, and ensure that all aspects of our organisation are aligned to support those living in our homes and schemes, our residents and members, colleagues, and volunteers. By creating an inclusive culture of collaboration and continuous improvement, we will build a strong foundation for the future and ensure that MHA remains responsive and effective.

The final year of our One MHA five-year strategy remained as challenging as the previous years, with continuing financial pressures as we gradually built back occupancy, reduced spend on agency staffing, and sought to mitigate the challenges of the energy and cost of living crises, as well as the under-funding of the sector. As a consequence, MHA has had to make further changes to our service portfolio, so that we can continue to thrive as a charity supporting people to live later life well.

During the year we completed the sale of a further five care homes, a process begun in May 2023, with most homes transferring to new owners. The sale of Greenways care home in Bognor Regis did not progress and it remains within MHA. In May 2024, we announced the closure of two homes, Swallow Wood in South Yorkshire, and Willesden Court in North London. This decision was sadly taken due to both homes no longer being financially viable, as a result of high levels of local authority and health funded places, where councils and health bodies were unable to pay the costs incurred by MHA to deliver care for residents.

In November, we also announced the difficult decision to sell 14 of our retirement living schemes and to withdraw from providing care in six of these and in a further two services, which remain within MHA. The decision to sell the schemes is the result of a strategic review of our care homes, retirement living and MHA Communities schemes. It brings clarity in relation to the types of services we will offer in the future and is part of ensuring that MHA

is in a financially robust and sustainable position, so that we can continue our mission to provide care and housing for those in later life.

July 2024 saw a change in the political environment, with a new Labour Government, whose manifesto acknowledged that adult social care 'needs deep reform', but this has yet to transpire into change in the fortunes for the sector. The announcement of the Commission on Social Care in early 2025 was broadly welcomed, but we all know that adult social care needs both immediate stability and greater urgency around how changes will be delivered. We will be continuing our parliamentary engagement work, to push for positive change for older people in relation to adult social care support.

Unfortunately, the Chancellor's Autumn budget, did little to put adult social care on a sustainable footing. The not-for-profit health and social care sector were included in the changes to Employer National Insurance Contributions. This added a further £4.6 million burden to MHA, and comes in the context of several years of unprecedented financial pressures, including the pandemic which saw our occupancy levels drop significantly; a recruitment crisis which increased our spend on agency staffing; a cost-of-living crisis, that saw our energy bills triple to £18m in 2022 and this is all on top of a long-standing funding gap between the costs of delivering care and the rates that local authorities are able to pay per resident. We joined many in the sector, including the Care and Support Alliance to raise our concerns about the impact of this fiscal decision and to push for meaningful urgent change.

Despite this range of significant challenges, we do have much to celebrate. We have been delighted that our care home occupancy has reached a new post-pandemic high of 89.1%, growing from 85.4% between April 2024 and March 2025. This reflects a sustained effort to focus on our customer journey through investment in key marketing initiatives including a comprehensive sales and marketing toolkit. In June 2024 we also proudly launched our new **website**, replacing its 12-year-old predecessor. Our website is often the first point of contact for prospective residents, members, supporters and colleagues, and our new site is a major step forward in how we connect with the people we serve.

In addition, we have sustained the quality of services, and we remain one of the highest performing providers, with 91% of MHA's inspected services rated as either good, outstanding, or equivalent by care regulators. We are also delighted to have retained our position in the top 20 of carehome.co.uk large providers. A special mention must go to the team at Morel Court after receiving high praise on their Care Inspectorate Wales inspection. The management of the Penarth home was described as being 'exceptional', fostering a positive culture where people

and staff feel they belong. The report also mentions that residents were extremely happy with the care and support they receive, with exceptional measures taken to listen to people to understand what is important to them. As ever our heartfelt thanks go to all our amazing colleagues for all that they do to enable older people to live later life well.

Despite continued recruitment challenges in the sector, we have invested in our recruitment brand and with a sustained effort we have reduced turnover to 18.3%, down from 23% in 2023/24. This compares favourably to sector turnover, which ranges from 20-30%. The investment and roll out of our MHA's behaviours framework has also helped to drive colleague retention.

At our Manager's Conference entitled "Exceptional People, Exceptional Places", we again celebrated our dedicated colleagues through our Outstanding Service Contribution and Recognition (OSCAR) ceremony. We had over 490 nominations, which is a testament to the incredible work being delivered across MHA.

This year, we also held our first ever MHA Music festival, under the banner #MakeMusicMatter, celebrating the positive benefits music has in delivering care and support. The event was enjoyed across our services, and we are gearing up for celebrating music again this year.

Alongside this, MHA has been proud to support research that enables our vision to enhance later life, from partnering on the Vivaldi study looking at reducing the impact of infections in care homes, to the MusiCare research project, researching the potential cognitive and well-being benefits of music therapy for people in later life – we will hear the outcomes of this study later in the year. Three MHA care homes - Oak Manor in Shefford, Anjulita Court in Bedford, and Westbury Grange in Newport Pagnell - are also currently piloting PainChek, an innovative app designed to detect pain in those who can't vocalise their discomfort.

This initiative is made possible by funding from NHS Bedfordshire, Luton, and Milton Keynes Integrated Care Board.

In our own drive to enhance later life, MHA has also launched a new programme called Key to Me, which is a new approach to reminiscence and life story work. The aim is to encourage conversations between residents, colleagues and family members; unlocking memories and providing the opportunity to build stronger relationships and understand what is important to everyone's life story.

Our focus on our specialist strategies (end of life, dementia, green care, music and spirituality) have gone from strength to strength, improving the outcomes for our residents and members in the process. We have also looked at where these strategies interconnect and going forward we will move to an overarching Enhancing Later Life Framework, with the same objectives and commitments.

Our first One MHA Strategy laid the foundation for bringing people together across care homes, retirement living schemes, communities, and central support, fostering collaboration and inclusion. This spirit of togetherness continues to shape who we are today and guides us as we move forward. Our new strategy builds on this legacy, embracing the lessons and successes of the past while addressing the challenges and opportunities of the future. It reaffirms our commitment and vision for enabling people to live the life they want to lead, ensuring that independence, belonging, and connection remain at the heart of everything we do.

James Reilly,
Chair

Sam Monaghan,
Chief Executive

Strategic report

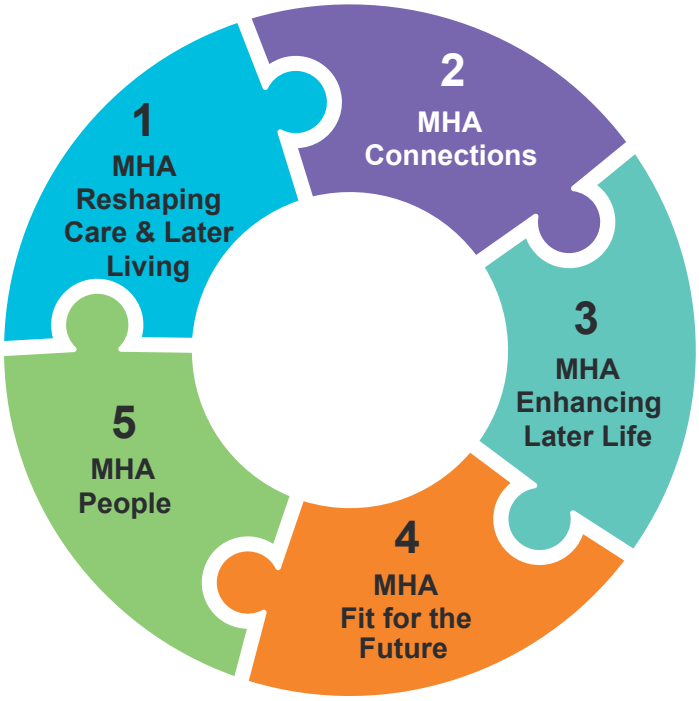
Our Business Plan 2024/25 - end of One MHA Strategy 2022/25

The One MHA Strategy built on our long history of serving the needs of older people, bringing together our operational activities, connecting our care homes, retirement living and MHA Communities for greater collaboration, knowledge exchange and a stronger offer for the communities we operate in.

In that time MHA has had much to be proud of: launching our first lobbying campaign calling for social care reform and greater respect and pay for care professionals through our #FixCareForAll campaign; introducing digital care plans across our care homes; embarking on an ambitious three-year programme to upgrade our IT systems and equipment in all our homes, schemes and offices; and celebrating our 80th anniversary in 2023.

This is all in the face of significant challenges following the Covid-19 pandemic, particularly in relation to cost and recruitment pressures and the ongoing lack of governmental support for the sector.

Our portfolio of services has also changed in that time, as we exited from our Scottish housing and care services, including Auchlochan Village in Scotland, and made the decision to sell a number of our care homes across England and Wales, as outlined on page 30.



Today MHA proudly serves 16,215 older people across 75 care homes, 59 retirement living housing schemes, and 37 MHA Communities hubs. This work is supported by 6,075 incredible colleagues and 2,425 fantastic volunteers.

Our new five-year strategy presents an exciting opportunity to build on all the hard work that has gone before, and continue our mission to deliver trusted, high-quality care and support services that enrich the lives of older people.

Key performance indicators 2024/25

What we said we would achieve	How we did it
Sustain our position in the top 20 care home providers on carehome.co.uk.	Achieved.
Maintain at least 90% good or outstanding or equivalent compliance with regulators across all services.	91%
Have at least 75% of care homes and retirement living services achieve an internal quality assurance score of 85% and above.	During 24/25 we revised our internal audit tool and we are currently determining the rating mechanism. At the point when the former system ended performance was 75% of homes scoring 85% or above.
Increase our MHA Communities membership to at least 15,000 members by 2025.	9,948 members as at 31 March 2025. This has not been met, as we have had to re-structure our services to ensure ongoing sustainability.
Maintain at least 84% employee retention.	87%
Increase employee engagement index score to at least 75%.	76% (2023/24). The next engagement survey took place in May 2025.
Raise at least £4.0m in fundraised income, including £0.6m in communities trusts and grants annually.	Total fundraised income was £5.0m, with £1.9m in communities trusts and grants.
Rebuild our care home occupancy to at least 85%.	Care Home occupancy achieved 89.1% at the end of March 2025 in our ongoing homes.
Maintain at least 90% occupancy in our retirement living schemes.	95%
Sustain central overheads below 9.2% of income in line with budget.	7.9%

“ By 2030, MHA will be a stronger, more sustainable organisation

Strategic objective 1

Reshaping care and later life

What we said we would do

- **Deliver year one of our plan to implement our care home operational blueprint.**
- **Conclude the adoption of digital care plans across all care homes and embed their use.**
- **Roll out our marketing tool kit to all homes to deliver an enhanced level of inquiries into our homes and schemes.**
- **Aim to return our care home occupancy to pre-pandemic levels.**

What we've done

Care Home Blueprint

A three-year plan for implementation of our Care Home Operational Blueprint was developed by the Blueprint Implementation Group and approved by the Executive Leadership Team (ELT) at the start of the financial year.

Blueprint workshops were then held across the organisation with the intention of sharing the vision and gaining buy-in to the model and philosophy of support beyond the managers, who were first introduced to the blueprint at the annual conference. Attendance was strong with delegates at all levels from across care homes, retirement living, communities and Head Office engaging very positively with the workshop, with a sense of progress towards seeing the vision across all MHA homes and schemes.

The blueprint approach is a key platform informing our next five-year MHA Strategy and the implementation group has been reflecting on lessons learnt from the workshops and feeding these into the implementation plan and next steps.

The Specialist Strategy Review, being led by our Head of Quality Improvement, has considered how the Quality Improvement function and specialist services can be reshaped to support the blueprint approach. With this in mind, work has begun to move away from individual 'specialist strategies' to a more integrated, collaborative approach to enhance later life in line with the intention of the MHA blueprint.

The Quality Assurance (QA) team have also completed a full review of the QA tool during this year, with the care homes blueprint being one of the key driver documents used during the review. The team ensured that the principles of the Blueprint, enabling people to 'live the life they want to lead', were embedded throughout the new tool.

The Quality Assurance team have considered the style of language we use, and used 'I' statements, which reflect what our residents say matters to them. They have reviewed each question and category to ensure that true quality is measured and not just compliance with regulation. As the team work towards a framework to measure success criteria for the blueprint implementation, they will include those checks into the tool, so they can support in the provision of oversight.

Digital support plans

Digital support plans (DSP) are now fully integrated in care homes, marking the successful conclusion of the Nourish project. The next phase involves piloting DSP in retirement living.

Marketing tool kit

During 2024 we rolled-out several key marketing initiatives to support the recovery in occupancy for our care homes. This included a comprehensive sales and marketing toolkit, the introduction of an enquiry contact centre, enhanced local marketing plans, refreshed local marketing materials, the introduction of Relationship Manager roles and a new website. These tools, driven by the ongoing hard work of our homes, supported an increase in occupancy of nearly 4% during the year.

Care home occupancy

Occupancy grew by 3.7%, from 85.4% to 89.1% between April 2024 and March 2025.

This was aided by our enquiry management steering group, included building a customer journey dashboard, mystery shopping, expansion of our work with Trusted Care and the roll out of a marketing toolkit.

Occupancy continues to grow, albeit at a reduced pace, as we look to exceed the 90% mark. However, whilst the rate of growth has slowed, admissions are continuing at a higher rate than ever before, although matched by discharges also increasing to their highest rate ever (driven by a combination of increased numbers of respite stays and reduced length of stay amongst permanent residents).

The significant increase in enquiries for respite placements (an increase of 28% year on year) – demonstrates the changing nature of demand within residential services and will be a key point to consider as we move into the next financial year.

Case study – *Key 2 Me*

About Key to Me

This year MHA launched a new programme called Key to Me, a new approach to reminiscence and life story work. The aim is to encourage conversations between residents, colleagues and family members; unlocking memories and providing the opportunity to build stronger relationships and understand what is important to everyone's life story.

Key to Me has several tools to help colleagues to unlock memories and create a conversation with those they support. Firstly, the Key to Me themed keys were developed as a conversation starter, which include cards with a photograph on one side, and questions on the other. These are available on a variety of relevant topics and we are the process of producing additional cards.

Other important tools under the Key to Me programme include a one-page profile, which acts as a snapshot of what and who is important to a resident; a booklet which contains more of the resident's life story and future goals; and a personalised key, which can be created specific to an individual – tailored to support a better understanding of the person.

Impact of Key to Me

Key to Me has had a positive impact on residents and colleagues alike, as care home manager at MHA Westbury Grange care home, Julie Roche highlights: "*it's a precious gift…a way of working together to improve communication and strengthen relationships.*"

Several homes have been inventive with how they have displayed the keys in their home, from memory trees to guess who's behind the door. Beth McKinney, activity coordinator at MHA Abbey Park care home, put some keys in the shape of a tree using lights, which was a talking point for residents. She stated that as a result one resident was: *"very excited to talk about his past jobs and his favourite TV show. We used this information to start to make his personalised cards. His favourite TV show was Popeye - it turns out he has the character tattooed on his arm."*

It is evident that Key to Me provides multiple ways for colleagues to engage with residents, and family members. It is a tool that we are proud to have started and continue to expand!

Strategic objective 2

MHA Connections

What we said we would do

- **Develop a blueprint for Collaborative Communities in a locality not led by MHA.**
- **Review the Collaborative Communities blueprint, comparing rhetoric to reality on launched sites.**
- **Establish a framework for statutory grants and commissioning in a locality.**
- **Develop deeper and broader income streams for MHA Active and devise and deliver a marketing plan.**
- **Implement the Volunteering Strategy, leading to the recruitment of more than 1,000 new volunteers in 2024/25.**

What we have done

Blueprint for MHA Communities

Following a comprehensive review of MHA Communities' engagement with both internal MHA services and external social care providers, a fully updated strategic blueprint has been developed. This new approach defines a dual role for MHA Communities: firstly, as direct providers of activities aimed at reducing loneliness and isolation among older people; and secondly, as facilitators and enablers within the wider community. By adopting an Asset-Based Community Development (ABCD) approach, the blueprint focuses on identifying and building upon the strengths, resources, and relationships already present within local communities. This shift supports a more sustainable and inclusive local model, empowering individuals and organisations alike to co-create and deliver meaningful opportunities for older people to connect, contribute, and thrive within age friendly local communities.

Statutory grants and commissioning framework

The General Election in early July 2024 prompted a temporary pause on work to develop a framework for statutory grants and commissioning at the local level. This decision was made to allow time for the newly elected Government to publish the full details of its devolution plans for Local Authorities. These plans represent a substantial restructuring of local governance in England, with significant implications for the commissioning and delivery of public services.

In parallel, the new Government's proposals to reform the NHS and its Integrated Care

> "A more sustainable and inclusive local model

Systems also mark a major transformation in the wider health and social care landscape.

With the initial publication of these changes now complete, we are well-positioned to establish a robust and responsive framework for future commissioning. During the pause, MHA Communities has focused on strengthening internal resources and structures to ensure we are equipped to adapt effectively to this evolving commissioning environment.

MHA Active

Work was largely paused on taking MHA Active to market to refocus resources on supporting the recovery of care home occupancy. This has involved the progressive replacement of hundreds of digital assets across all marketing channels. **MHA Active** has continued to hold steady, closing the year with over 7,500 downloads.

Volunteering strategy

Our volunteering strategy has been successfully embedded across MHA and we are eternally grateful for our 2,425 volunteers for their unwavering commitment to enabling people to live later life well.

Fundraising strategy

While significant progress has been made across all fundraising income streams, the external marketplace has exponentially increased in terms of competitiveness, driven by societal challenges such as the cost-of-living crisis. Consequently, we will conduct a root and branch review of our approach to fundraising in 2025, resulting in a more future-proofed fundraising strategy.

Strategic objective 3

Enhancing later life

What we said we would do

- **Input and stimulate debate regarding the Government's reform of social care, including a fair price for care and addressing the current cost pressures.**
- **Raise the voice of older people and their needs into the next general election and beyond.**
- **Work on each specialist strategy to make explicit its application in practice, identifying the crossovers between different strategies and associated tasks to ensure benefits realised.**
- **Defining the role, resource and requirements of chaplains, music therapists and activity/community coordinators in the implementation of the specialist strategies.**

What we have done

Our advocacy work has been impactful, especially in the lead-up to the general election. We engaged over 1,200 candidates, generated 214 campaign actions and amplified our voice. Over the past two years, our collective campaigning efforts have led to 4,000 actions and the recruitment of over 800 new e-campaigners. Engaging with our Resident's Panel, we have discussed MHA's lobbying priorities going forward to get their input to ensure we take on board what is important to them.

The announcement of an Adult Social Care Negotiating Body has been a significant milestone aligned with our advocacy goals for improving care sector pay, reward and recognition, and we will continue to push for meaningful outcomes as this policy develops.

The surprise announcement of a lower threshold and increases to employers' national insurance contributions by the Chancellor in her Autumn Budget, presented a new priority for our influencing work, due to the significant impact it has for MHA. through emails, meetings and visits to our services, we contacted over 50 Ministers, MPs and Peers to outline the significant challenge that this fiscal policy has for us a charitable care provider. Several MPs asked Parliamentary Questions and wrote to the Treasury and Ministers on our behalf. Latterly we have proposed a 'bridging fund' solution as a mitigation, which highlights the links between this policy and the ambition for fair pay for care workers.

We have also worked alongside other organisations, such as the Care and Support Alliance, our fellow members of the National Care Forum, and Providers Unite, to join up in our messaging on this topic and on the need for social care reform. We will continue to develop these relationships for joint-campaigning and lobbying as the Commission on Social Care gets underway.

Through our Research Committee, we have partnered on several research projects which support our drive to enhance later life. These include: the Vivaldi study looking at reducing the impact of infections in care homes; the MusiCare research

project, researching the potential cognitive and wellbeing benefits of music therapy for people in later life; a dementia research project with the University of Bath; and exploring volunteer befrienders' motivation, and retention with the University of Leeds. Our Research Committee sets a high bar for applications for research within MHA, ensuring that we only participate where we are confident that the benefits to older people exceed the impact of participation.

End of life care strategy

This year, we have seen the production of a toolkit to support MHA Communities' colleagues to support members to talk about loss, death and dying. We have also reviewed and updated our policies related to end-of-life care and updated our 'comfort box' resource (these are items that can help with spiritual care, such as prayers, poems and music; relative care such as tissues, words of comfort; and physical care such as essential oils, hairbrush); alongside drafting comfort keys as part of the Key to Me programme.

Dementia Strategy

MHA's Key to Me programme, which promotes reminiscence and life story sharing among residents, members, families and colleagues has been launched and is being widely used across MHA. All our care homes have had at least one colleague trained in how to use the programme. A refreshed policy and training package has been produced, to support people living with dementia, covering the impact on people, and distressed behaviours. These have been available along with other resources to support colleagues.

Green care strategy

We have been working with Thrive, the gardening for health charity and are near completion of an e-learning module that highlights the benefits of nature and how nature-based activities can be used within MHA. We have also produced a bi-monthly newsletter for colleagues called 'Green Chatter', providing ideas to meaningfully engage with nature both inside and outside.

Music Strategy

After partnering with Middlesex University for the MusiCare research project, the initial outcomes of stage one and promotion of MHA Music therapy were shared at the 2024 British Association of Music Therapy conference. This year, we held our first MHA wide Music festival where we provided resources to support the celebration of music and encourage engagement with the community. This was enjoyed by many, and we are repeating the event for 2025.

Spirituality strategy

We have trained 72 colleagues in the chaplaincy department in understanding spiritual abuse and trauma and its impact. We gathered encouraging feedback, so ran a lunch and learn session at our Head Office to discuss the topic, allowing for a range of colleagues to understand this important issue and how best to support their residents, members and colleagues if this was an experience they had encountered. We have also produced several resources that support the exploration of spirituality, for activity coordinators to use with residents.

> **Support the celebration of music and encourage engagement with the community**

Strategic objective 4

Fit for the Future

What we said we would do

- **Complete and implement the Asset Management Plan.**
- **Scope and develop our Environmental Social and Governance Policy (ESG) approach and plan.**
- **Finalise a long-term financial plan and funding strategy to ensure organisational resilience.**
- **Implement and embed best practice and continuous improvement of core business applications.**

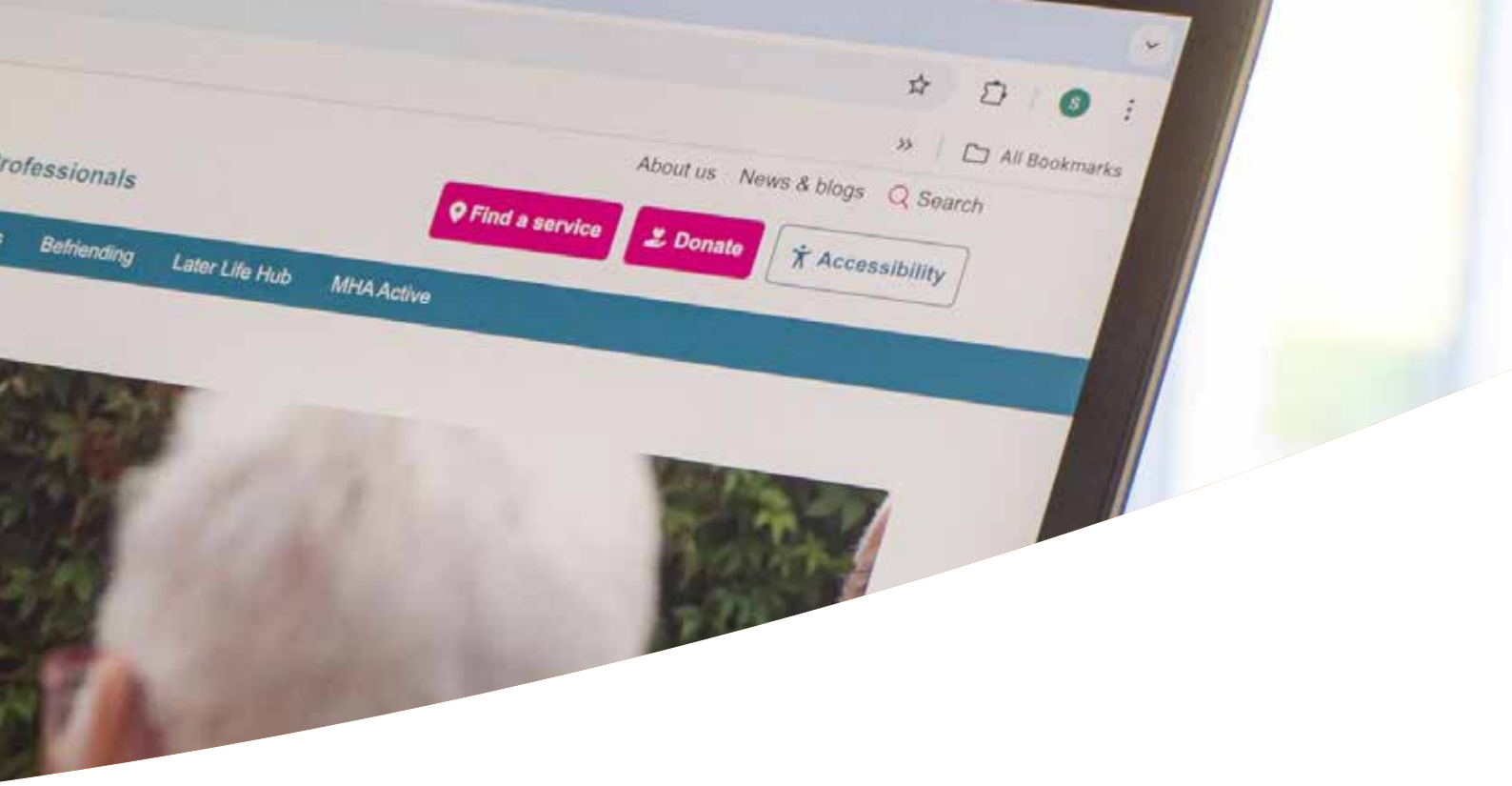
What we have done

Asset Management Plan

The Asset Management Plan work will be subsumed within the Business Development Growth Plan in 2025/26 where we will be developing a commercial/asset management plan for each site as part of a larger piece of work looking at growth opportunities during the lifetime of the next strategic period.

Finalise a long-term financial plan and funding strategy to ensure organisational resilience

Following on from work that was started during the last financial year, we finalised our five-year financial strategy, which formed the basis of refinancing discussions. These refinancing discussions resulted in the consolidation of our long-term loans with our main transactional banking partner Barclays and the repayment of our AIB loan. As such, we now have £86m of medium-term loans with Barclays and an additional £10m Revolving Credit Facility (RCF) to support liquidity requirements.



The five-year financial strategy continues to be updated and forms the basis of our financial objectives, driving organisational resilience.

Continuous improvement

All preparations for the Continuous Improvement Champion Network are now complete. Twenty-seven Continuous Improvement Champions have been appointed from across our central support functions.

These colleagues will support teams to identify opportunities, test solutions, and embed small changes that enhance the way we work. A clear framework has also been established to support the delivery of local, incremental improvements that make a meaningful difference across MHA. As we move into 2025/26, the network will focus on developing practical ideas and sharing learning, helping to build confidence and capability in continuous improvement across the organisation.

Environmental, Social and Governance Policy

A comprehensive analysis was undertaken and whilst it demonstrated real strengths in the areas Social and Governance, it identified key areas of development in Environmental improvement. This will form part of our planning by our property and estates function in the coming year.

MHA's new website

In June 2024, we launched our brand-new **website** – the culmination of a year-long, organisation-wide project to redefine our digital presence and a major step forward in how we connect with the people we serve. With intuitive navigation, refreshed and user-centred content, and a design rooted in accessibility best practice, the platform now offers a vastly improved experience for every visitor. It also incorporates the latest security technologies, ensuring users can interact with confidence, knowing their data is protected.

> **“ Build confidence and capability in continuous improvement**

Strategic objective 5

MHA People

What we said we would do

- **Develop a recruitment strategy for timely and effective hire and retention.**
- **Develop a career pathway for care.**
- **Continue to roll out and embed MHA behaviours framework.**
- **Develop flexible ways of working across MHA.**
- **Develop and deliver a resolution focused approach for timely effective outcomes.**
- **Implement our internal communications strategy to reach and engage all our people.**

What we have done

Recruitment strategy

Despite continued recruitment challenges in the sector, we reduced turnover to 18.3%, down from 23% in 2023/24. We also saw an increase of 4,634 care hours and have issued 400 in-country certificates of sponsorship (for migrants already in the UK). This has provided greater stability and quality of care for those we serve.

Care career pathway

Access to new Learning and Development Support Scheme funding has been granted and MHA has claimed over £100,000 to support colleagues in care to gain professionally recognised qualifications in adult care. The Level 2 Care Certificate is now being utilised across MHA to support colleagues new to care in developing the skills and knowledge to succeed. Seventy care assistants and five care and support workers have been supported to do their Level 3 qualification which is the relevant qualification for a senior carer role. We have developed interactive Care Career Pathways, available on MHA Connect, to support colleagues in care to understand the various career pathway opportunities at MHA.

MHA behaviours framework

The One MHA behaviours framework has been rolling out through the delivery of face-to-face training for managers across MHA. This includes all senior colleagues, central support managers and care managers. Training for MHA Communities and retirement living colleagues is scheduled to roll-out shortly in the new financial year. Development of the all-colleagues e-learning to support the roll out is underway and should be finalised in April.

Flexible working

We recognise the positive impact of flexible working and will aim to provide colleagues with the opportunity to balance their responsibilities at work with their personal commitments wherever practical. In May 2024 we updated our flexible working policy in line with legislation and best practice as

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per the Advisory, Conciliation and Arbitration Service (ACAS) Code of Practice. We have also produced a supporting toolkit for our managers which includes a suite of templates to ensure flexible working requests received are managed in line with the refreshed policy and procedure.

Internal communications

In 2024/25 the Internal Communications team continued to develop their engagement tools and deliver quality events for the organisation. MHA Connect, our intranet, continued to develop as a thriving hub of information, including supporting colleagues to get involved in the 2024 General Election. The key Managers Digest bulletin has also been brought online, and plans are in place to develop social media style engagement to replace Workplace, which is due to close in August 2025. Alongside the release of a mobile friendly version, these changes will ensure colleagues now have easy and direct access to all the news and information they need. The team also delivered a successful conference for 230 managers and an OSCAR awards night, celebrating and recognising the achievements of colleagues, from over 490 nominations.

Resolutions approach

In November 2024, we replaced our grievance policy with a new resolution policy and supporting managers toolkit. This represents a different approach to resolving workplace issues, aligned to MHA values. It supports an open and honest environment where workplace issues are talked through, addressed, and resolved at the earliest opportunity, resulting in more positive and sustainable outcomes for all parties. As part of the new approach, several MHA colleagues have been externally trained as internal workplace mediators, with facilitated conversations and mediation key to early stages of effective resolution.

Gender pay data

MHA pays its staff the Real Living Wage, recognising that this is the minimum someone should earn.

We are fully committed to equality, as outlined through our equality, diversity and inclusion EDI strategy and work. We pay men and women equally for the same role. Our gender pay data shows the difference in average pay between all men and women across the MHA workforce.

MHA's analysis shows a small gap compared to the UK generally, and we remain committed to driving equality through our EDI strategy, policies and practices every day.

Across the organisation men were paid 0.9% more than women in 2025, using a median average calculation. None of our colleagues in the organisation are paid a bonus. MHA employs significantly more women than men, at 79%, almost a 3.7:1 ratio which results in reasonably significant fluctuations in our gender pay data.

We have a good record of commitment to equality and the development of our people. This is supported through five staff networks which help further awareness and inclusion for gender, religion, race, sexual orientation and disability. The networks host a variety of events and activities to raise awareness among colleagues and support issues relating to race, faith and belief, gender, disability and sexual orientation.

The median pay gap figure is the most commonly used for the gender pay gap. However, no single metric will capture the full picture of what is happening at an organisation, so it is useful to look at both median and mean pay.

	Female	Male	Pay gap
Mean pay	£15.39	£15.58	1.2%
Median pay	£13.08	£13.20	0.9%
Total staff	4,783	1,292	

> **Commitment to equality and the development of our people**

Looking forward 2025-2030

Our new strategy - People, Places and Processes: Together as One MHA

Our new strategy focuses on building the future shape of MHA - its care homes, retirement living schemes and community services, and the infrastructure to support them. By 2030, MHA will be a stronger, more sustainable organisation, creating opportunities for thousands of people in later life to feel supported, connected, and able to live the life they want to lead.

Over the life of our previous strategy, we developed blueprints for the future of our services and central support functions, and these are foundational to this new strategy. These blueprints bring our purpose to life, by creating environments that support people physically, emotionally, and spiritually. They help us meet today's challenges while creating opportunities for growth and innovation. Whether redefining what it means to live in a care home or retirement living setting, or fostering sustainable community connections, the blueprints drive our mission to enable people to live later life well.

Care Homes Blueprint

Redefining what it means to live in a care home, this blueprint focuses on creating supportive, welcoming environments that meet the needs of body, mind and spirit. It sets a clear framework for delivering exceptional, relationship-centred care, including nursing care, in spaces that feel like home, connected to the local community.

Retirement Living Blueprint

This blueprint reframes our approach to retirement living, creating adaptable, community-focused places to live that nurture local connections. It enables those who live there to access the care and support they need, as and when they need it.

MHA Communities Blueprint

A key element of MHA's offer, this blueprint focuses on building connections between our services and supporting their financial sustainability. By strengthening links between our care homes, retirement living, local areas, and our MHA Communities services, they enrich lives, reduce isolation, and foster meaningful engagement.

Central Support Blueprint

The Central Support Blueprint ensures that MHA's care homes, retirement living, and communities services are equipped with the tools, systems, and support needed to thrive. By streamlining processes and fostering collaboration, it enables frontline teams to focus on delivering exceptional care and support while ensuring MHA remains efficient, agile, and resilient.

Our People

Embedding an inclusive culture that prizes compassion and person-centred care. Empowering colleagues and volunteers with skills and support, to enable those living in our homes and schemes, and our members, to live the life they want to lead.

Our Places

Creating and sustaining vibrant, inclusive spaces that enable people in later life and our teams to thrive, supporting their aspirations, wellbeing, and connection.

Our Processes

Creating systems, policies, and practices that empower teams, improve service delivery, and enable those living in our homes and schemes, and our members, to live the life they want to lead.

Specialist strategies

Going forwards, we have simplified the five specialist strategies (end of life, dementia, green care, music and spirituality). Work has been done to identify the crossovers between them, how they apply to the different areas of MHA and the roles and resource needed to implement the commitments and see the benefits. Instead of five individual strategies, we will move to an overarching Enhancing Later Life Framework (ELLF), with two steering groups focusing on meaningful engagement and end of life care. The same objectives and commitments remain, having been reviewed; they now sit within one of these two areas, the overarching ELLF group and within individual team objectives.

Our business plan 2025-2026

Flowing from our new strategy, this business plan sets out the 20 critical objectives and their outcomes which will be the focus of MHA's activity over the next year.

Objective	Description
1. Embed our One MHA culture and behaviours	Roll out the One MHA Behaviours Framework, Continuous Improvement (CI) Champions Network, hybrid working principles and resolution focused approach
2. Improve workforce efficiency and skills mix	Complete reviews of our nursing skill mix, non-care hours and quality support structures; review our approach to home and scheme maintenance to ensure optimal deployment; and improve workforce planning.
3. Strengthen leadership and succession planning	Strengthen career pathways based on succession planning outcomes across MHA and introduce and roll out 'Management Foundations', developing leadership capacity at every level.
4. Expand volunteer engagement and community membership	Grow MHA Communities membership and volunteer base; launch 'One MHA' membership to increase participation and build loyalty.
5. Improve quality and resident and member experience	Enhance co-production, feedback and assurance practices to improve the lived experience of residents and members; focus on relationship-based care and meaningful engagement.
6. Deliver the foundations of the One MHA processes programme	Finalise procurement, design and configuration of new systems across finance, care homes, retirement living and property and estates management. Establish governance, data and change structures to enable full rollout by March 2027.
7. Refresh MHA's marketing, brand and digital reach	Refine brand presence, launch preference centre, implement customer relationship management (CRM) updates, and improve content and charitable giving strategies to increase visibility and engagement.
8. Build strategic partnerships and extend reach	Secure partnerships that extend MHA's offer; increase co-branding and supplier engagement; and enhance MHA's influence as a charity leader.
9. Redefine retirement living and housing with care	Evaluate the future shape of retirement living operations, review workforce capacity and clarify the sales and lettings approach following our change programme
10. Launch the Enhancing Later Life Framework (ELLF)	Bring together learning from specialist strategies (i.e. dementia, music therapy, chaplaincy, green care, end-of-life care) into a single framework to improve purpose, responsiveness and personalised support.

Objective	Description
11. Conclude Change Projects	Complete the sale and transfer of the care homes and retirement living schemes to the new owners; and conclude the administration process of transferring Auchlochan Garden Village to its new owner.
12. Relocate Epworth House and MHA Central Support Services	Negotiate with Derby City Council to identify and move to alternative Head Office premises, as part their 'Our City, Our River' (OCOR) Flood Prevention Programme.
13. Define dementia friendly environments	Publish dementia-friendly environmental standards.
14. Develop MHA's Growth and Investment Strategy	Produce a five-year growth plan and review our approach to capital investment, balancing charitable purpose with financial resilience and clarifying MHA's offer and expansion priorities.
15. Invest in fit-for-purpose estates and facilities	Deliver care home and retirement living stock condition surveys, new facilities management contracts and a three-year capital investment plan to improve safety, sustainability and operational value.
16. Progress operational digital tools and pilots	Pilot digital tools that support safe and efficient delivery in services, such as electronic medication reporting in selected homes, and scope further technologies that complement core systems.
17. Embed insight, KPIs and assurance into strategic delivery	Use Power BI, Microsoft Fabric and in-system reporting to drive data-informed decisions; standardise KPIs and dashboards; and embed quality and risk assurance frameworks across the organisation.
18. Drive innovation and applied technology	Support implementation of GenAI pilots, assistive tech and advanced analytics to support the development of the Pathfinder Care Home as a model for design and technology innovation.
19. Enhance central support functions	Enhance MHA's central support functions, underpinned by a focus on exemplary customer care, a unified enabling culture and adoption of digital innovations.
20. Strengthen financial controls and stability	Refine credit control and arrears policies and empower Operations to support income recovery.

Key performance indicators 2025/26

Category	KPI
Customer Satisfaction	Ensure at least 90% of care homes achieve a combined carehome.co.uk and Google My Business score of at least 96% by the end of the strategic period.
	Implement and baseline a retirement living resident survey to establish agreed satisfaction KPI's from year 2 onwards.
	Sustain a 6:1 Social Return on Investment (SROI) ratio in MHA Communities, assessed bi-annually.
Quality and Innovation	Maintain at least 90% of care homes and retirement living schemes achieving a 'Good' or 'Outstanding' rating from regulators throughout the strategic period.
	Ensure at least 90% of care homes and retirement living schemes achieve an overall "good" rating on internal quality assurance assessments.
Colleague Engagement	Maintain at least 85% retention of colleagues across the organisation annually.
	Achieve an employee engagement index of at least 80% by the end of the strategy period.
Financial Resilience and Sustainability	Achieve and sustain 90% occupancy in care homes.
	Maintain at least 90% occupancy in retirement living.
	Generate £4.0m annually in fundraised income, including £600k in Communities Trusts and Grants.
	Sustain central overheads below 7.5% of income, ensuring efficient use of resources aligned with budget.
	Deliver an operating margin 10% and coverage of 1.3.
Community Impact	Increase MHA Communities membership to at least 15,000 members by the end of the strategic period, including 5,000 Digital Communities members.
	Sustain 2,500 volunteer participation across all MHA services throughout the strategy period.
Technology and Change Management	Achieve 90% compliance with new business administration processes by year five (establishing metrics to monitor improvements in efficiency, controls and governance).

Change Projects

The past year continued to be one of change for MHA, not only for the services we provide to people but also our Central Support colleagues.

Like any responsible organisation, MHA needs to make sure it is on the right track to be able to deliver on its mission. For us, this is about making sure we enable older people to live later life well. We have a responsibility to the charity to make sure our finances are healthy and that we are in the best possible shape to develop our services for the future.

Back in 2019, we began a review looking at the long-term sustainability of all our services. This was inevitably paused during the pandemic but was completed in late 2022.

In 2023 we announced we were selling ten of our care homes, along with placing Auchlochan Garden Village in Scotland and its associated care homes into administration, and to withdraw from providing other services in Scotland. Three homes had been sold during 2023/24 and one transferred to a local authority. A further five homes were sold during 2024/25 with a decision made to retain the tenth after an improvement in it's performance.

These difficult decisions continued during 2024, and we had to announce we were:

- Closing two further care homes.
- Placing three more care homes on the market and looking for another specialist nursing provider to run a fourth.
- Selling 14 of our retirement living schemes.
- Withdrawing from providing care in eight retirement living schemes, including six of those up for sale.
- Closing four MHA Communities schemes.
- Re-structuring Central Support services with resultant losses of roles.

These were exceedingly difficult decisions. They had to be made so that MHA can continue to be a healthy and vibrant charity, providing quality care and support, now and into the future.

Care homes

We completed the sale of the remaining care homes, known as Project Chestnut, with the following homes transferring to new owners during 2024/25:

- Allesley Hall, in Coventry
- Cedar Lawn, Stratford upon Avon
- Connell Court, Southport
- Engleberg, Wolverhampton
- Harwood Court, Cramlington

The sale of Greenways care home in Bognor Regis fell through and, after a review by MHA, remains with the charity.

We have been working with Legal & General, who hold the leases for some of our homes, to reduce our costs. As a result, we swapped some of our freehold homes for those which are leased. This meant that we:

- Closed Willesden Court in North London, and Swallow Wood in Rotherham. This was due to the homes having a high level of local and health

“Making sure we’re on the right track

authority funded residents where fees were not matching our costs. Sadly, we were unable to continue absorbing the losses from the homes.
- Agreed to seek a partner to operate Hillside nursing home in Aylesbury, with MHA retaining the freehold of the property. The home often supports and cares for younger adults, so it was felt a specialist provider would be best for the home's future.
- Announced the sale of Belvedere Manor in Colne, Brockworth House in Gloucester and Woodlands in Poynton. The funds from these homes will enable us to start our growth and sustainability strategy.

Retirement living

In November 2024 we announced our decision to sell 14 of MHA's retirement living schemes, and to withdraw from providing care in six of these, plus a further two schemes.

Our decision to sell these retirement living schemes will help bring clarity to the types of services we will offer going forward and make sure MHA remains in a financially robust and sustainable position.

As part of our strategic review, and drawing on our Retirement Living Blueprint, we looked at the types of housing we currently offer, alongside the future needs and aspirations of older people, and the role that we can best play to enable people to live later life well. We also examined the different types of leases and rental arrangements in place across our schemes, where we would like to create a more consistent approach in the future.

The 14 schemes being sold will enable us to move to a more focused portfolio and make best use of our resources, whilst making sure they continue to offer vibrant communities for those who live there.

The decision to remove care from the schemes was based on financial viability. The services were not sustainable, and we were unable to continue operating them at a loss.

There has been good interest in the schemes and we are in the process of finalising terms which would see all 14 move to one new operator. If the schemes do, however, fail to sell then we would continue to operate them.

The schemes we are selling and have also withdrawn care from are:
- Adlington House Heaton Chapel, Greater Manchester
- Adlington House Portishead, Bristol
- Adlington House Wolstanton, near Stoke on Trent
- Archers Court, Hitchin, Hertfordshire
- Fitzwarren Court, Swindon
- Woodlands, Penrith, Cumbria

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We are also removing care from Stanton Lodge which shares the same site as Fitzwarren Court.

The other schemes we are marketing for sale are:
- Edina Court, Wisbech
- Hatherlow House, Southport
- Hebron Court, Southampton
- Janeva Court, Saltash, Plymouth
- Maidment Court, Poole, Dorset
- Pilgrims Court, Newcastle upon Tyne
- Terrill Court, Clifton, Bristol
- Welland Place, Market Harborough
- Wellesley Court, Waterlooville, Portsmouth

Going forward, MHA will continue to review and assess our homes and schemes to ensure they meet and adapt to people's changing needs, ensure financial sustainability, and remain valuing places to live.

MHA Communities

MHA Communities Schemes and Localities play a vital role in our charitable mission. However, delivering these services requires a significant and ongoing financial investment.

In the past year we have had to sadly close our schemes in Penarth, East Cambridgeshire, Kent and the Blackpool area, due to us no longer being able to financially support the schemes.

We have also restructured and reduced the regional management team, as well as reducing the number of scheme managers. In addition, all MHA Communities schemes now have sustainability criteria to meet, to safeguard the schemes and make sure we have the right resources in place to meet local needs effectively, to respond to local commissioning requirements.

Central Support

The changes we made to our operational teams have reduced the size of our portfolio, which in turn has enabled us to reduce our cost base, making proportional adjustments to our Central Support functions, to ensure our enabling services fit the size and shape of our operational needs.

Most of the teams within Central Support were affected, with vacant posts not recruited to or roles removed following reviews of the teams and the services they provide to the organisation. This has also included reductions to the music therapy service and the management of the chaplaincy service.

Fundraising at MHA

Fundraising at MHA helps older people live later life well by specifically supporting the provision of our charitable endeavours such as MHA Communities, chaplaincy and music therapy. Fundraising includes the following key activities:

- Philanthropic support – the support of trusts, foundations and companies
- Legacies – generous gifts given by people in their wills
- Digital – engagement from digital supporters
- Stewardship – support from individuals
- Community – fundraising events including **MHA Sunday** our flagship annual event.

The overarching fundraising objectives for this year were based around improving supporter journeys, building relationships with key charitable trusts, and implementing acquisition activities to increase the number of supporters of MHA. Our dedicated supporters helped us generate a total income of £5.0 million. In a challenging economic environment this represents a 14% increase compared to the previous year.

Our key income driver is from our legacies income stream. We remain hugely grateful to our benefactors and volunteers for enabling us to enhance our residents and members lives.

This year, as part of our commitment to continuous improvement, we have undertaken a review of our processes and structure. This has allowed us to streamline our fundraising team while introducing more efficient background processes, including improvements in Gift Aid applications and implementing a Direct Debit facility for regular donations. These changes enhance our ability to engage supporters effectively, maximise income, and ensure that more of every pound raised directly benefits the older people we support.

All fundraising activities at MHA are undertaken directly by the charity, with no external party acting on our behalf. No material expenditure was incurred to raise income in the future.

MHA is signed up to the Fundraising Regulators Code of Practice and pays the levy to the Regulator. We continue to undertake activities to increase the profile of the Code of Fundraising Practice through training and ongoing communications. There were no fundraising complaints or breaches of the Code of Fundraising Practice as defined by the Fundraising Regulator in 2024/25.

Our commitment to supporting and protecting vulnerable people is underpinned by our Fundraising from People with Additional Support Needs Policy, which we launched in June 2024.

Looking ahead to the coming year, we will build on the strong foundations we have laid to ensure MHA delivers a strong return on investment in charitable giving. We will integrate innovative technologies, such as AI, enhance our storytelling—particularly in demonstrating the impact of fundraising on those we support—and expand the vital areas funded by voluntary income. This includes our community schemes, dementia support and resources, chaplaincy, and the life-enhancing facilities for our residents, members, and their families.

> **Building on the strong foundation we have laid**

Public benefit

The MHA Board of Trustees has due regard to the Charity Commission guidance on the public benefit requirement under the Charities Act 2011, in particular the requirement that public benefit can no longer be presumed but must be demonstrated. We are confident in our role as a charity delivering services to the public and meeting the Charity Commission's public benefit requirements now and into the future.

MHA's person-centred care recognises each older person as a unique individual and addresses their own spiritual and physical needs, with reassurance, care and support.

Our services are open to everyone, with our care home residents being broadly split 55:45 (which maintains the 2023/24 split which was also 56:44) into those places which are fully self-funded and those that are partially or fully funded by a local authority or the NHS. This is alongside our commitment to social rent tenants in retirement living.

Our care homes, retirement living and MHA Communities schemes all support people

to develop and practise faith and spirituality as it applies to them as individuals. Our work is inspired by the Christian faith, and we welcome people from all religions, beliefs, and traditions as well as people who have no particular religious affiliation. We encourage residents to maintain links with their own faiths and communities if they wish to do so. We celebrate religious festivals and events from all faiths throughout the year in our homes and schemes.

For many residents, MHA will provide them with their last home. Our chaplains have a particular role in helping residents and their relatives approach their later years, with a sense of acceptance, peace and fulfilment.

MHA aims to support and care for people living with dementia with understanding and expertise, and we are proud of our dementia strategy. We focus on the individual needs of our residents with our person-centred approach, and we make sure everyone is able to lead a fulfilled and satisfying life.

We have further demonstrated our public benefit throughout these financial statements.

> **“ Services that are open to everyone**

Financial review

The Statement of Financial Activities for the year 2024/25 shows total incoming resources of £283,275,000 (last year £279,198,000) a 1% increase on the previous financial year. This is largely a result of increased charitable activities within care homes where occupancy has grown significantly during the year.

MHA was hopeful that 2024/25 would be a stronger year financially for MHA as we continued to recover from the impact of Covid-19 and its aftershocks, such as the energy crisis, the social care staffing crisis and the cost-of-living crisis. It was anticipated that the investment in our relationship with Trusted Care to improve our enquiries management process would bear fruit, which the occupancy growth during the year attests to.

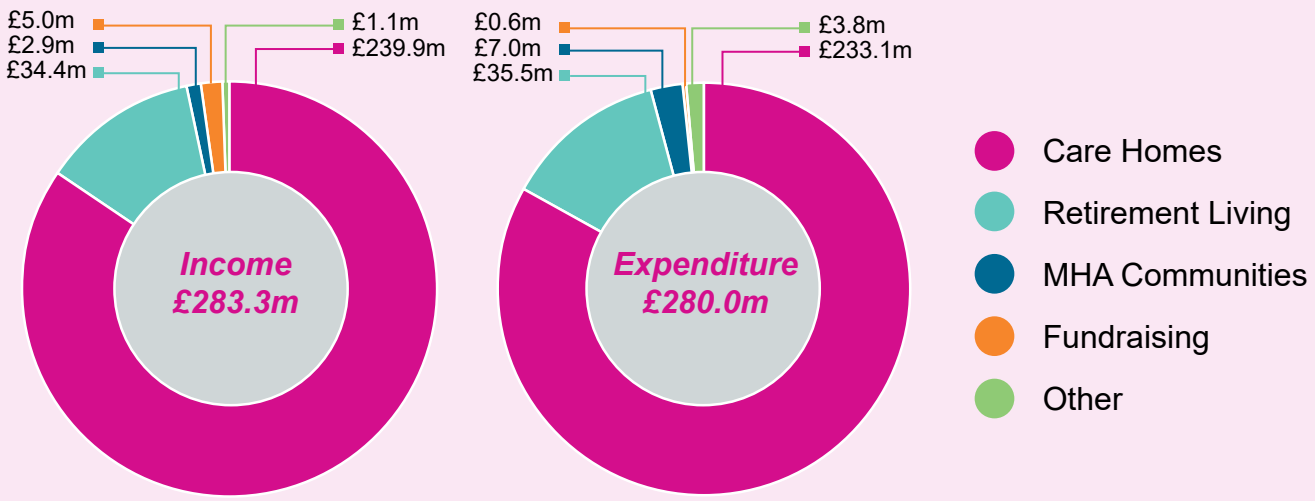
Whilst operational performance was strong, MHA incurred significant exceptional costs in the year which related to the portfolio changes that were made, both the disposal of the care homes, but also the changes to the leased portfolio that were transacted during the year.

Throughout this, MHA continued to invest significantly in the built environment of our care homes and retirement living settings to improve the quality of life for our residents and scheme users. MHA also continues to invest in our charitable endeavours such as chaplaincy, music therapy and our MHA Communities provision.

Despite the continuation of a tough economic environment for charities and the fundraising sector, the value of the fundraised income that we received grew by 14% to £4,985,000 (2023/24: £3,719,000) which is a testament to our dedicated supporters whom we are forever grateful for. These generous donations have contributed towards:

- Underpinning MHA Communities services
- Providing chaplaincy services in our residential settings.
- Providing music therapy in our dementia care settings.
- Contributing towards the capital costs of our existing services.

Key Performance Indicators for the group	2024/25 Actual £'000	2023/24 Actual £'000
Total income	283,275	279,198
Operating costs excluding exceptional costs	280,024	286,117
Exceptional costs	5,199	(5,110)
Surplus/(Loss) for the year (after investment gains and losses)	(404)	5,462
Service users & capacity	**Number**	**Number**
Care homes	4,102	4,608
Number of retirement living properties	2,165	2,161
Community services members supported	9,948	10,981
Occupancy	**2024/25**	**2023/24**
Care homes	88%	83%
Retirement living	96%	94%
Cost of fundraising to voluntary income	9%	14%



These financials include the financial benefit of £81,000 of Government and Local Authority funds to support the care sector during Covid-19 through the Infection Prevention Control Fund (ICF), the Rapid Testing Fund (RTF) and the Workforce Recruitment and Retention Fund (WRRF). A total of £795,000 was received during the previous financial year to support the recruitment and retention of the social care workforce. These monies were specifically to support recovery of the sector post Covid.

The outcomes of our strategic review of services which was completed in 2022/23 continued to impact the organisation during 2024/25. As has been previously mentioned we completed the disposal of the Project Chestnut care homes, transferring three homes to new owners.

In May 2024, following the completion of a transaction to swap-in-swap-out four leased homes from our landlord Legal & General, and purchase the freeholds of three leased homes, we announced the unfortunate closure of two homes, which due to high levels of local authority and health funded residents were not financially viable. A further three homes are on the market as going concern homes, with one more home on the market for a specialist nursing provider to operate on MHA's behalf.

Within retirement living, during November 2024 we announced the difficult decision to sell 14 of our retirement living schemes and to withdraw from providing care in six of these; in addition, we announced the removal of care in two other schemes that will remain with MHA.

In Scotland, the administrators disposed of one of the care homes with the remaining on-site care home and the retirement living village at Auchlochan Garden Village remaining on the market whilst in administration. It is hoped that these Scottish services will be sold during 2025/26.

Despite an increase in total incoming resources significant costs in the year associated with the portfolio changes led MHA to report a small net loss of £404,000 (2023/24: surplus £5,462,000). This results in a net decrease in funds of £1,959,000 (2023/24: increase £4,651,000) and is added to the total balances brought forward of £235,501,000 which reflects non-cash items.

MHA continues to be fortunate in having a strong balance sheet, as reflected in these statutory accounts. Whilst our liquidity currently isn't where we would choose it to be, we have taken difficult decisions to

improve that position in the coming year. Should we need more working capital, we have access to £10,000,000 of rolling credit facilities which have not yet been drawn on.

The Directors consider the market value at 31 March 2025 of the freehold and leasehold land and buildings to be in excess of the costs or valuation as stated in note 10 to the financial statements, based on independent valuations.

Exceptional items in the current year constitute impairments on operating assets across MHA's property portfolio of £4,511,000 reflecting the reduction of the holding values of the sites to their anticipated net realisable values. There is also a reversal of prior year impairments on operating assets across MHA's property portfolio of £4,462,000 reflecting the reinstatement of historic holding values following further clarity in the sales process of their anticipated net realisable values. Costs associated with the strategic review of homes and schemes within the financial year has led to £5,150,000 of exceptional costs.

Exceptional items in the prior year constitute the reversal of prior year impairments on operating assets across MHA's property portfolio of £9,843,000 reflecting the reinstatement of historic holding value. Costs associated with the strategic review of services were £1,280,000. Also, an onerous lease provision was recognised in the year of £3,453,000.

Reserves Policy

The Board of Directors has carried out their annual review of the minimum level of free reserves, which should be maintained within the Group, which remains at a minimum of three months operational expenditure.

Our reserves policy seeks to make sure free reserves are maintained at a level that enables MHA to manage financial risk, allowing us to maintain and improve the future standards of service and care offered to older people over the medium to long-term and ensuring that financial commitments can be met as they fall due.

At the end of 2024/25 total reserves were £233,542,000 (2024: £235,501,000) of which £25,801,000 (2024: £25,766,000) were restricted and endowed and were not available for the general purposes of the charity. There are no designated funds nor are there any funds in deficit.

Total unrestricted funds at the end of 2024/25 were £207,741,000 (2024: £209,735,000) which included the net book value of fixed assets of £329,275,000 (2024: £318,322,000). Fixed assets and associated grants and borrowing can be excluded from the Group's definition of free reserves as the Group considers the level of cash and other liquid funds as a more appropriate measure of its ability to meet its commitments and invest in the future.

Actual free reserves which MHA defines as cash or liquid funds were £12,401,000 (2024: £37,638,000). The Board considers that minimum free reserves of approximately £66,000,000 (2024: £67,000,000) are needed to cover such items and to enable the Group to continue to operate to meet its charitable objectives.

This level of financial reserves equates to less than one month of operational expenditure which is below the reserves policy requirement. During the coming financial year, Management and Board will manage reserves to work towards alignment with the three-month requirement which will be achieved from the receipt of disposal proceeds for the homes and schemes for sale.

Our financial reserves provide an important financial buffer in the current climate of heightened economic uncertainty. We anticipate that economic uncertainty will continue for at least the next 12 months.

Since MHA is confident that it can meet the required pension contributions from projected future income without significantly impacting on its planned level of charitable activity, it continues to calculate its free or general reserves without setting aside designated reserves to cover the pension liability.

The Directors are satisfied that there are sufficient reserves to meet pension liabilities arising from the MHA defined benefit scheme, which was closed to new entrants on 31 March 2010.

Treasury Management Policy

The Treasury Management Policy sets the boundaries for acceptable financial risks and delegates treasury decisions for managing those risks in a controlled manner.

The policy makes sure MHA is actively and regularly monitoring, measuring and managing treasury risks in a robust and consistent manner, clarifying responsibilities between the various stakeholders to ensure that adequate funds are available for ongoing operational requirements as well as for the longer-term strategic aspirations of the organisation.

The policy incorporates the different types of funds held. These are:

- General funds to provide working capital in line with the reserves policy.
- Restricted funds (excluding MHA Communities and service specific amenity funds) and
- Permanent endowment funds.

The management of investments is delegated to the Central Finance Board of the Methodist Church. Performance of investments is reviewed annually by the Board and is judged to be satisfactory. Investments are held in equities, fixed interest deposits and cash totalling £1,377,000 (2024: £1,390,000) at the balance sheet date.

Principal Funding Sources

MHA undertook a refinancing exercise during 2024/25 as the existing loans were approaching full term. This resulted in the full repayment of the Allied Irish Bank loan, consolidating all lending with Barclays Bank Plc. Therefore, as at 31 March 2025, the drawn loan facilities with the Allied Irish Bank were nil and the drawn loan facilities with Barclays Bank Plc were £86,000,000.

Furthermore, MHA is able to bolster funding by a £10,000,000 undrawn revolving cash facility (RCF) that we have in place with Barclays Bank. This is designed to support operational funding and liquidity requirements as required.

Methodist Homes Housing Association Ltd has a loan facility with the Nationwide Building Society with the balance at 31 March 2025 being £1,769,000 and a loan facility with Capita totalling £1,097,000 as at 31 March 2025.

Fixed asset additions of £46,336,000 which comprises additions of £47,772,000 less completions of £1,436,000, were financed by accessing existing reserves. This expenditure enables MHA to develop existing properties to maintain existing standards and meet new standards where relevant.

As part of care home operations MHA operates 25 (28 in 2024) leased homes which have been established via sale and lease back arrangements.

Going Concern

Financial sustainability continues to be a critical issue for the social care sector. The long shadow cast by the Covid-19 pandemic impacting occupancy recovery, the social care staffing crisis, the energy crisis and cost-of-living crisis significantly increasing costs for the sector have magnified that risk. Unfortunately, despite our strong financial position at the beginning of the pandemic, MHA has not been immune to that risk.

Based on our financial forecasting, a key area of focus for the organisation continues to be on the mitigating actions we can take to support the ongoing financial sustainability of the organisation. In addition to the actions following the strategic review of services completed in 2022/23 MHA has also focused on:

- Attracting more older people to our care homes to recover occupancy rates whilst balancing the need to care for those residents without employing costly agency staff.
- Recruitment and retention of colleagues
- Reducing costs where feasible, without reducing quality.
- Increasing the effectiveness and efficiency of the organisation.

As we move into 2025/26 MHA has undertaken financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios reflect various assumptions including levels of occupancy, staffing costs, levels of capital expenditure and the timing and quantum of service disposal receipts.

None of the scenarios modelled result in any covenant breaches on the specified measurement dates expected in the coming period. MHA has fostered strong relationships with our key lending bank (Barclays) who remain supportive, having recently re-financed with us.

MHA has existing loan facilities that include an £86,000,000 loan to August 2029 and a £10,000,000 undrawn revolving credit facility (RCF) to August 2027, both with Barclays.

Whilst ELT and the Board do not consider it likely based on current information, if performance was to be significantly adverse to our latest forecasts for a considerable period of time there could be a substantial impact on MHA's surplus generation and cash flows which could potentially put the organisation at risk of breaching the financial covenants on our loans. As a consequence, MHA would require further support from the bank by means of a covenant waiver or deferral. Whilst ELT believes that the Group would continue to have the support of the bank, in these circumstances there is no certainty that this would be the case.

Based on our financial scenario modelling and latest forecasts, ELT and the Board feel it remains appropriate to continue to prepare the financial statements on a going concern basis.

Risk Management

The Board retains overall responsibility for risk management and decides the level of risk it is prepared to tolerate. The Board promotes a culture of prudence with resources.

Risk management is exercised across MHA through the functional heads of department, ELT, relevant Board Committees and the Board. Risks can surface throughout the organisation and are recorded through department risk registers, and where required (either as a result of severity or pervasiveness to the organisation) are reported through to ELT, Board Committees and Board. ELT carry out monthly reviews of key operational risks and half-yearly reviews of strategic risks for their areas, which are subsequently reviewed by the Audit and Risk Committee. The Board completes six-monthly reviews of strategic risk.

MHA's revised procedure for the recording and monitoring of risk was implemented in 2019/20 with regular reviews and evaluation of risk registers being embedded during subsequent years. During the last year we have been working to improve our assurance framework by introducing the three lines of defence model of assurance mapping. In addition, we have established the Corporate Governance Group, reporting to the Audit and Risk Committee to co-ordinate this work. The Board has carried out a review of risk tolerance to align to our next five-year strategy that launches in April 2025.

Risk register reviews assess and document risk from both a strategic and operational viewpoint. MHA continues to recognise the following key strategic risks which are overseen by the Board and reviewed on an ongoing basis by the ELT.

Risk	Explanation	Mitigations
Strategic Finance	There is a risk that poor financial performance (either due to internal or external factors), over an extended period of time could lead to financial instability for the organisation.	Improve attractiveness of MHA for re-financing and financial viability of the organisation through remedial portfolio projects, including timely progress of change projects, as well as reduction in overheads and central support cost. Strengthen ongoing business as usual organisational financial performance by driving occupancy, managing staffing and agency costs and prudence with all discretionary spend. Introduction of a cash floor as an additional measure of financial control.
Operations - Blueprints	There is a risk that MHA falls behind the sector if it does not fully implement the Care Home Blueprint and clarify the full breadth of the Dementia Offer.	Work being undertaken by Head of Estates to operationalise the blueprints, including detailed financial modelling. Blueprints for all four areas of the charity are now integral to the five-years strategy and are embedded into the business planning and objective setting process. A Blueprint implementation group with key stakeholders from across MHA are charged with overseeing a three-year Care Home Blueprint implementation plan, including the introduction of a Pathfinder Home. Further work is required to set out the financial model underpinning the Housing with Care Blueprint.

Risk	Explanation	Mitigations
Estates Compliance	There is a risk that MHA fails to address the scale and scope of the property and compliance risks faced by the organisation.	A full review of the compliance requirements has been undertaken to inform the budget and programme of works. Definitions for the level of risk have been rationalised and the introduction of the Facilio asset management system will give enhanced reporting going forward to ensure all compliance audits, inspections and remedial works are completed on time.
Stock Condition	There is a risk that MHA does not have sufficient understanding of the condition of its stock overall, leading to poor decision making in capital investment.	Full stock condition survey instructed for care homes with retirement living to follow. Facilio to be implemented and fully integrated with compliance and repairs data, ensuring that the asset register is maintained and up to date at all times. This will enable prioritisation of Estates expenditure.
Recruitment and Retention	MHA is unable to recruit and retain the required workforce.	Focused recruitment campaigns based on need running alongside brand campaigns highlighting MHA as an employer of choice. Retention working group and associated initiatives in pilot phase. Focus on improving organisational culture including employee wellbeing and employee assistance line.
People Culture	Risk of negative culture as a result of strategic changes, close/sale of services and office move causing disengagement, impacting productivity and ability to deliver business requirements.	Proactively plan resource requirements through change process to manage talent. Clear and effective communications plan for announcement, prior to and throughout change programme. Establish consistent ways of working within and across teams to support collaboration. Supportive and effective management, including 1-1s and wellbeing plan for each individual to fully engage and deliver role well.

Risk	Explanation	Mitigations
MHA values	Risk that we don't position MHA effectively or fundraise sufficiently to maintain our ethos and distinctiveness, therefore we are unable to fund MHA's unique services (e.g. Chaplaincy; Music Therapy; Communities).	The strengthening of localised support for fundraising and volunteering through Collaborative Communities to build local networks. Further developing relationships with faith communities at a local level through dedicated area support chaplaincy hours and the communications supporter engagement team. Develop a case for support for Music Therapy. Effectively define and communicate impact and social return on investment.
Safeguarding	There is a risk that a serious safeguarding event occurs, creating a significant regulatory, reputational or financial challenge to the charity.	Strict safeguarding controls are in place led by the Safeguarding lead under direction of the Deputy CEO. Safeguarding is a standing agenda item at all quality forums, quality review meetings and quality governance meetings, with routine reporting of trends to Operations Committee and Board. The Charity has a Board level safeguarding lead who receives a comprehensive annual report setting out controls, incidents and outcomes of safeguarding practice.
All encompassing risk to MHA	There is a risk that MHA is unable to mitigate fully an unanticipated existential threat (e.g. pandemic, war, terror attack, scandal) or a risk created by political or regulatory changes.	Gold command structure and process documented. Horizon scanning a standing item on ELT risk register reviews.

Director's Duties

The directors of MHA, as those of all UK companies, must act in accordance with a general set of rules. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of all its stakeholders as a whole, and in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term.
- The interest of the company's employees.
- The need to foster the company's business relationships with suppliers, residents and others.
- The impact of the company's operations on the community and environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.

As part of their induction, directors are briefed on their duties and they can access professional advice on these either through the Company Secretary or, if they judge necessary, through independent professional advisors.

As is typical in charities and large organisations, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to ELT. Further details can be found in the Governance Report on page 50.

The following summarise how the directors fulfil their duties:

Our people

Our colleagues are fundamental to the delivery of our strategy, one objective of which is to be inclusive and proactive in the development of our people. We aim to be a responsible employer in our approach to the pay and benefits our employees receive.

Communication and consultation take place with employees across the organisation and at all levels with a variety of communication and feedback tools being used to ensure that employee views are taken into account when decisions are made that are likely to impact them.

Business relationships

MHA applies robust qualification processes for suppliers and excludes any suppliers from the tendering processes who do not comply with the legal and ethical standards which MHA demands. MHA has developed excellent relationships with suppliers in all key supply chain areas with formalised supply contracts and utilisation of technology to facilitate the tendering, contract and management of supplies.

Energy and Emissions Consumption

We take our impact on the global climate seriously and in 2024/25 we continued to develop our strategy to reduce our carbon emissions. This work will continue into 2025/26.

MHA is committed to year-on-year improvements in our operational energy efficiency. As such, a register of available energy efficiency measure has been compiled with a view to determining and implementing these measures over the coming years in line with the strategy being implemented.

MHA is fully compliant with Streamlined Energy and Carbon Reporting (SECR) and the Energy Savings Opportunity Scheme (ESOS) requirements, both of which are statutory requirements.

During 2024/25 we engaged a specialist energy management consultancy to advise and support us, as well as a specialist consultant who is supporting MHA to advance our organisational approach to Environmental, Social and Corporate Governance (ESG) reporting.

We monitor peer activities and ensure we are commensurate to the marketplace, which in turn will assist us in achieving our aim of being market leading.

All our sites have a good level of energy awareness. This is in the use of installed efficient equipment (such as LED lighting or modern boilers), optimised controls for lighting and plant rooms or the initiatives of individuals such as home managers and maintenance colleagues.

Electricity is used in all services and accounts for 28% of the total energy consumption. Use is predominantly for lighting and small domestic appliances, with major users varying from service to service but including kitchen appliances, laundry and hair salons.

Natural gas consumption accounts for 70% of the total energy consumption, with most of our homes using this for heating and hot water, laundry and cooking.

Transport accounts for 2% of the total energy consumption covering the minibuses that some of our services use and a small number of company cars, as most employees use their own vehicles for business use. Data for this grey fleet has been derived from mileage, sourced from the expense claims of the individual colleagues.

Below is a summary of the energy usage, associated emissions, energy efficiency actions and energy performance for Methodist Homes under the government policy Streamlined Energy & Carbon Reporting (SECR). This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

An intensity metric of kgCO2e per m2 has been applied for the annual total emissions. The methodology of the intensity metric calculations is detailed shortly. MHA operations have an intensity metric of 47.73 tCO2e (2024: 44.26 tCO2e) per gross internal area m2 for this reporting year. This represents a year-on-year increase in the operational carbon intensity of 7.84%.

The overall kWh consumption during 2024/25 has reduced by 1.38% compared to 2023/24 with energy efficiency measures implemented over the last few years reducing electricity consumption. Transport consumption has decreased due to an increase in electric vehicle usage in our grey fleet.

Measures ongoing and undertaken through 2024/25

Pipework & heating controls replacement (various)
We have replaced both gas and water pipework across various sites as well as heating control systems to better manage energy.

Boiler replacements (various)
We have replaced boilers across various sites where applicable to better reduced energy/heat loss from old systems.

Lighting & wiring upgrades (various)
We have replaced old lighting with newer efficient LEDs both internally and externally across sites to reduce electricity consumption.

Energy Category	2024/5 Consumption (kWh)	2023/4 Consumption (kWh)	2024/25 %	2023/24 %	2024/25 Emissions (tCO2e)	2023/24 Emissions (tCO2e)
Electricity (Scope 2)	17,842,449	18,301,596	28%	26%	3,696	3,790
Gas (Scope 1)	50,408,393	50,862,369	70%	72%	9,220	9,304
Transport (Scope 3)	1,361,850	1,419,406	2%	2%	326	327
Total	69,612,692	70,583,371	100%	100%	13,242	13,421

Measures prioritised for implementation in 2025/26

Water system replacement (Stratton House)
We intend to replace the hot and cold water-system at our Stratton House site to ensure heating is used more efficiently.

Pipework & plant room renewal (Laurel Court)
We intend to replace the heating system and subsequent pipework at our Laurel Court site to ensure energy is used as efficiently as possible.

Lighting upgrades (various)
We intend to replace old lighting to new LEDs to lower energy consumption through non-efficient bulbs.

Reporting Methodology

Scope 1 – consumption and emissions include direct combustion of natural gas, and fuels utilised for transport operations, for example, company vehicle fleets.

Scope 2 – consumption and emissions refer to indirect emissions related to the consumption of purchased electricity in day-to-day business operations.

Scope 3 – consumption and emissions cover emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

We have reported all our emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. Reporting of calculated emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2024.

The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

Emissions from purchased electricity can be calculated in two ways:

Market-based method allows companies to reduce the calculation of carbon emissions based on the electricity contract they have purchased. By committing to purchase renewable energy, they are supporting the renewable energy transition at a national level.

Location-based method does not account for procurement decisions; it looks strictly at physical emissions from electricity delivered through a grid network.

We have chosen to calculate this year's electricity using the location-based method.

Intensity metrics have been calculated using total tCO2e figures and the selected performance indicator agreed with MHA for the relevant reporting period:

- Gross internal area (m2) 277,414 (303,196 in the prior year).

Structure, governance and management

Governing Document

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 04043124) and a registered Charity (Registered Charity No. 1083995). It is governed by its Memorandum and Articles of Association dated 31 March 2011.

Methodist Homes is the parent company of two connected charitable organisations Methodist Homes Housing Association Ltd and MHA Auchlochan Ltd. MHA Auchlochan was put into administration on 2 May 2023.

The charitable objective of the charity is "the relief of elderly people and other adults in need, particularly (but not limited to) those with mental illness or physical and/or learning disabilities by providing: care and support services; and/or accommodation; and/or any other provision, which may facilitate an improved quality of life for such persons in the United Kingdom".

In furtherance of this objective, MHA provides care to older people through care homes (including residential, dementia and nursing homes) offering 24-hour person-centred care and support for our residents in specially designed accommodation; retirement living settings comprising purpose-built apartments with shared areas for activities and in retirement living with care schemes the option to have additional 24-hour staffing to provide person-centred care and support to meet individual needs; MHA Communities which are community-based schemes providing practical and social support to older people living in their own homes, promoting independence and wellbeing.

Organisational Structure

The Board consists of up to 12 members, one of whom is nominated by the Methodist Church. The Board typically meets six times a year and reviews operational and financial performance, decides the strategic aims of the charity, and holds management to account in performing executive functions. Decisions are taken in accordance with the instructions laid down in the charity's governing documents, delegated authorities and related policy documents.

The Board delegates authority for day-to-day management to ELT led by the Chief Executive. Whilst ELT may have the title of director they are not statutory directors. References within this report to directors refer to board members with statutory responsibilities.

The Board has the following committees, all of which have a group-wide remit.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in exercising their responsibilities for the oversight of governance, compliance and risk within MHA.

It meets four times a year and has a minimum of three Trustees, two of whom have recent, relevant audit or risk experience. The Director of Finance, IT & Procurement, Company Secretary, Deputy Chief Executive, and Head of Quality Assurance are attendees, but not members of the Committee.

Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation and a new appointment in the year. A decision was made to appoint an Independent Member of the Audit and Risk Committee to provide additional support and expertise.

The key responsibilities of the Committee

are the overview of the preparation of the financial statements and recommendation to Board; the review of reports from external and internal auditors and the monitoring of the implementation of recommended management actions as well as providing an overview of risk management within the organisation.

Finance and Capital Expenditure Committee

The Finance and Capital Expenditure Committee assists the Board in exercising oversight on the financial performance of MHA, including review and recommendation to the Board of the annual budget and regular forecasts. The Committee also has oversight of the organisation's strategic IT plans and investment in infrastructure.

The Finance and Capital Expenditure Committee meets at least four times a year and has a minimum of three Trustees. There are currently four members, two of whom have recent, relevant financial experience. The Director of Finance, IT & Procurement, the Deputy Chief Executive and Company Secretary are attendees, but not members of the Committee.

Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation and a new appointment in the year.

The key responsibilities of the Committee are overview of financial performance including the cashflow of the organisation, scrutinising budgets and forecasts and recommending them to the Board; the Committee scrutinises the property strategy including proposed capital expenditure, acquisitions and disposals; the Committee monitors and reviews the treasury policy and associated KPI's, investment policy and pension funds.

Nominations Committee

The Nominations Committee is principally responsible for leading the process for selecting suitable candidates for consideration for appointment to the MHA Board and its committees. It regularly reviews the size, structure and composition of the Board and makes recommendations to the Board.

The Nominations Committee meets a minimum of three times a year and has a minimum of three Trustees. There are currently five Committee members, comprising the Chair of the Board, the Chairs of the Operations, Finance and Audit Committees and the Trustee nominated by the Methodist Church. There was one resignation in the year. The Chief Executive and Company Secretary are attendees, but not members of the Committee.

The key responsibilities of the Committee are to determine ELT remuneration in line with our People Strategy at a fair and competitive rate as well as the oversight of the good governance of the charity including the selection of new Trustees and appointments to the board committees.

Operations Committee

The Operations Committee exercises oversight on behalf of the Board of the systems and practices for ensuring the quality, effectiveness and performance of services provided by MHA, the resident and service member experience and matters of safety for residents and colleagues, as well as receiving assurance on operational risks.

The Operations Committee meets four times a year and has a minimum of three Trustees. There are currently five Committee members, three of whom have recent, relevant care sector experience.

The Deputy Chief Executive, Director of People and Communications, the Director of Communities, Fundraising and Marketing and the Company Secretary are attendees, but not members of the Committee. Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation in the year.

The key responsibilities of the Committee are to exercise oversight on behalf of the Board of the systems and practices for ensuring the quality, effectiveness and performance of the services provided by MHA; to monitor performance against quality and safety KPIs and compliance with national, legislative and accreditation standards; to notify the Board of any significant concerns regarding quality of care across the organisation; to monitor the effectiveness of the strategy and measures in relation to staff recruitment and retention and to review the resident and service users experience.

Charity Governance Code

The Charity has been reviewing and updating its governance arrangements over the last few years to bring it in line with the Charity Governance Code for larger charities. To help assess our progress and to ensure best practice in our governance arrangements, we appointed Campbell Tickell to conduct an external governance review in November 2022. The report from Campbell Tickell was received by the Board in March 2023 and confirmed that overall, our governance works well and there was particular praise in the report for the professionalism and commitment of our Board and ELT.

The report identified some areas for improvement and the Board approved an action plan to address these areas in July 2023. Progress against the plan is monitored at each Board meeting and all actions were completed in accordance with the timetable in the plan. We will continue with our programme of improvements to ensure we continue to comply with the seven principles of the code. The newly formed Corporate Governance Group will monitor our continued compliance.

Election, Appointment and Training of Board Members

Board members are appointed by the Board through an open recruitment process led by the Nominations Committee. The process follows Charity Commission guidelines in making sure there is an appropriate range of skills, knowledge and experience among its members.

The Chair is eligible to serve for two terms of three years. Board members are eligible to serve for three terms of three years. The maximum term of office for any board member is nine years, subject to re-election during that period.

The Church representative is nominated in conjunction with the Secretary of the Conference of the Methodist Church and/or their representative and reported to the Conference of the Methodist Church.

New board members receive full induction which includes our Code of Conduct, constitutional documents, board manual, policies and information relevant to the work of the charity. All Board members visit services and further develop understanding of the work of the organisation as well as appropriate training. A full training programme has been implemented on a rolling basis to ensure all directors remain up to date with all regulatory regimes that apply to the Charity's work. Insurance has been taken to indemnify board members against liability for wrongful acts which was in place throughout the financial year.

Members who served on the Board during the year are shown in the list of officers on page 56.

Remuneration

The remuneration of executive directors and other colleagues is reviewed annually. Remuneration levels are benchmarked against the care sector and organisations of a similar size run on a not-for-profit basis, from time to time to make sure we retain our talent and remain competitive.

Board members receive no remuneration.

Patrons

We would like to take this opportunity to thank our patrons, former President of the Methodist Church, Baroness Kathleen Richardson of Calow, OBE, broadcaster and writer Pam Rhodes and Dame Denise Platt, previous Chair of the Commission for Social Care Inspection which was the predecessor to the Care Quality Commission (CQC). Their support is invaluable in raising the profile of MHA and its work, helping us to reach out to more elderly people in need. Supporting national events and backing high profile appeals helps us generate essential charitable income. The time and contribution given by our Patrons is greatly appreciated.

Connected Companies

During the year to 31 March 2025 Methodist Homes worked closely with its associated charitable organisation:

- Methodist Homes Housing Association Ltd (MHHA) – subsidiary undertaking

MHA Auchlochan Ltd (MHAA) another subsidiary undertaking was put into the hands of administrators on 2 May 2023.

Colleagues

MHA is fortunate in employing colleagues who share our values and provide an exceptional service to older people. We are careful in our recruitment and committed to retaining good colleagues through rewards, training, personal development and career opportunities, flexible benefits and engagement. We are grateful for the contribution and work of all colleagues, who together make a real difference to the lives of older people.

We have a commitment not to discriminate against any person or group on any basis which underpins our policies and actions. We are open to all and actively support people with disabilities giving full and fair consideration at recruitment and support throughout employment. MHA continues to work to reflect the diversity of the local population.

Statement of Board's Responsibilities

The Board members (who are also directors of Methodist Homes for the purposes of company law) are responsible for preparing the Board of Directors' Report, including the Strategic Report, and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that financial year.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) and the Housing Statement of Recommended Practice.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards, comprising FRS 102, 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company'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. 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 directors are responsible for the maintenance and integrity of 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.

Internal Financial Controls Assurance

The Board is responsible for the Group systems of internal financial control. Such systems can only provide reasonable, not absolute, assurance against material misstatement or loss. The Board and ELT are reviewing the controls around key risks, which will evolve as the sector environment changes.

The Board confirms there is an ongoing process for identifying, evaluating and managing significant risks to the achievement of the Group strategic objectives. It has established a number of procedures, which are designed to provide effective internal financial controls:

- Control environment and procedures – the Board has approved an ELT delegation document, giving clear management responsibilities in relation to financial control and limits to management discretion. Financial processes are supervised by staff with appropriate experience and qualification.
- Risk management – the Board has adopted financial strategies, designed to identify and control significant risks facing the organisation. All significant initiatives and capital investments are subject to formal authorisation procedures.
- Management information – the Board approves a rolling plan annually, which incorporates an annual budget and receives regular financial and management reports that identify variances from budget and key financial indicators.
- Monitoring systems – the Board has an Audit and Risk Committee, which reviews reports from management, external auditors and internal control assessments to provide reasonable assurance that control procedures are in place and being followed. The committee makes regular reports to the Board.

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2025 and until the date of approval of the financial statements. No weaknesses were found that resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Statement as to Disclosure of Information to Auditors

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are directors of the company at the date when this report is approved confirms that:

a. So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
b. he/she has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Crowe U.K. LLP were re-appointed during the year as MHA's auditors. A resolution concerning their re-appointment will be proposed at the Annual General Meeting. The Board of Directors' Report including the strategic report was approved on 24 July 2025 and signed on its behalf by

James Reilly
Chair
Epworth House
Stuart Street
Derby
DE1 2EQ

Reference and administrative details

Patrons			
Baroness Kathleen Richardson of Callow, OBE			
Dame Denise Platt			
Pam Rhodes			
Board	**Term of Office**		**Committee Membership**
	Start	*Finish*	
James Reilly Chair of the Board	Jul 2016 (as a trustee) Sep 2021 (as Chair)		Nominations Committee
Other board members			
Andrew Cozens	Jul 2015 (as a trustee) Aug 2023 (as SID)		Nominations, Senior Independent Director, Operations Committee
Bala Gananpragasam	Aug 2015	July 2024	Finance & Capital Expenditure Committee
Martin Burkitt	Oct 2016	Sep 2024	Finance & Capital Expenditure Committee
Ruth Gee	Jul 2019	July 2024	Operations & Nominations Committee
Lisa Commane (nee Champion)	Jul 2019	Mar 2025	Finance & Capital Expenditure Committee
Keith Hickey	Jul 2019		Audit & Risk, Nominations, Hardship & Welfare Committee
Anne Anketell	Nov 2022		Operations, Audit & Risk Committee, Hardship & Welfare Committees
Richard Vautry	Nov 2022		Operations Committee
Jessica White	Sept 2023		Finance & Capital Expenditure, Audit & Risk Committee, Nominations Committee
Frances Beves	Aug 2024		Operations Committee, Hardship & Welfare Committees
Richard Humphries	Sep 2024		Finance & Capital Expenditure, Operations
Catherine Kerr	Aug 2024		Operations Committee, Audit and Risk Committee
Rev Derek McLean	Aug 2024		Finance & Capital Expenditure Committee, Nominations Committee
Archana Srivatsan	Sep 2024		Finance and Capital Expenditure Committee
Executive Leadership Team			
Anna Marshall-Day	2006		Director of People & Communications
Simon (known as Sam) Monaghan	2018		Chief Executive
Mandy Mottram	2018		Company Secretary & General Counsel
Daniel Ryan	2019		Deputy Chief Executive
Victoria Parkinson	2020		Director of Finance, IT & Procurement
Jonathan Mace	2022		Director of Communities, Marketing and Fundraising

Company Secretary

Mandy Mottram

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Tel: (01332) 296200
Website: mha.org.uk

Charity Registered Number - 1083995
Company Registered in England and Wales Number – 04043124

Professional Advisors

Solicitors

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Independent Auditor's Report to the Members and the Trustees of Methodist Homes

Opinion

We have audited the financial statements of Methodist Homes ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2025 which comprise The Consolidated Statement of Financial Activities, Group and Company Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). 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 2025 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter

We draw attention to Note 10 of the financial statements, which highlights the impairment recognised in the year on the Methodist Homes property portfolio and the inherent uncertainty in assessing the realisable value of these assets. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs(UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty.

We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were, Care Quality Commission (CQC) Regulations for service providers and managers, taxation legislation, health and safety legislation, employment legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of legacy income and contract income relating to fees and charges, impairment of fixed assets, and the override of controls by management.

Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, discussion and review of management's assessment of impairment of fixed assets, sample testing on the posting of journals and legacies, in addition reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and Care Quality Commission, and reading regulatory reports and minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed noncompliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
24 July 2025

Consolidated Statement of Financial Activities

For the year ended 31 March 2025

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2025 £'000	Total 2024 £'000
Income and endowments from:						
Donations and legacies	2	3,698	1,287	-	4,985	3,719
Charitable activities						
Care homes		239,716	143	-	239,859	232,841
Retirement living		34,397	26	-	34,423	38,021
MHA Communities		-	2,884	-	2,884	2,885
Other		142	-	-	142	368
Total charitable activities	3/5	**274,255**	**3,053**	**-**	**277,308**	**274,115**
Investments		669	283	30	982	1,364
Total		**278,622**	**4,623**	**30**	**283,275**	**279,198**
Expenditure on:						
Raising funds		629	-	-	629	789
Charitable activities						
Care homes		228,008	672	-	228,680	247,094
Retirement living		39,949	58	-	40,007	17,834
MHA Communities		2,551	4,461	-	7,012	7,034
Other		7,121	125	2	7,248	6,662
Total charitable activities	5	**277,629**	**5,316**	**2**	**282,947**	**278,624**
Other	6	1,647	-	-	1,647	1,594
Total	4	**279,905**	**5,316**	**2**	**285,223**	**281,007**
Net (losses)/gains on investments		-	(1)	(12)	(13)	36
Net proceeds on disposals		1,557	-	-	1,557	7,235
Net (loss)/income		**274**	**(694)**	**16**	**(404)**	**5,462**
Transfer between funds		**(713)**	**713**			
Other recognised (losses)/gains:						
Actuarial gain on defined benefit pension schemes	21	82	-	-	82	32
Other - interest rate swaps (losses)	15	(1,637)	-	-	(1,637)	(843)
Net movement in funds		**(1,994)**	**19**	**16**	**(1,959)**	**4,651**
Reconciliation of funds:						
Total funds brought forward	19	209,735	24,817	949	235,501	231,715
Deconsolidation of subsidiary		-	-	-	-	(865)
Total funds brought forward		**207,741**	**24,836**	**965**	**233,542**	**235,501**

All activities in both years are continuing activities.

Statement of Financial Position

For the year ended 31 March 2025

	Note	Group		Company	
		Total 2025 £'000	Total 2024 £'000	Total 2025 £'000	Total 2024 £'000
Fixed assets					
Intangible fixed assets	9	1,465	504	1,465	504
Tangible fixed assets	10	329,275	318,322	282,565	270,513
Investments	12	1,377	1,390	1,377	1,390
		332,117	**320,216**	**285,407**	**272,407**
Current assets					
Debtors	13	27,246	27,879	25,289	25,518
Cash at bank and in hand		28,990	50,792	24,695	46,743
Total current assets		**56,236**	**78,671**	**49,984**	**72,261**
Liabilities					
Creditors: Amounts falling within one year	14	(54,400)	(75,644)	(63,119)	(84,765)
Net current assets/(liabilities)		**1,836**	**3,027**	**(13,135)**	**(12,504)**
Total assets less current liabilities		**333,953**	**323,243**	**272,272**	**259,903**
Creditors: Amounts falling after one year	15	(84,372)	(70,521)	(81,731)	(67,656)
Provisions for liabilities	16	(16,039)	(17,220)	(16,039)	(17,150)
Total net assets before defined benefit pension liability		**233,542**	**235,502**	**174,502**	**175,097**
Defined benefit pension scheme liability	21	-	(1)	-	(1)
Total net assets		**233,542**	**235,501**	**174,502**	**175,096**
Funds					
Endowment funds	18	965	949	965	949
Restricted income funds	19	24,836	24,817	24,668	24,668
Unrestricted income fund: General fund	20	207,741	209,735	148,869	149,479
Total funds	20	**233,542**	**235,501**	**174,502**	**175,096**

A surplus before gains and losses for year of £961,000 (2024: £8,253,000 surplus) has been included within these financial statements for the company. The financial statements on pages 62 to 64 were approved on behalf of the Board and authorised for issue on 24 July 2025 and signed on its behalf by:

James Reilly - Chair

Consolidated Cash Flow Statement

For the year ended 31 March 2025

	Note	2025		2024	
		£'000	£'000	£'000	£'000
Cash flow from operating activities:					
Net cash inflow by operating activities	22a		**4,585**		**(725)**
Cash flow from investing activities:					
Investment income		982		1,364	
Purchase of tangible fixed assets		(30,636)		(25,149)	
Purchase of intangible fixed assets		(1,436)		(147)	
Proceeds from the sale of tangible fixed assets		10,625		20,467	
Transfer of cash to Administrators for Auchlochan		-		(7,458)	
Net cash generated investing activities			**(20,465)**		**(10,923)**
Cash flow from financing activities					
Interest paid and similar charges		(4,684)		(4,363)	
Cash inflows from new borrowing		16,000		-	
Repayments of borrowings		(17,238)		(2,160)	
Net cash outflow financing activities			**(5,922)**		**(6,523)**
Net change in cash and cash equivalents			**(21,802)**		**(18,171)**
Cash and cash equivalents at the beginning of the year			**50,792**		**68,963**
Cash and cash equivalents at the end of the year			**28,990**		**50,792**

Notes to the Financial Statements

For the year ended 31 March 2025

1. Principal Accounting Policies

Statement of Compliance

The financial statements of Methodist Homes have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

General information

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by Memorandum and Articles of Association dated 31 March 2011. It is domiciled and registered in the UK. The address of its registered office is Methodist Homes, Epworth House, Stuart Street, Derby, DE1 2EQ.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historical cost convention, with the exception of owned freehold care homes, long leasehold care homes which are shown at deemed cost. They have also been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (Charities SORP (FRS102)) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and the Companies Act 2006.

Due to the announcement of MHA Auchlochan (MHAA) being put into administration on the 2 May 2023, MHAA is not consolidated in the group financial accounts ended 31 March 2025.

As at 31 March 2025 owned freehold and long leasehold care homes were valued at deemed cost as permitted by the transitional arrangements to FRS102. The deemed cost is the historic value or market value at transition. The valuations of land and buildings for care homes were made in 2013 by Knight Frank on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice Note 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The method used and significant assumptions applied in estimating the fair values for the care homes were by reference to the 'profits method' as this is the basis on which such properties are commonly bought or sold. In undertaking the valuation of the property, Knight Frank made an assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property and purchaser sentiment. Knight Frank then applied these to the properties, taking into account size, location, aspect. Other material factors, such as where planned works were due to take place creating a reduced occupancy, have been factored in.

Open Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Additions to owned freehold and leasehold care homes after the date of transition are recognised at cost in accordance with the accounting policy.

The Charity constitutes a public benefit entity as defined by FRS102.

Going concern

The Charity's business activities, its current financial position and factors likely to affect its future development are set out in the Board of Directors' Report. The Charity has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Charity's day to day operations.

MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, staffing costs, level of capital expenditure and the timing and quantum of service disposal receipts.

None of the scenarios modelled result in any covenant breaches on the specified measurement dates expected in the coming period. MHA has fostered strong and supportive relationships with our key lending bank (Barclays) who remain supportive, having recently re-financed with us.

MHA has existing loan facilities that include a £86,000,000 loan to August 2029 and a £10,000,000 undrawn revolving credit facility (RCF) to August 2027, both with Barclays.

Whilst ELT and the Board do not consider it likely based on current information, if performance was to be significantly adverse to our latest forecasts for a considerable period of time there could be a substantial impact on MHA's surplus generation and cash flows which could potentially put the organisation at risk of breaching the financial covenants on our loans. As a consequence, MHA would require further support from the bank by means of a covenant waiver or deferral. Whilst ELT believes that the Group would continue to have the support of the bank, in these circumstances there is no certainty that this would be the case.

Based on our financial scenario modelling and latest forecasts, ELT and the Board feel it remains appropriate to continue to prepare the financial statements on a going concern basis.

Basis of consolidation

The consolidated Group financial statements of Methodist Homes and its subsidiary undertakings are presented using acquisition accounting on a line by line basis. Intra-Group profits are eliminated on consolidation. A separate Statement of Financial Activities and Income and Expenditure Account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

The wholly controlled subsidiary which is consolidated is:

Methodist Homes Housing Association Ltd- Registered Provider of Social Housing

Due to the announcement of MHA Auchlochan (MHAA) being put into administration on the 2 May 2023, MHAA is no longer consolidated in the MHA group financial accounts.
A subsidiary is an entity controlled by the Parent. The parent Charity can exercise control through trusteeship, which gives a parent Charity the ability to govern the financial and operating policies of the subsidiary. The above entity is a subsidiary of Methodist Homes by means of various inter-Group agreements. Methodist Homes has the power to appoint and/or remove a majority of the Trustees and thus demonstrate control.

Income recognition

All income is recognised once the Charity has entitlement to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donations are recognised on a cash basis when received. In the event that a donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period. The Charity received substantial amounts of voluntary help from its supporters but no attempt is made to place a financial value on these services and they are not included in these financial statements. Voluntary help covers a range of activities from fundraising to helping with activities in the Homes.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Charitable activities

Fees, charges and rents – Income represents the amounts charged for occupation costs and services provided in the year, and is recognised on an accruals basis.

Retirement housing for sale – Income and expenditure represents amounts relating to individual units sold during the year on long-term leases. A sale is recognised on completion where the contract is unconditional and the risks and rewards of ownership have passed.

Transactions with a guaranteed buyback commitment are not recognised at the date of completion, but are accounted for as operating leases for the period to when it is considered probable that the property will be bought back (currently considered by the Directors to be twelve years from the completion date). This principle applies irrespective of the duration of the buyback commitment.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The property is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over expected useful economic life of the property by the straight-line method, on the basis of the property's cost less its estimated residual value, representing the anticipated resale price on the property market.

Provision is made for the expected value of the buyback commitment in the future, discounted at the appropriate risk-free rate (being the relevant twelve and five year government bond rates depending on the remaining expected life of the individual commitments by property). The carrying value of the provision is re-assessed at each financial reporting period end to adjust for transactions during the period, changes in remaining lives of the commitments, and periodic fluctuations in the risk free rate. The unwinding of the associated discount factor is recognised within interest payable and similar charges.

On the buyback of a property under the guaranteed commitment by the company, any resulting gain or loss is recognised within the Operating Surplus / (Deficit) in the period, as is the release of any associated buyback provision. The remaining unwound discount is released to interest.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Central costs

All staff employed in the central office are employed by Methodist Homes, the office premises are jointly occupied and office services are shared.

Within the financial statements of the group, these expenses are allocated on the basis of time spent on three items:

i. Charitable activities

These costs relate to services provided centrally and identified as wholly or mainly in support of direct charitable expenditure, together with an appropriate proportion of management and office overheads.

ii. Expenditure on raising funds

All expenses relating to fund-raising, publicity and public relations (except the marketing of accommodation and care services) are charged to this heading. This item bears an appropriate proportion of management and office overheads.

iii. Governance costs

These costs relate to the corporate management of the organisation itself. They include expenses of Directors' meetings, audit fees, office costs and other corporate management costs.

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and payroll. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 6.

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets to their residual values over their estimated useful lives. Intangible assets are amortised over the following useful economic lives:

- Software 3-5 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Charity are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible fixed assets and depreciation

Land is stated at cost, and is not depreciated.

Freehold and long leasehold buildings include applicable overhead expenditure and capitalised interest. Interest on loans deemed to be financing a development is capitalised up to the date of practical completion.

Furniture, equipment and motor vehicle are stated at cost less depreciation.

Fixed assets with a cost of more than £500 are capitalised and depreciated. Improvements which enhance the future economic benefits of the property or extend its overall useful life are capitalised and are fully written off over the expected useful life of the property.

The Charity has previously adopted a policy of revaluing freehold and long leasehold Care Homes and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The Charity has at 31 March 2015 adopted the transition exemption under FRS102 paragraph 35.10(d) and elected to use the previous revaluation as deemed cost. All subsequent additions are recognised at historical cost.

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful life.

Freehold and long leasehold buildings are depreciated over their expected useful life of forty years, or the life of the lease if shorter, on a straight-line basis. Improvements to buildings are depreciated over between five and forty years on a straight line basis.

Furniture, equipment and motor vehicles are depreciated over between three and twenty years on a straight line basis dependent upon their component type except for minibuses financed from restricted funds, which are written off in the year of purchase.

Assets in the course of construction are stated at cost and are not depreciated until they are available for use. The assets in the course of construction are recognised where it is probable economic benefit will flow to the Charity and can be reliably measured.

Social housing grants

The Group's housing developments are financed wholly or partly by social housing or other capital grants. Section 24 of FRS102,'Government grants' permits either the performance model or the accrual model to recognise the government grants. As required by the Housing SORP (FRS102), housing properties accounted at valuation must recognise government grants using the performance model and those accounted at cost must recognise government grants using the accrual model.

The Group accounts for its housing property at cost and recognises government grants using the performance model. Under this model in line with the Charity SORP (FRS102), grants are recognised in income through the Statement of Financial Activities on entitlement to the funds.

On disposal of an asset for which government grants were received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the statement of financial position related to such asset is derecognised as a liability and recognised as revenue in the statement of financial activities. Where an obligation to repay the grant exists, any unamortised amounts are repaid to the originating authority or transfered with the asset on disposal.

There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised as income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Retirement housing stock

Unsold units of retirement housing stock and work in progress at the year-end are treated as fixed assets and are therefore valued at the lower of cost and estimated selling price less cost to complete. Cost includes capitalised interest incurred on specific projects during the period of development and any other relevant applicable costs.

Impairment of non-financial assets

Where the carrying values of care/housing properties or retirement housing stock are considered to have suffered a permanent diminution in value, the fall in value is recognised in the Statement of Financial Activities. An impairment review is carried out and appropriate impairment provisions made. In assessing an asset for impairment, the recoverable amount of an asset is determined to be the higher of the fair value less costs to sell the asset and its value in use. The method used to determine the value in use of an asset will depend on whether the asset is primarily held to generate cash as a commercial return or for its service potential to the charity's beneficiaries. Where the service potential measurement can be reliably made, and this exceeds the carrying value of the asset, then no impairment is recognised.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the Directors have decided at their discretion to set aside to use for a specific purpose.

i. Restricted income funds

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity. They represent voluntary income or grants from statutory authorities and fees and charges in MHA Communities schemes, which have been received for purposes set out in note 19.

The application of these funds is restricted by the terms of a special appeal, the expressed wishes of the donor, the will of the testator, or the terms of the grant.

ii. Endowment funds

These represent money given for a particular purpose and are intended to be permanent with the original capital being maintained and the income and capital growth being utilised.

Pensions

The Group's pension arrangements comprise various defined benefit and defined contribution schemes.

Where the underlying assets and liabilities of the defined benefit schemes can be separately identifiable, the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Actuarial gains and losses for these schemes are included in the Consolidated Statement of Financial Activities.

Current and past service costs, curtailments and settlements are recognised within net incoming resources. Returns on scheme assets and interest on obligations are recognised as other finance income or expenses.

Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme, the amount charged to the Consolidated Statement of Financial Activities represents the contributions payable in the year.

The defined benefit schemes are funded, with the assets held separately from the Group in separate Trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each Statement of Financial Position date. The pension scheme assets are measured at fair value.

The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reducing future contributions or to the extent that the trustees have agreed a refund from the scheme at the Statement of Financial Position date.

A pension scheme liability is recognised to the extent the Group has a legal or constructive obligation to settle the liability. For defined contribution schemes contributions are charged to the Consolidated Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

No element of the pension scheme liability or scheme expenses relate to restricted activities of the Charity.

The Charity participates in a defined benefit scheme, as detailed in note 21, which was closed to new entrants on 31 March 2010. Where it is not possible in the normal course of events to identify the schemes underlying assets and liabilities belonging to individual participating employers, under accounting standards the accounting charge for the year represents the employer contributions payable. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Taxation

The Group has charitable status and is therefore not subject to Corporation Tax on its surplus from charitable activities.

The Group is registered for VAT. Most of the Group's income (residential charges, rents and grants) is exempt for VAT purposes, which significantly restricts the recovery of VAT on expenditure.

Leased assets and obligations

Leases are considered operating leases where the risks and rewards equivalent to ownership have not been passed to the Group. As such, the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS102 (1 April 2013) as per FRS102 para 35.10(p) and continues to credit such lease incentives to the Statement of Financial Activities over the period to the first review date on which the rent is adjusted to market rates.

Critical judgements and estimates in applying the accounting policies

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

A degree of judgment has been necessary in determining impairment values, incorporating professional and expert advice. However there remains considerable uncertainty regarding estimation of recoverable values.

i. Provisions for liabilities

The Charity has recognised provisions for the re-purchase of properties sold as leasehold interests under guaranteed buy-back arrangements, on the basis that the timing of the re-purchase is uncertain. Additionally provisions have been recognised in relation to liabilities in respect of exceptional items. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience, professional advice and other reasonable factors.

ii. Exceptional items

Judgements are required as to whether items that are material in size, unusual or infrequent in nature should be disclosed as exceptional. By their nature, exceptional items include estimation uncertainty, mitigated by historical experience and expert professional advice.

Impairments are included within exceptional items. In the current year there are impairment movements in relation to a number of operating assets across MHA's property portfolio.

iii. Onerous lease provision

The charity has recognised a provision for the discounted expected future net cost of a care home lease, where agreement has been reached for the transfer of operations to a third party. A degree of judgment based on professional and expert advice has been applied in determining the market price for the lease.

Future amendments to FRS102

The Charity will adopt any new provisions arising from future developments to FRS102 where relevant. As at the date of approval of the financial statements, the Directors do not consider that any current or proposed amendments will have a material impact on the reported results.

2. Donations

	2025 Total £'000	2024 Total £'000
Donations	1,052	1,292
Big Lottery Fund grant	-	39
Legacies receivable	3,933	2,388
	4,985	**3,719**

The estimated value of legacies notified but neither received nor recognised in income is £1,775,000 (2024: £3,134,000).

3. Charitable activities

	2025 Total £'000	2024 Total £'000
Fees and charges	264,067	257,579
Rents	7,413	7,643
Grants	1,854	2,082
Government Funding	81	795
Sale of Housing	3,893	6,016
	277,308	**274,115**

Forms of government assistance from which the Charity has benefited amounts to £1,439,000 (2024: £2,795,000).

Included within grants is £1,358,000 (2024: £1,520,000) relating to government grants received by our MHA Communities schemes.

Government funding consists of £81,000 (2024: £795,000) relating to workforce recruitment and retention support.

4. Analysis of expenditure

	Note	Homes £'000	Retirement Living £'000	MHA Communities £'000	Other £'000	2025 Total £'000	2024 Total £'000
Staff costs		141,391	14,974	4,998	15,454	176,817	168,727
Operational costs/ (income):							
Supplies and services		35,087	6,460	1,235	9,043	51,825	68,598
Repairs and rents		20,352	3,643	128	38	24,161	23,028
Retirement housing cost of sale		-	1,720	-	-	1,720	1,538
Depreciation	10	8,342	4,326	34	986	13,688	13,780
Amortisation	9	-	-	-	475	475	642
Finance (income)/charges		-	(83)	-	1	(82)	55
Bank loan interest		4,188	960	-	-	5,148	4,365
Other costs		1,422	447	125	2,631	4,625	3,790
Exceptional items		(4,462)	4,511	-	5,150	5,199	(5,110)
Allocated costs/(income)		22,360	3,049	492	(25,901)	-	-
Governance costs	6	-	-	-	1,647	1,647	1,594
Total expenditure 2025		**228,680**	**40,007**	**7,012**	**9,524**	**285,223**	**-**
Total expenditure 2024		**247,094**	**17,834**	**7,034**	**9,045**		**281,007**

Allocated costs represent central overheads. Allocation has been performed based on an assessment of the utilisation of each function by the operating business streams.

5. Summary analysis of expenditure and related income for charitable activities

	Note	Homes £'000	Retirement Living £'000	MHA Communities £'000	Other £'000	2025 Total £'000	2024 Total £'000
Income from charitable activities							
Fees and charges		239,727	23,168	1,030	142	264,067	257,579
Rents		51	7,362	-	-	7,413	7,643
Grants		-	-	1,854	-	1,854	2,082
Government funding		81	-	-	-	81	795
Sale of Housing		-	3,893	-	-	3,893	6,016
Total income	3	**239,859**	**34,423**	**2,884**	**142**	**277,308**	**274,115**
Expenditure on charitable activities							
Staff costs		(141,391)	(14,974)	(4,998)	(14,970)	(176,333)	(168,138)
Operational costs		(69,391)	(17,473)	(1,522)	(13,029)	(101,415)	(115,601)
Allocated (costs)/ income		(22,360)	(3,049)	(492)	25,901	-	-
Exceptional items		4,462	(4,511)	-	(5,150)	(5,199)	5,115
Total		**(228,680)**	**(40,007)**	**(7,012)**	**(7,248)**	**(282,947)**	**(278,624)**
Total surplus/(deficit) from charitable activities 2025		**11,179**	**(5,584)**	**(4,128)**	**(7,106)**	**(5,639)**	
Total (deficit)/surplus from charitable activities 2024		**(14,253)**	**20,187**	**(4,149)**	**(6,294)**		**(4,509)**

6. Analysis of governance and support costs

The Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 5) in the year. Refer to the table on the following page for the basis for apportionment and the analysis of support and governance costs.

	Support Costs £'000	Governance Costs £'000	2025 Total £'000	2024 Total £'000	Basis of allocation
Employment costs	-	1,318	1,318	1,274	Staff time
Director expenses	-	53	53	51	Invoiced events
External auditors - audit services:					
Parent	-	173	173	160	Governance
Subsidiaries	-	18	18	17	Governance
Directors Insurances	27	-	27	24	Cost
Other costs	-	58	58	68	Governance
Total 2025	27	**1,620**	**1,647**		
Total 2024	24	**1,570**		**1,594**	

7. Operating lease commitments

	2025 Total £'000	2024 Total £'000
Operating leases		
The following lease payments were made during the year in respect of operating leases:		
Land and buildings	13,499	13,194

	2025 Land & Buildings Total £'000	2024 Land & Buildings Total £'000
At 31 March the Group and Charity had commitments under non-cancellable operating leases as follows:		
expiring in one year or less	13,415	13,503
expiring in one to two years	13,415	13,503
expiring in two to five years	40,244	40,508
expiring in more than five years	188,426	202,996
	255,500	**270,510**

8. Analysis of staff costs and remuneration of key management personnel

	2025 Number	2024 (restated) Number
Average monthly number employed		
Care homes	3,874	4,096
Retirement living	412	461
MHA Communities	93	104
Office Staff	319	354
	4,698	**5,015**

The average number of staff employed represents the full time equivalent including staff on zero hour contracts. The total number of staff employed on zero hour contracts was 764 (2024 (restated): 842). Care staff sometimes opt for zero hours contracts to allow employees flexibility to control their work preferences. The average monthly number of employees was 6,275 (2024 (restated): 6,562).

	2025 £'000	2024 £'000
Group staffing costs		
Wages and salaries	158,940	152,550
Social security costs	14,751	13,215
Other pension costs		
Defined benefit pension costs (note 21)	215	165
Defined contribution pension costs	4,230	4,070
	178,136	**170,000**

The key management personnel is comprised of the Executive Leadership Team alongside the Directors of the Charity. During the year the total remuneration received by the Executive Leadership Team was £1,191,225 (2024: £1,113,875). The employer's pension contribution for the key management personnel staff was £57,434 (2024: £56,535).

The key management personnel of the Group are all remunerated from the parent Charity. These comprise the Executive Leadership Team listed on page 56 of the financial statements. The total employee benefits of the Executive Leadership Team of the Charity were £Nil (2024: £Nil).

The number of Directors who received reimbursement for the cost of travel to and from meetings was 12 (2024: 8). The cost of travel expenses reimbursed was £2,815 (2024: £2,041). During the year an insurance premium of £27,456 (2024: £24,192) was paid to indemnify Directors against liability for wrongful acts. No remuneration or benefits were paid during the year to any Director of the Board. 227 (2024:202) employees earned over £60,000 in the year excluding pension contribution within the following bands:

	2025 Number	2024 Number
Between £60,001 and £70,000	105	93
Between £70,001 and £80,000	61	62
Between £80,001 and £90,000	33	25
Between £90,001 and £100,000	14	7
Between £100,001 and £110,000	1	4
Between £110,001 and £120,000	6	4
Between £120,001 and £130,000	-	3
Between £130,001 and £140,000	2	1
Between £140,001 and £150,000	1	-
Between £150,001 and £160,000	-	-
Between £160,001 and £170,000	-	-
Between £170,001 and £180,000	1	1
Between £180,001 and £190,000	1	1
Between £190,001 and £200,000	-	-
Between £200,001 and £210,000	1	-
Between £210,001 and £220,000	-	1
Between £220,001 and £230,000	1	-

97 (2024:129) employees were members of the defined contribution pension scheme. Included in staff costs are £1,951,685 (2024: £407,000) of redundancy payments made to employees on termination of employment following restructures of staff within operations and central support. Previous year costs were also as a result of the restructure of staff within operations and central support. Redundancy costs are accounted for on an accruals basis with no unpaid commitments carried forward at the balance sheet date.

9. Intangible Fixed Assets

Group and Company	Software £'000	Total £'000
Cost		
At 1 April 2024	2,675	2,675
Transfer from AICOC	1,436	1,436
Disposals	(1,283)	(1,283)
At 31 March 2025	**2,828**	**2,828**
Accumulated amortisation		
At 1 April 2024	2,171	2,171
Amortisation charge	475	475
Amortisation on disposals	(1,283)	(1,283)
At 31 March 2025	**1,363**	**1,363**
Net Book Value		
At 31 March 2025	**1,465**	**1,465**
At 31 March 2024	504	504

Amortisation charges of £475,000 have been recognised in other expenditure.

10. Tangible Fixed Assets

10.a Tangible Fixed Assets

Group	Care Homes: Freehold land and buildings at cost £'000	Care Homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course construction at cost £'000	Total £'000
Cost							
At 1 April 2024	246,239	37,986	158,262	9,536	38,931	16,171	507,125
Additions during the year	25,031	733	1,388	41	1,594	18,985	47,772
Completions during the year	8,485	3,404	1,846	360	1,004	(15,099)	-
Disposals during the year	(45,820)	(2,318)	(9,480)	-	(13,720)	-	(71,338)
Transfer between category	(8,821)	8,947	(171)	249	(204)	-	-
Transfer of intangibles	-	-	-	-	-	(1,436)	(1,436)
At 31 March 2025	**225,114**	**48,752**	**151,845**	**10,186**	**27,605**	**18,621**	**482,123**
Accumulated depreciation/impairment							
At 1 April 2024	67,474	22,542	69,899	2,537	26,351	-	188,803
Charge for the year	5,765	1,017	3,691	239	2,976	-	13,688
On disposals	(22,549)	(475)	(1,621)	-	(13,449)	-	(38,094)
Impairment	-	(4,462)	4,515	-	-	-	53
Impairment on disposals	(9,898)	(1,661)	-	-	(43)	-	(11,602)
Transfer between category	2,180	(2,162)	-	14	(32)	-	-
At 31 March 2025	**42,972**	**14,799**	**76,484**	**2,790**	**15,803**	**-**	**152,848**
Net book value							
At 31 March 2025	**176,193**	**39,902**	**75,361**	**7,396**	**11,802**	**18,621**	**329,275**
At 31 March 2024	**178,765**	**15,444**	**88,363**	**6,999**	**12,580**	**16,171**	**318,322**

Completions during the year relate to the reclassification of assets in the course of construction upon completion of the relevant project.

As part of the MHA's property portfolio review, the Board have made a strategic decision about the future of a number of services. In accordance with FRS102 the plan to dispose of an asset before the previously expected date is an indicator of impairment that triggers the calculation of the asset's recoverable amount for the purpose of determining whether the asset is impaired.

The assessment of recoverable value for these properties based on independent evaluation of potential realisable value resulted in impairment in the prior years of £97,509,000 to reduce the assets carrying value to the recoverable amount. There was an inherent estimation uncertainty in making this assessment due to a range of options being explored for disposal of these assets in order to preserve the charitable activities.

Further assessments made during the current year following marketing of the properties has resulted in net increase of impairments of £53,000.

Included within freehold land and buildings above is land of £39,286,000 (2024: £44,806,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2024: £Nil). The cumulative amount of capitalised interest included is £3,917,000 (2024: £3,917,000).

10.b Tangible Fixed Assets

Company	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course construction at cost £'000	Total £'000
Cost							
At 1 April 2024	235,282	37,986	108,697	139	35,026	15,712	432,842
Additions during the year	25,031	733	635	-	1,314	18,151	45,864
Completions during the year	8,485	3,404	850	187	996	(13,922)	-
Disposals during the year	(45,820)	(2,318)	(9,474)	-	(13,130)	-	(70,742)
Transfer between category/company	(14,914)	15,040	(171)	249	(204)	-	-
Transfer to intangibles	-	-	-	-	-	(1,436)	(1,436)
At 31 March 2025	**208,064**	**54,845**	**100,537**	**575**	**24,002**	**18,505**	**406,528**
Accumulated depreciation/impairment							
At 1 April 2024	65,554	22,542	50,718	35	23,480	-	162,329
Charge for the year	5,548	1,017	2,314	7	2,748	-	11,634
On disposals	(22,549)	(475)	(1,615)	-	(12,873)	-	(37,512)
Impairment	-	(4,462)	3,576	-	-	-	(886)
Impairments on disposals	(9,898)	(1,661)	-	-	(43)	-	(11,602)
Transfer between category/company	2,036	(2,018)	-	14	(32)	-	-
At 31 March 2025	**40,691**	**14,943**	**54,993**	**56**	**13,280**	**-**	**123,963**
Net book value							
At 31 March 2025	**167,373**	**39,902**	**45,544**	**519**	**10,722**	**18,505**	**282,565**
At 31 March 2024	**169,728**	**15,444**	**57,979**	**104**	**11,546**	**15,712**	**270,513**

Included within freehold land and buildings above is land of £35,188,000 (2024: £40,707,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2024: £Nil). The cumulative amount of capitalised interest included is £3,813,000 (2024: £3,813,000).

11. Capital Commitments

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Expenditure contracted, less certified	2,583	3,054	2,578	3,014

Included within the capital commitments of the Group and Company are contracts relating to the development of sites which are executory contracts in nature as at 31 March 2025. A liability for these items has not been recorded in the financial statements as neither party has yet performed their obligations and the contracts are not onerous.

12. Investments - Group and Company

	2025 Total £'000	2024 Total £'000
1 April 2024	1,390	1,364
Net (loss)/gain on revaluation	(13)	26
31 March 2025	**1,377**	**1,390**

The securities represent:		
Methodist Church Central Finance Board:		
Equity fund units	449	448
Fixed interest fund units	928	942
31 March 2025	**1,377**	**1,390**

All investments are carried at their fair value. Investment in equities and fixed interest units are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

13. Debtors

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade debtors	19,754	17,608	17,650	15,161
Provision for doubtful debts	(2,541)	(1,616)	(2,294)	(1,442)
Other debtors	2,494	2,793	2,493	2,783
Prepayments and accrued income	7,539	9,094	7,440	9,016
	27,246	**27,879**	**25,289**	**25,518**

14. Creditors: Amounts falling due within one year

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Loans - principal and interest	2,613	17,107	2,388	16,878
Trade creditors	9,107	13,366	9,063	13,323
Charges and rents in advance	4,445	4,459	4,320	4,459
Deferred Income - buy back properties	98	97	98	97
Unpaid pension contributions	1,042	986	1,040	977
Taxation and social security	6,666	6,132	6,662	6,127
Due to Group undertakings	-	-	10,029	10,582
Other creditors	16,054	16,430	15,588	15,895
Accruals and deferred income	14,375	17.067	13,931	16,427
	54,400	**75,644**	**63,119**	**84,765**

Amounts payable to Group undertakings include a formal loan of £11,000,000 (2024: £11,000,000) which is interest bearing at a rate of SONIA + 2.2% per annum (2024: SONIA + 2.2% per annum) unsecured and repayable on demand due to Methodist Homes Housing Association.

15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Derivative financial instruments	(1,191)	(2,467)	(1,191)	(2,467)
Loans:				
Between one and two years	3,667	70,225	3,440	70,000
Between three and five years	80,668	684	79,980	-
In five years or more	1,726	1,956	-	-
Less loan arrangement fees	(616)	-	(616)	-
	85,445	**72,865**	**82,804**	**70,000**
Deferred Income - buy back properties				
Between one and two years	43	43	43	43
Between three and five years	47	52	47	52
In five years or more	28	28	28	28
	118	**123**	**118**	**123**
Total	**84,372**	**70,521**	**81,731**	**67,656**

The loans are secured on certain care home and housing properties, representing 46% of the value of freehold land and buildings (2024: 50%) with a net book value of £117,751,000 (2024: £130,665,000). The interest rates payable on these loans, plus the short-term loans of £2,613,000 (2024: £2,143,000), are as detailed below, confirming the drawn down amounts as at 31 March 2025, the interest rate and the respective terms.

	Loan Amount £		Rate		
	Current Year	Prior Year	Current Year	Prior Year	Expiry Date
Methodist Homes Ltd	86,000,000	70,000,000	SONIA plus 2.25%	SONIA plus 2.2%	August 2029
Methodist Homes Ltd	0	17,010,000	-	SONIA plus 2.2%	-
	86,000,000	**87,010,000**			
MHA Housing Association Ltd	954,000	1,069,000	Variable Rate 5.1%	Variable Rate 5.8%	April 2033
MHA Housing Association Ltd	815,000	914,000	Variable Rate 5.0%	Variable Rate 5.8%	May 2033
MHA Housing Association Ltd	1,097,000	1,112,000	Fixed Rate at 10.7%	Fixed Rate at 10.7%	March 2049
Total	**2,866,000**	**3,095,000**			
Group Total	**88,866,000**	**90,105,000**			

None of the outstanding loan balance relates to loans that are non-amortising (2024: £70,000,000).

The Company has fixed interest rates to guard against future rate movements on £86,000,000 (2024: £70,000,000) of the loan balance through an interest rate swap. The overall cost of the derivative arrangement is fixed at 5.6%. The fair value of the interest swaps as at 31 March 2025 is a £1,191,000 asset (2024: £2,467,000 asset) representing the cost of exiting this arrangement, which is not currently intended by the company. The recognised loss on cash flow hedges in the year is £1,637,000 (2024: loss of £843,000). This reflects the net of the fair value gain on derivatives of £4,932,000 (2024: gain of £6,207,000) and the gain recycled to bank loan interest of £1,842,000 (2024: gain recycled of £1,845,000). The amounts recycled to bank loan interest represent the cash paid on derivatives during the year.

16. Provisions for liabilities

	1 April 2024 £'000	Created on new transactions £'000	Charge for year £'000	Increase/ (release) in provision £'000	Utilisation of provision £'000	31 March 2025 £'000
Group						
Guarantee property buy-backs	13,767	-	(84)	-	(1,097)	12,586
Onerous Lease provision	3,453	-	-	-	-	3,453
	17,220	**-**	**(84)**	**-**	**(1,097)**	**16,039**
Company						
Guarantee property buy-backs	13,697	-	(84)	-	(1,027)	12,586
Onerous Lease provision	3,453	-	-	-	-	3,453
	17,150	**-**	**(84)**	**-**	**(1,027)**	**16,039**

The guarantee property buy-backs provision arises when MHA enters into transactions to sell the leasehold interest in retirement living properties with an option (exercisable by either party) for MHA to re-purchase the leasehold at a pre-agreed amount. Buy-back commitments have been estimated to average twelve years (2024: eleven years). Provisions are discounted at the appropriate risk free rate. The relevant twelve and five year government bond rates have been used depending on the remaining expected life of the individual commitments by property, these being 4.851% and 4.325% respectively (2024:3.991% and 3.877%).

The Onerous Lease provision relates to the expected discounted future net cost to MHA of a care home lease where agreement has been reached for the transfer of operations to a third party.

17. Share Capital

The company is limited by guarantee and has no share capital.

18. Endowment Funds

18.a Endowment funds (current year)

Movement in Funds							
Group and Company	**1 April 2024 £'000**	**Incoming £'000**	**Outgoing £'000**	**(Losses)/ gains on investment assets £'000**	**Transfers between restricted funds £'000**	**Transfers between restricted and unrestricted funds £'000**	**31 March 2025 £'000**
H D Clarke Memorial	876	26	(2)	(12)	-	-	888
Redcroft Residential Home	73	4	-	-	-	-	77
	949	**30**	**(2)**	**(12)**	**-**	**-**	**965**

18.b Endowment funds (prior year)

Movement in Funds							
Group and Company	**1 April 2023 £'000**	**Incoming £'000**	**Outgoing £'000**	**(Losses)/ gains on investment assets £'000**	**Transfers between restricted funds £'000**	**Transfers between restricted and unrestricted funds £'000**	**31 March 2024 £'000**
H D Clarke Memorial	855	15	(2)	9	-	(1)	876
Redcroft Residential Home	70	3	-	-	-	-	73
	925	**18**	**(2)**	**9**	**-**	**(1)**	**949**

19. Restricted Income Funds

19.a Restricted income funds (current year)

Movement in Funds							
Group	**1 April 2024 £'000**	**Incoming £'000**	**Outgoing £'000**	**(Losses)/ Gains on investment assets £'000**	**Transfers between restricted funds £'000**	**Transfers between restricted and unrestricted funds £'000**	**31 March 2025 £'000**
Care homes	16,028	337	(265)	(1)	-	(827)	15,272
Retirement living	4,666	11	(21)	-	-	19	4,675
MHA Communities	2,089	3,726	(4,461)	-	-	1,519	2,873
Amenity funds	2,034	549	(569)	-	-	2	2,016
	24,817	**4,623**	**(5,316)**	**(1)**	**-**	**713**	**24,836**

19.b Restricted income funds (prior year)

Movement in Funds							
Group	1 April 2023 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2024 £'000
Care homes	15,905	597	(279)	29	-	(224)	16,028
Retirement living	4,679	10	(33)	-	-	10	4,666
Big Lottery Fund grant	-	39	(39)	-	-	-	-
MHA Communities	634	4,241	(4,632)	-	-	1,846	2,089
Amenity funds	2,110	476	(533)	-	-	(19)	2,034
	23,328	**5,363**	**(5,516)**	**29**	**-**	**1,613**	**24,817**

19.c Restricted income funds (current year)

Movement in Funds							
Company	1 April 2024 £'000	Incoming £'000	Outgoing £'000	(Losses)/ Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2025 £'000
Care homes	16,026	337	(265)	(1)	-	(825)	15,272
Retirement living	4,590	10	(19)	-	-	(2)	4,579
MHA Communities	2,087	3,725	(4,461)	-	-	1,522	2,873
Amenity funds	1,965	512	(536)	-	-	3	1,944
	24,668	**4,584**	**(5,281)**	**(1)**	**-**	**698**	**24,668**

19.d Restricted income funds (prior year)

Movement in Funds							
Company	1 April 2023 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2024 £'000
Care homes	15,906	593	(276)	29	-	(226)	16,026
Retirement living	4,679	13	(23)	-	-	(79)	4,590
Big Lottery Fund grant	-	39	(39)	-	-	-	-
MHA Communities	635	4,240	(4,637)	-	-	1,849	2,087
Amenity funds	2,068	456	(505)	-	-	(54)	1,965
	23,288	**5,341**	**(5,480)**	**29**	**-**	**1,490**	**24,668**

The care homes and retirement living funds relate to amounts donated for use and subsequently used to improve specific homes or schemes. The MHA Communities scheme funds relate to amounts raised by local schemes to fund their day to day running costs. Amenity funds relate to amounts raised for the provision of additional benefits for residents and tenants within a specific home or scheme.

20. Net Assets by Fund

20.a Net Assets by Fund (current year)

Group	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2025 £'000
Fixed assets	316,440	15,014	663	332,117
Current assets	39,647	16,287	302	56,236
Current liabilities	(47,935)	(6,465)	-	(54,400)
Long term liabilities	(100,411)	-	-	(100,411)
Total Net Assets	**207,741**	**24,836**	**965**	**233,542**

20. Net Assets by Fund

20.b Net Assets by Fund (prior year)

Group	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000
Fixed assets	303,648	15,893	675	320.216
Current assets	65,517	12,880	274	78,671
Current liabilities	(71,688)	(3,956)	-	(75,644)
Long term liabilities	(87,742)	-	-	(87,742)
Total Net Assets	**209,735**	**24,817**	**949**	**235,501**

20. Net Assets by Fund

20.c Net Assets by Fund (current year)

Company	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2025 £'000
Fixed assets	269,812	14,932	663	285,407
Current assets	33,481	16,201	302	49,984
Current liabilities	(56,654)	(6,465)	-	(63,119)
Long term liabilities	(97,770)	-	-	(97,770)
Total Net Assets	**148,869**	**24,668**	**965**	**174,502**

20. Net Assets by Fund

20.d Net Assets by Fund (prior year)

Company	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000
Fixed assets	255,906	15,826	675	272,407
Current assets	59,189	12,798	274	72,261
Current liabilities	(80,809)	(3,956)	-	(84,765)
Long term liabilities	(84,807)	-	-	(84,807)
Total Net Assets	**149,479**	**24,668**	**949**	**175,096**

21. Pensions and Similar Obligations

A defined contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 97 (2024: 129) employees. The contribution rate of MHA for the year varied between 3% and 6% depending on the employee's contribution, which is a minimum of 5%.

MHA operates a number of pension schemes;

i. The Methodist Homes Final Salary Scheme, a defined benefit scheme, which was a funded scheme, with the assets held in separate Trustee administered funds, was closed to new members and future accrual on 31 March 2010.

As per para 28.38 of FRS102, where an entity participates in a defined benefit plan that shares risks between entities under common control it shall obtain information about the plan as a whole measured in accordance with this FRS on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement or stated policy for charging the net defined benefit cost of a defined benefit plan as a whole measured in accordance with this FRS to individual group entities, the entity shall, in its individual financial statements, recognise the net defined benefit cost of a defined benefit plan so charged. If there is no such agreement or policy, the net defined benefit cost of a defined benefit plan shall be recognised in the individual financial statements of the Group entity which is legally responsible for the plan. The other Group entities shall, in their individual financial statements, recognise a cost equal to their contribution payable for the year. Methodist Homes is the sponsoring employer of the defined benefit pension scheme and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual Group entities and therefore the Company has recognised the entire net defined benefit cost and the relevant net defined benefit liability of the defined benefit pension scheme in its individual financial statements.

The FRS102 disclosures below have been produced by TPT Retirement Solutions, the Group actuaries using the projected unit method to calculate the Scheme liabilities at 31 March 2025. No adjustments have been made to measure the defined benefit obligation at the reporting date to their valuation.

The financial assumptions used to calculate the Group's scheme liabilities are as follows:

	2025 %pa	2024 %pa	2023 %pa	2022 %pa
Inflation (CPI)	2.8	2.9	2.9	3.3
Inflation (RPI)	3.1	3.2	3.2	3.6
Rate of increase in salaries	0.0	0.0	0.0	0.0
Rate of increase for pensions in payment	2.2	2.3	2.3	2.4
Rate of increase for deferred pensions	3.1	3.2	3.2	3.6
Discount rate	5.8	4.9	4.9	2.8

Pensions accrued before 1 January 2000 for members who joined the scheme before 1 November 1998 are subject to guaranteed fixed increases of 5% (2024: 5%) per annum in deferment and in payment.

The current mortality assumptions used in the valuation of the pension liabilities were:

Life expectancy	2025 S4PXA Year of birth CMI23 with a minimum improvement of 1.5% pa for males and 1.3% pa for females	2024 S3PXA Year of birth CMI21 with a minimum improvement of 1.5% pa for males and 1.3% pa for females	2023 S3PXA Year of birth CMI20 with a minimum improvement of 1.3% pa for males and 1.3% pa for females	2022 S3PXA Year of birth CMI19 with a minimum improvement of 1.3% pa for males and 1.0% pa for females

The assumed life expectations on retirement age 65 are:

	2025 Years	2024 Years	2023 Years	2022 Years
Pensioner currently aged 65:				
Male	21.3	21.2	21.5	21.7
Female	23.6	23.8	23.9	24.1
Non-Pensioner aged 45:				
Male	22.9	22.8	23.1	23.3
Female	25.1	25.2	25.4	25.6

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the Statement of Financial Position date, whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the long-term rate of return expected at the Statement of Financial Position date were:

	Fair value 2025 £'000	Fair value 2024 £'000
Equities	55	38
Government bonds	12,880	16,957
Property	4,869	5,125
Cash	961	1,901
Other	7,508	4,346
LDI	12,030	14,229
Total market value of scheme liabilities	**38,303**	**42,596**
Present value of scheme liabilities	(37,798)	(42.597)
Surplus in the scheme	**505**	**(1)**
Effect of asset ceiling	**(505)**	**-**
Net pension asset/(liability) under FRS102	**-**	**(1)**

An asset ceiling had been applied to limit the impact of the surplus on the scheme calculated on an accounting provision FRS102 basis in line with the advice from TPT Retirement Solutions and the pension scheme rules.

The last formal valuation of the scheme was performed as at 30 September 2021 by a professionally qualified actuary.

The actuary has confirmed that the existing contribution level is adequate and therefore no deficit contributions are currently being made to the scheme.

The Group works directly with TPT Retirement Solutions in relation to the multi-employer pension scheme to ensure compliance with scheme rules. Where an issue is identified, the Group ensures proper understanding and investigation is carried out to meet the Group's obligations, and where these meet the requirements of the relevant accounting standard they are appropriately accounted for.

The Group's pension charge for the year calculated under FRS102 assumptions is included in the financial statements.

Analysis of amounts charged to net incoming resources

	2025 £'000	2024 £'000
Expenses	(213)	(165)
Expected return on scheme assets	2,023	2,187
Interest on pension scheme liabilities	(2,025)	(2,036)
Net cost	**(215)**	**(14)**
Interest on effect of asset ceiling	-	(151)
Total cost	**(215)**	**(165)**

Analysis of amount recognised as Actuarial gain/(loss)

	2025 £'000	2024 £'000
Actuarial gain recognised in the Consolidated Statement of Financial Activities	82	32
Employer contribution adjustment	-	-
	82	**32**
Total (charge) to Consolidated Statement of Financial Activities	(133)	(133)
Cumulative actuarial losses	**(13,435)**	**(13,517)**

Statement of Financial Position Impact	2025 £'000	2024 £'000
Present value of funded obligation	(37,798)	(42,597)
Fair value of scheme assets	38.303	42,596
Surplus/(deficit) in the scheme at 31 March	**505**	**(1)**
Effect of asset ceiling	(505)	-
Net pension asset/(liability) under FRS102	**-**	**(1)**

Changes in the present value of the defined benefit obligation	2025 £'000	2024 £'000
Opening defined benefit obligation	42,597	42,858
Service cost	-	-
Interest cost	2,025	2,036
Actuarial loss	(4,413)	(165)
Net benefits paid	(2,411)	(2,132)
Closing defined benefit obligation	**37,798**	**42,597**

Changes in fair value of plan assets	2025 £'000	2024 £'000
Opening fair value of plan assets	42,596	45,968
Interest Income	2,023	2,187
Actuarial loss	(3,826)	(3,394)
Contributions by employer	134	132
Net benefits paid	(2,411)	(2,132)
Expenses	(213)	(165)
Closing fair value of plan assets	**38,303**	**42,596**
Return on plan assets	(1,803)	(1,207)

ii. The previous Growth Plan (Series 1-3) is a multi-employer defined benefit scheme which is administered by TPT Retirement Solutions. The actuary has completed a tri-annual valuation as at 30 September 2021 showing a funding level of 98%. Additional contributions of £30,000 (2024: £30,000) were paid during the year.

iii. The contribution by the Group to the defined benefit scheme paid during the year amounted to £134,000 (2024: £131,000). Following the elimination of the funding shortfall the Trustee as agreed to the cessation of deficit contributions.

iv. The current growth plan (Series 4) is a multi-employer defined contribution scheme. Contributions paid during 2024/25 in respect of the defined contribution scheme were £238,000 (2024: £256,000).

v. During the year all employees were eligible to join the auto-enrolment scheme. The new scheme is compulsory for all employees who have not specifically opted out of the scheme. MHA contributes between 3%-6% of pensionable pay for all those included in the scheme. The contributions for the year were £3,970,000 (2024: £3,791,000).

22. Notes to the Cash Flow Statement

22.a Reconciliation of net income to net cash inflow from operating activities

	2025 £'000	2024 £'000
Net (loss)/income	(765)	4,597
Unrealised losses/(gains) on investment	13	(26)
Investment income	(982)	(1,364)
Interest charge	5,148	4,365
Profit on sale of retirement living housing	(4,683)	(11,758)
Depreciation charges	13,688	13,780
Amortisation	475	642
Impairment of fixed assets	53	(10,644)
Defined benefit scheme pension contributions paid in the year	(134)	(132)
Defined benefit scheme pension cost charged in the year	215	165
Increase in debtors	633	4,897
(Decrease) in creditors and provisions	(9,076)	(5,247)
Net cash provided by operating activities	**4,585**	**(725)**

Movements in debtors and creditors which relate to capital and interest transactions are excluded from the movements in debtors and creditors shown.

Cash and cash equivalents amounting to £302,000 (2024: £274,000) held in endowment funds are not available for use to further charitable activities as they are held for particular purposes and are intended to be permanent.

22. Notes to the Cash Flow Statement

22.b Reconciliation of net cash flow to movement in net debt

	2025 £'000	2024 £'000
(Decrease) in cash and cash equivalents	(21,802)	(18,171)
Cash movement in borrowings	1,106	2,160
Change in net funds resulting from cash flows	**(20,696)**	**(16,011)**
Change in net funds resulting from non-cash flows	**-**	**(135)**
Movement in net debt		
Net debt as at 1 April	(23,034)	(23,034)
Net debt as at 31 March	**(43,730)**	**(39,180)**

22. Notes to the Cash Flow Statement

22.c Analysis of changes in net debt (current year)

	1 April 2024 £'000	Cash flow £'000	Non-cash changes £'000	31 March 2025 £'000
Cash at bank and in hand	50,792	(21,802)	-	28,990
Loans due within one year	(17,106)	17,106	(2,613)	(2,613)
Loans due after more than one year	(72,866)	(16,000)	2,613	(86,253)
	(39,180)	**(20,696)**	**-**	**(59,876)**

23. Group Structure

Methodist Homes has the following subsidiary undertakings:

Methodist Homes Housing Association Ltd

Incorporation:	Co-operative and Community Benefit Societies Act 2014
Registered Office:	Epworth House, Stuart Street, Derby, DE1 2EQ, United Kingdom
Registered Number:	LH2343
Principal activity:	Charitable provision and management of social housing.

One (2024: two) organisation is deemed to be a subsidiary of Methodist Homes by means of various intra-group agreements.

Methodist Homes Housing Association Ltd	2025 £'000	2024 £'000 (restated)
Assets	63,965	65,511
Liabilities	(17,311)	(18,430)
Funds	**46,654**	**47,081**
Incoming resources	8,266	12,927
Resources expended	(8,693)	(14,750)
Movement in funds	**(427)**	**(1,823)**

24. Related party transactions

The Group operates a defined benefit scheme where MHA is the sponsoring employer. The contribution by the Group to the scheme paid during the year amounted to £134,425 (2024: £131,000).

During the financial year to 31 March 2025 no (2024: no) members of the Executive Leadership Team and the Board had close family members residing in the company's care homes. In such situations arrangements would be established and monitored in accordance with the company's published relatives' policy. The policy stipulates line management oversight of all instances where MHA services are provided to relatives of Board Members and employees. The policy ensures that there is no preference given to the availability or price of MHA's services and also ensures the safeguarding of family members and carers.

During the year, MHA entered into an arrangement with Brilliant Noise, a company controlled by the brother of the Deputy Chief Executive for the supply of AI related services. The total value of services purchased in the year to 31 March 2025 was £42,600.The balance outstanding to Brilliant Noise at 31 March 2025 was £24,000.

Related party transactions with Group undertakings relate to recharges arising from operational activities. Amounts payable to Group undertakings include a formal loan of £11,000,000 (2024: £11,000,000) which is interest bearing at a rate of SONIA + 2.2% per annum (2024: SONIA + 2.2% per annum) unsecured and repayable on demand and £971,000 (2024: £418,000) due from Group undertakings for recharges arising from operational activities which is not interest bearing, is unsecured and repayable on demand.

	2025 £'000	2024 £'000
Transactions		
Loan from subsidiary undertakings	(11,000)	(11,000)
Recharges to Group Undertakings	553	418
Pension scheme - Defined benefit	133	133
	(10,314)	**(10,449)**

	2025 £'000	2024 £'000
Balances		
Due to Group Undertakings	(10,029)	(10,582)
Pension scheme - Defined benefit	-	1
	(10,029)	**(10,581)**

25. Statement of Financial Activities for prior year

	Note(s)	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2024 £'000
Income and endowments from:					
Donations and legacies	2	1,736	1,983	-	3,719
Charitable activities					
Care homes		232,680	161	-	232,841
Retirement living		37,988	33	-	38,021
MHA Communities		-	2,885	-	2,885
Other		356	12	-	368
Total charitable activities	3/5	**271,024**	**3,091**	**-**	**274,115**
Investments		1,057	289	18	1,364
Total		**273,817**	**5,363**	**18**	**279,198**
Expenditure on:					
Raising funds		789	-	-	789
Charitable activities					
Care homes		246,515	579	-	247,094
RetirementlLiving		17,757	77	-	17,834
MHA Communities		2,361	4,673	-	7,034
Other		6,473	187	2	6,662
Total charitable activities	5	**273,106**	**5,516**	**2**	**278,624**
Other	6	1,594	-	-	1,594
Total	4	**275,489**	**5,516**	**2**	**281,007**
Net (losses) on investments		(2)	29	9	36
Income/(loss) on disposals		7,235	-	-	7,235
Net income		**5,561**	**(124)**	**25**	**5,462**
Transfer between funds		**(1,618)**	**1,619**	**(1)**	**-**
Other recognised gains/(losses):					
Actuarial gains on defined benefit pension schemes	21	32	-	-	32
Other losses - interest rate swaps	15	(843)	-	-	(843)
Net movement in funds		**3,132**	**1,495**	**24**	**4,651**
Reconciliation of funds:					
Total funds brought forward (restated)	20	207,462	23,328	925	231,715
Deconsolidation of Subsidiary		(859)	(6)	-	(865)
Total fund brought forward		206,603	23,322	925	230,850
Total funds carried forward		**209,735**	**24,817**	**949**	**235,501**

26. Contingent assets and liabilities

MHA have been notified by the trustees of the Methodist Homes for the Aged Final Salary Pension Scheme of legal uncertainties over the way in which historic scheme benefit changes have been applied to the scheme. The scheme Trustee's legal advisor has carried out a review of the changes made and is now seeking direction from the high court on the interpretation of the scheme rules and documentation against the benefit changes implemented. The Trustee has carried out a review of all schemes under its administration and concluded that the uncertainties are common amongst the majority of the schemes it administers. The outcome of the high court review is not expected to be known until late 2025. The estimated impact on scheme liabilities if the court rules that the changes have not been appropriately applied is £5.4m (2024:£5.4m).

An issue has been drawn to our attention within the defined contribution pension scheme relating to a shortfall in contributions in specific circumstances; we are going through the process to quantify and rectify this matter.

The group had no other contingent assets or liabilities at 31 March 2025 (2024: same).

27. Post balance sheet events

On 30 May 2025 MHA completed the sale of Willesden Court, one of the care homes closed in May 2024 for £6,600,000. The property is included within land and buildings in tangible fixed assets at a net book value of £5,193,000 at 31 March 2025.

Get in touch

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Live later life well

METHODIST HOMES

England & Wales - Charity number 1083995

Accounts

Methodist Homes Report and Financial Statements

31 March 2024

mha
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Mission, vision and values

Our Mission

To enable people to live later life well by inspiring the best care and wellbeing at every stage of later life.

Our Vision

By 2025 we will have connected our communities, realising our potential as OneMHA, to increase the reach, impact and quality of care and support we provide to people in later life.

Our Values

*We **nurture** mind, body and spirit*

*We **inspire** the best in each other*

*We **respect** every person, treating them with dignity.*

94%
retirement living schemes rated good, outstanding or equivalent
(97% in 2022/23)

93%
of care home residents satisfied with their care
(92% 2022/23)

6,836 staff
(6,521 in 2022/23)

91%
care homes rated good, outstanding or equivalent
(90% in 2022/23)

£279m income
(£269m in 2022/23)

£286m expenditure
(£271m restated in 2022/23)

43 MHA Communities hubs
(50 in 2022/23)
AND
10,981
MHA Communities members supported
(11,481 in 2022/23)

17,423
older people supported
(18,957 in 2022/23)

80
care homes
(88 in 2022/23)

59
retirement living communities
(69 in 2022/23)

2,644
volunteers
(2,525 restated in 2022/23)

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"Keeping alive the vision and innovation of our founder has never felt more important as we mark what has been a rewarding, yet at times challenging, year."

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Board of Directors' report

There is no denying that the past year has been a challenging one for MHA and we anticipate this continuing into 2024/25. MHA has made a number of changes to our services so that we can continue to thrive as a charity supporting people to live later life well.

The announcement in May 2023 that we were selling ten of our care homes, putting Auchlochan Garden Village and its two associated care homes into administration, and the selling of the three remaining retirement living schemes in Scotland set a sombre start to the financial year.

You can read more about the reasons behind the changes on page 28.

The strategic review which led to the sale of the homes also looked at those care homes which MHA leases, and the costs we incur on those against the income we receive. As a result of this, the decision was made to close two further homes, Swallow Wood in South Yorkshire, and Willesden Court in North London, which were announced in May 2024.

A key factor impacting the year has been that resident occupancy has not recovered to the level we had forecast. By the end of the 2023/24 financial year, resident occupancy in our ongoing homes was 85.4% compared to a target of 87.5%. Care home occupancy remains a key focus of our business strategy for the coming year as we aim towards pre-pandemic levels.

The staffing crisis in the social care sector continued to put pressure on MHA, alongside other care providers. Our staff turnover rate of 23% is one of the lowest in the sector.

However, recruiting people into vacant roles can still be difficult in some areas and our use of agency staff is still higher than we would like. We are working to reduce this, to help mitigate unnecessary costs and ensure consistency of care for people who use our services.

Social care remains chronically underfunded, with successive governments failing to tackle the need for system reform over the past few decades.

Today, this means many local authorities are unable to pay care providers like us the true cost of care. We have continued to highlight this with politicians behind the scenes, as well as through our campaigns, being part of panels at political party conferences and by highlighting the impact of these issues in the media.

This underfunding of local authorities also affected the grants available to MHA Communities to support their work, meaning we needed to continue our programme of applications to organisations such as trusts and the National Lottery.

Alongside the challenges we faced in 2023/24, MHA embraced opportunities and made good progress. We celebrate with older people, we listen, and we innovate in how we deliver.

We marked our 80th anniversary in 2023 with a series of exciting celebrations across our care homes, retirement living schemes and MHA Communities. This culminated with a special service at the Wesley Chapel in Harrogate, attended by our patron, broadcaster Pam Rhodes, and President of the Methodist Church, the Rev Gill Newton.

Celebrations of all kinds were marked in our services as people hung out the bunting and baked the cakes for significant birthdays and anniversaries, as well as special events such as the King's Coronation. Any excuse for a party, and there was much for us to celebrate.

The high standards of care we provide continue to be maintained and we have one of the highest levels of services rated 'good', 'outstanding' or equivalent by regulators among our peers. We continued to be rated as one of the Top 20 care home providers in the country as rated by carehome.co.uk. This rating is based on reviews by residents and their families and friends so really means a lot to us, as does the increasing level of satisfaction by residents with the care we provide.

These high levels of quality wouldn't be reached without the dedication of everyone who works for MHA, along with the 2,644 volunteers who give their time willingly to support our residents and members.

We celebrated our colleagues and volunteers when we met for our first in-person Managers Conference and our Outstanding Service Contribution And Recognition (OSCAR) awards since the pandemic.

The conference was not only an opportunity for managers from across all of MHA's services to come together but also for the Executive Leadership Team (ELT) and our Board to update them on our strategy and key workstreams.

Our managers are key to MHA being a high performing organisation. As we move forward, they will be able to help our colleagues understand why we have taken the actions we have to in order to stabilise the charity, while helping us grow and develop as we look forward to a vibrant future.

The continued investment in technology has been helping to transform services in the past year. Digital care plans are now up and running in our ongoing care homes. Feedback has been very positive, and people have really embraced Nourish, the system we are using. As one manager remarked 'I feel I have more oversight and know more about the residents than I have ever had'.

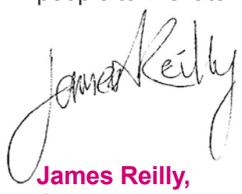
Our work to enhance how MHA puts the people we support and care for at the heart of what we do, was also demonstrated through our sector-leading specialist strategies on music, green care, spirituality, dementia and end of life care. You can find out more about these on page 16.

We are also very proud of *Finding Nana*, a book we jointly published, aimed at helping children through the emotions and what happens when a relative moves into residential care. You can read more about it on page 13.

In addition, 2023 saw the refresh of our dementia strategy. Since it was introduced in 2019, we have introduced robotic pets and HUG dolls into our care homes, family members have attended our dementia training and 1,642 colleagues have become a Dementia Friend.

Looking to the future, we have developed blueprints for care homes and retirement living. These set out a vision for those services for the future and will help us build the charity in the next few years. In addition, we are developing a blueprint for our central support services, especially as we face having to move out of our head office in Derby, due to the area being subject to flood alleviation work.

All of this, together with our business plan for the next year and our soon to be updated strategy, will mean MHA can continue to enable older people to live later life well into the future.



James Reilly,
Chair

Sam Monaghan,
Chief Executive

James Reilly

Sam Monaghan

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Board of Directors' report

One MHA: Our Refreshed Strategy 2022/25 – Our Business Plan 2023/24

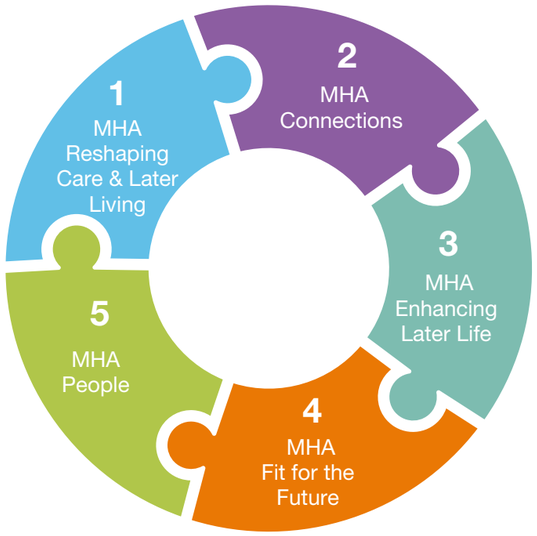
In 2023 we celebrated MHA's 80th anniversary and started to look forward to the next stage in our history. It was the vision of our founder, the Rev Walter Hall, that led to the church expressing its mission to care for and support those who are particularly vulnerable and in need, whatever their faith or background. That vision still stands strong today. Today MHA serves 17,423 older people across 80 care homes, 59 retirement living housing schemes, and 43 MHA Communities hubs. This work is supported by 6,836 colleagues and 2,644 volunteers.

At the start of the financial year 2023/24, MHA included the subsidiaries MHA Auchlochan (our retirement living village in Scotland) and Methodist Homes Housing Association Ltd, our registered social landlord which provides rented accommodation at social rent. On 2 May 2023, MHA Auchlochan was placed into administration, meaning MHA is no longer involved in the running of the retirement living village and associated care homes.

Our mission, vision and values are as relevant today as they were when we developed them and continue to guide all that we do.

Our refreshed strategy for 2022 to 2025 details our objectives and focuses our work under five key areas, known as pillars.

The One MHA Strategy builds on our history of serving the needs of older people. It brings together our operational activities, connecting our care homes, retirement living and MHA Communities for greater collaboration, knowledge exchange and a stronger offer for the communities we operate in.



However, we are working within a societal and political landscape where we are having to continually push for reform of the social care sector and, in particular, for sufficient, sustainable funding. The Conservative government promises to reform the sector were shelved in 2022 and nothing has been forthcoming since. We have added our voice to calls for reform to be expedited and have spoken at political party conferences to persuade politicians this work needs doing now. Our campaigns in 2023/24 rallied our supporters to Fix Care For All, and to push for better recognition for care professionals. We used opportunities like the Spring Budget to highlight the urgent need for an end to the staffing crisis and for support for care providers facing astronomical energy bills. We will continue to lobby the new Labour government and are hopeful for meaningful reform.

Looking forward

Looking ahead to the next financial year, our focus will be on completing what remains outstanding from the 2023/24 business plan and 2022/25 strategy.

This recognises the significant pressures placed on the charity by delivering the projects to sell ten care homes, place Auchlochan Garden Village and associated care homes into administration, sell the three Scottish schemes and prepare for the closure of two care homes in May 2024.

In addition, we have also put occupancy recovery as a distinct objective under the reshaping care and later living pillar to reflect the importance of this to the organisation, removed the work on domiciliary care and finished our work on innovations under enhancing later life..

Each section of the strategic review gives more information on what we will be doing in these areas.

Reshaping care and later living

1. Define and deliver our future approach to care home provision and contracting for placements
2. Define and deliver a blueprint model for our housing with care schemes
3. Deliver occupancy recovery in line with budget

Connections

1. Deliver and roll out the collaborative communities operating model
2. Develop and deliver a market-leading digital content platform and online community for older people
3. Increase the impact of our fundraising and volunteering opportunities

Enhancing later life

1. Raise the voice of older people and their needs into the general election and beyond
2. Enrich later life through the delivery of our specialist strategies

Fit for the future

1. Create a fit for purpose IT, data and digital capability
2. Deliver a financially, operationally and environmentally sustainable organisation
3. Reinvigorate our approach to continuous improvement

People

1. Attract the right people with the right skills at the right time
2. Foster an empowering and inclusive culture to support and deliver high quality services
3. Inspire and support people to fulfil their potential

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Key performance indicators

What we said we would achieve	How we did
Sustain our position in the top 20 care home providers on carehome.co.uk	Achieved
Maintain at least 90% good or outstanding or equivalent compliance with regulators across all services	91%
Have at least 75% of care homes and retirement living services achieve an internal quality assurance score of 85% and above	78% of all services achieved or exceeded the target of 85%
Increase our MHA Communities membership to at least 15,000 members by 2025	MHA is on track to achieve it's membership target in 2025 through utilisation of a customer relationship management system and the growth of digital services via MHA Active
Maintain at least 84% employee retention	77%. Recruitment and retention of staff has been difficult in the current environment
Increase employee engagement index score to at least 75%	76% last year – there will be a further update following the results of the Spring 2025 engagement survey being published
Raise at least £4.0m in fundraised income, including £600k in communities trusts and grants annually	Total fundraised income was £3.7m, with £2.1m in communities trusts and grants
Rebuild our care home occupancy to at least 85%	85% achieved on average for ongoing care homes
Maintain at least 90.0% occupancy in our retirement living schemes	94.1%
Sustain central overheads below 9.2% of income	8.8%

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Strategic objective 1

Reshaping care and later life

What we said we would do

- **Establish a refreshed blueprint for our care homes, including technological developments and incorporating our approach to Collaborative Communities**
- **Procure and roll out digital care plans across all of our care homes and housing with care services**
- **Establish a blueprint for our housing with care schemes, including incorporating our approach to Collaborative Communities**

What we've done

Care home blueprint

One of MHA's most important projects over the last year was establishing an 'MHA Blueprint', that sets out our aspirations for the way we support older people.

At its core, the blueprint represents a fundamental shift for MHA, where we move away from talking about 'care' and instead talk about 'support'. This focuses on working with people's strengths and abilities and optimises them through agreed levels of support.

The blueprint covers all areas of MHA, including our technology, property design, dining experience, charitable services and the language we use when talking about support and older people.

The reaction from our managers has been overwhelmingly positive and we have already seen colleagues enthusiastically embracing the new approach, especially within the implementation group created to make sure everyone takes ownership of the actions needed.

Digital care plans

Our ongoing project to replace our paper-based care plans with digital care plans means that our ongoing care homes are now set up and care home colleagues have received training on how to use the Nourish app effectively.

The main improvement of the digital care plans means that previously resident information would have been spread across multiple documents stored in different locations. Now all this information can be accessed from the Nourish app, meaning there is less time spent on note taking and more time supporting older people.

Other benefits include consistency of care. Now a new colleague can access a resident's care plan and find out everything about them immediately. GPs are also able to access Nourish to view an individual's information.

The digital care plans have also improved governance at MHA. Area Managers can review information and pull reports about a care home, aiding continuous improvement and planning.

Housing with care blueprint

To make sure MHA's housing with care can provide the best possible service to residents, we have recently developed a blueprint which defines what our future service provision will look like.

The blueprint, that is similar to the care homes blueprint, sets out seven principles, which are Support, Collaborative Communities, Independence, Property design, Technology, Catering, and Charitable services.

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Reshaping care and later life

Retirement living's wellbeing offer

MHA's wellbeing service is a key component of our retirement living service. It is designed to support residents to live later life well and independently by supporting physical, emotional, and social wellbeing.

The wellbeing service has three core functions, which have been redefined following discussions with people living and working in our retirement living schemes, as well as through comments in our annual residents' survey.

1. A 24-hour emergency response providing reassurance and peace of mind
2. Provision of the infrastructure for a care service, providing reassurance that an MHA care and support service will be available to you if you need it
3. Supporting the development and facilitation of community activities within our retirement living schemes and the wider community.

This new definition provides residents with more clarity, so they know exactly what they do and do not get as part of our wellbeing offer.

What we will do next year:

- **Deliver year one of our plan to implement our care home operational blueprint**
- **Conclude the adoption of digital care plans across all care homes and embed their use**
- **Roll out our marketing tool kit to all homes to deliver an enhanced level of inquiries into our homes and schemes**
- **Aim to return our care home occupancy to pre-pandemic levels.**

Case study – Finding Nana

MHA broke new ground when it launched an illustrated book aimed at helping children navigate the emotional journey when an elderly relative moves into care.

Finding Nana is believed to be the first book of its kind. While there are books to help children and young people understand what happens if someone is diagnosed with dementia, none of them tackle the issue of a loved one moving into a care home.

Authored by Jenni Bacon, with illustrations by Sophie Parmenter, *Finding Nana* was created in partnership with the Methodist Church. It follows the story of Ellie and Jack as they discover what happens when their Nana moves into 'the care home'.

The idea for the book came from the late Crispian Acher, Head of Chaplaincy at MHA, who sadly died suddenly as the book was being published. He realised in conversations with colleagues that there was nothing available to help children if an older relative went to live in a care home.

Finding Nana shares the questions and concerns that two children have as they visit their Nana in a care home for the first time. They discover that care homes can be places to live life to its fullest and have fun, where people can do the things they enjoy and make new friendships.

The story is based on real-life experiences, with author Jenni having spent time speaking to care home residents and their family members, as well as MHA chaplains. Feedback from school children and their parents and people who work in MHA care homes helped to shape the book.

Sam Monaghan, Chief Executive at MHA, said: "Visiting a care home can be a daunting experience for anyone – but it's particularly unsettling for younger children when they see someone they love moving into care."

Author Jenni Bacon spoke with MHA families as part of her research. She said: "It was a privilege to be given an insight into the emotions families go through before someone moves into a care home and in particular the thoughts of children and young people."

President of the Methodist Church, Rev Gill Newton added: "*Finding Nana* is a unique book which not just tells the story of Ellie and her nana but one which also spotlights the role a chaplain plays in supporting not just residents but their families."

To buy a copy of *Finding Nana*, scan this QR code

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Strategic objective 2

MHA connections

What we said we would do

- **Review the Collaborative Communities blueprint, comparing rhetoric to reality on launched sites**
- **Create ‘recipe cards’ for each piece of content to support delivery in the MHA Active app and create tutorial guides for the second phase app**
- **Review Charitable Giving scorecard after three months and implement a measurement approach to ensuring fundraising targets by income stream**

What we’ve done

MHA Active

MHA Active is a free app that puts activities in the hands of the user, helping to keep their mind and body active.

Following on from the launch of the second version of MHA Active, the focus over the last 12 months has been on creating new content and improving accessibility.

Some of the most popular videos have included virtual walks through National Trust locations and a documentary about a man who climbed Mount Everest. MHA activity coordinators will often use MHA Active content in their own activities, which always goes down well with residents.

To improve accessibility, MHA has created guidance videos to support users with the app. Topics include how to sign in, how to download the app and how to navigate it. For those who prefer written instructions, the team has also created ‘guide sheets’ for every piece of content on MHA Active.

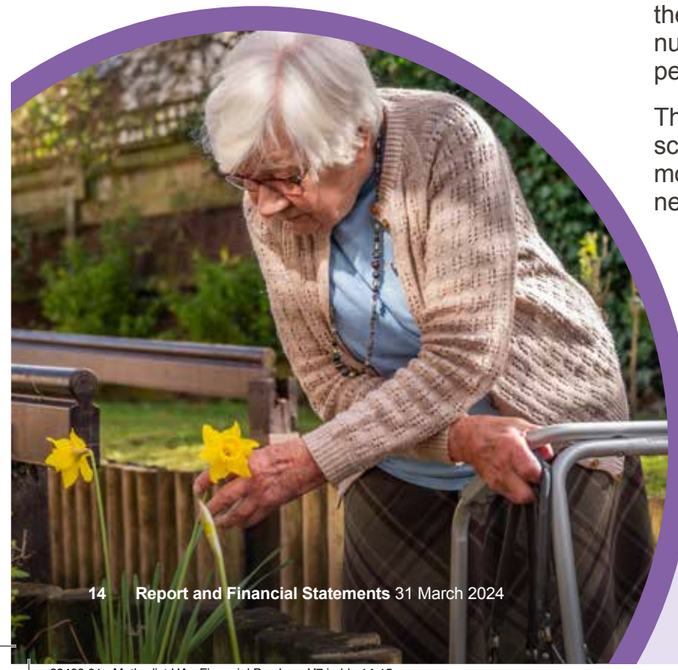
Find out more about MHA Active at **mha.org.uk/care-support/mha-active**

Charitable Giving Scorecard

Growing from the development of our fundraising strategy, we have developed an internal charitable giving scorecard to showcase our monthly progress and impact, in an easy to absorb way.

The scorecard is designed to inform MHA’s Board and ELT about a range of topics connected with charitable giving. This includes the number of campaigns, volunteer enquiries, number of applications made to Trusts, financial performance and supporter numbers.

The team is now looking at reworking the scorecard to feature more trend data, so we can more effectively see what works and what might need some tweaks to be more successful.



What we will do next year:

- **Develop a blueprint for MHA Communities to work collaboratively with other social care provider organisations**
- **Review the Collaborative Communities blueprint, comparing rhetoric to reality on launched sites**
- **Establish a framework for statutory grants and commissioning in a locality**
- **Develop deeper and broader income streams for MHA Active and devise and deliver a marketing plan**
- **Implement the volunteering strategy, with the aim of recruiting more than 1,000 new volunteers in 2024/25**
- **Implement the fundraising strategy.**

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Strategic objective 3

Enhancing later life

What we said we would do

- **Continue to raise awareness of the ongoing care workforce issues**
- **Input and stimulate debate regarding the government's reform of social care, including a fair price for care and addressing the current cost pressures such as the energy crisis**
- **Work on each strategy to make explicit its application in practice, identifying the cross overs between different strategies and associated tasks to ensure benefits are realised.**

What we've done

End of life care strategy

The focus for this year has been on educating colleagues and external audiences about end-of-life care. Our Final Lap training course is now mandatory for all colleagues, and we've also begun to pilot our Bereavement Basics course. We've also been rolling out a course for external audiences, especially church and community groups, called The Last Taboo.

Find out more about our approach to end of life care at **mha.org.uk/care-support/care-homes/compassionate-end-life-care**

Spirituality strategy

The spirituality strategy has focused on capturing best practices and exploring new areas. Residents in our care homes are now included in the recruitment process for new chaplains. MHA also published a report titled *"Exploring the Changing Experiences of Chaplains Employed in Care and Residential Homes During the COVID-19 Pandemic: A Longitudinal Qualitative Study'*. The report aims to capture the unique experience of spirituality in social care during the pandemic.

The key findings fit under three key themes. The first is 'adapting work practices' showing how their role as chaplains shifted and the impact of this on conducting funeral services. The second theme that emerged was 'mental health and wellbeing' which highlights the impact of the pandemic on the mental health and wellbeing of chaplains working in homes, and the strategies they embraced to cope. And the third theme was 'giving and receiving support' which emphasises the emotional and physical support chaplains offered and received during the pandemic; as well as the need for support.

Find out more about chaplaincy and spirituality at **mha.org.uk/care-support/types-care-support/chaplaincy-spirituality**

Green care strategy

Following the launch of this strategy to develop wellbeing through nature, MHA has now completed an audit of our gardens and outdoor spaces to identify areas of innovation and the potential for improvements. We have also been working with the Society for Horticultural Therapy to develop our green care offering at MHA.

Find out more about our work on green care at **mha.org.uk/care-support/types-care-support/green-care**

Dementia Strategy

We launched our updated dementia strategy which outlines the significant accomplishments from the previous strategy and sets out our future objectives. The aim of this new strategy is to make sure we maintain a relationship-based approach with older people, their family and friends. Our plan is to introduce MHA's *Key to Me* programme, which promotes reminiscence and life story sharing among residents, members, families and friends, and colleagues.

Find out more about our dementia care at **mha.org.uk/care-support/types-care-support/dementia-care**

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Enhancing later life

Campaigning and external affairs

MHA continued to put social care on the political agenda especially as a general election was held in 2024; we continued to highlight our work through our media relations activity during the year.

Our Fix Care for All and budget campaigns led to an increasing number of our supporters taking action such as emailing their MP. Our workforce campaign was aimed at getting a Social Care Council formed and enabled us to raise awareness and gain support with colleagues, relatives, MPs and supporters, as well as being able to highlight our calls in the media.

Campaigning messages were among the 617 media articles featuring MHA in 2023/24, which, among others, included comments on the changes to visas for overseas workers and parity of pay for social care workers with similar NHS roles. Articles on radio and television featuring MHA, notably our robotic pets in care homes, had a total audience of 26.5 million.

Making vital connections with politicians from Conservative, Labour and Liberal Democrats has meant we have been able to make our voice heard among policy makers and influencers. We attended all three of the annual party conferences and spoke at social care events on the fringe to discuss the issues facing the sector, such as cost of living, fair pay for care workers, and our workforce campaign.

This influencing work has paid off with the Liberal Democrats calling for a Social Care Council and the Labour Party committing to a fair deal for pay. Now that we have a Labour Government elected, we will continue to push them to fully fund this commitment.

What we will do next:

- **Input and stimulate debate regarding the Government's reform of social care, including a fair price for care and addressing the current cost pressures**
- **Continue to raise the voice of older people and their needs**
- **Work on each specialist strategy to make explicit its application in practice, identifying the crossovers between different strategies and associated tasks to ensure benefits realised**
- **Defining the role, resource and requirements of Chaplains, Music Therapists and Activity / Community Coordinators in the implementation of the specialist strategies.**

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Strategic objective 4

Fit for the future

What we said we would do

- **Continued delivery of the strategic IT review**
- **Refresh our existing website and intranet**
- **Define our data and knowledge management governance model**

What we've done

MHA's IT Infrastructure

Over the last two years, MHA has been on a journey to make sure our IT infrastructure is robust and up to the challenge of the modern workplace.

Over the last 12 months, we have completed the removal of our out-of-date legacy servers and have moved on to a more secure cloud-hosted environment.

We've also improved our IT security stance, adding in next-generation security to ensure we're protected from cyber threats.

IT has also improved how our systems work together by making sure they can communicate with each other to automate processes, such as adding or removing colleagues from our recruitment and active directory systems.

These improvements mean that colleagues are having fewer problems with their IT equipment, and more colleagues are better connected with each other, especially with the introduction of email addresses for all colleagues.

Financial Resilience

We are in the process of finalising a long-term financial plan focused on delivering a financially resilient organisation following Covid-19 and the subsequent operational and financial shocks. This will be used to support our re-financing process during the current year which is noted on page 38.

Data and knowledge management

We have migrated some critical integrations from legacy systems to Azure Data Factory which has enabled the full automation of many data exports and reports.

During this process, we enhanced data governance and created an environment that will enhance the ability of users to self-serve the data and determine their own analytics.

We also integrated multiple systems across the organisation enabling better system access management and smoother user access.

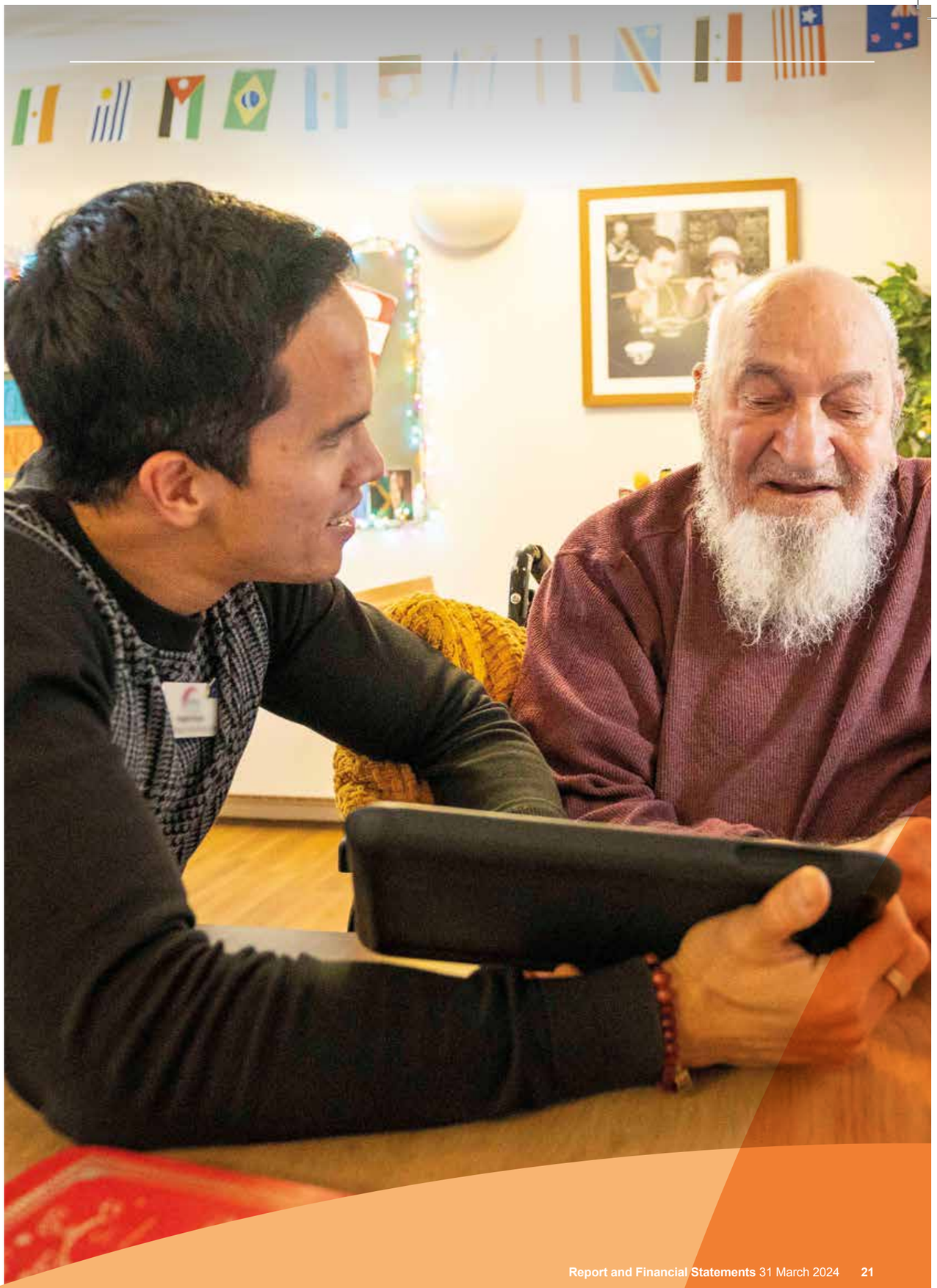
MHA's website

Our website is often the first interaction many of our prospective residents, members, supporters, and colleagues have with MHA. Our current website has been in operation for over 12 years and this has at times limited our ability to give people the best possible online experience.

To address this, MHA has been building a brand-new MHA website for the past year which launched in June 2024.

It has improved navigation, refreshed content and has been built with accessibility in mind. The site uses the latest security technologies, so that users can have increased confidence that any data they enter into the site is secure.

You can visit our new website at **mha.org.uk**



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> Our high levels of quality wouldn't be reached without the dedication of everyone who works for MHA

Fit for the future

MHA's intranet – MHA Connect

Our intranet is an important document repository and communication channel for all our colleagues. We recognised it needed an overhaul to make it more user-friendly and reliable for users.

It has been re-designed with the end user in mind, with improved navigation making it easier for colleagues to find the information they need and removing old documents and sections to make information far more relevant and up to date.

The changes have been well received with colleagues commenting on the accuracy and speed of the search function, meaning they spend less time searching for policies and documents. It also has a much improved reach among colleagues and consequently greater engagement levels.

What we will do next:

- **Complete and implement the Asset Management Plan**
- **Finalise a long-term financial plan and funding strategy to ensure organisational resilience**
- **Implement and embed best practice and continuous improvement of core business applications**
- **Scope and develop our Environmental Social and Governance Policy (ESG) approach and plan.**

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Strategic objective 5

MHA people

What we said we would do

- **Attract the right people with the right skills at the right time.**
- **Foster an empowering and inclusive culture to support and deliver high quality services.**
- **Inspire and support people to fulfil their potential.**

What we've done

Refreshed EDI Strategy

Our equality, diversity and inclusion (EDI) strategy has been in place for three years now and we've seen positive change within MHA. EDI is now our second highest rating on job review websites like Indeed and Glassdoor, showing that most of our colleagues approve of our approach to equality and inclusion.

To learn from what we've done so far and redefine what we aim to do next, we have worked on a refresh of our EDI strategy, which launched in April 2024.

To gauge colleagues' attitudes towards EDI at MHA, the team developed a survey that asked colleagues how they felt about a series of statements that would be featured in the strategy. The response to the survey was overwhelming with a highly positive response. This gave us a fantastic starting point for the refresh, building on how engaged colleagues are already to bring about positive changes for all at MHA.

We also invited an external review by the Employer Network for Equality and Inclusion (ENEI). They found that we're well on our way to embedding EDI in the charity's culture, encouraging us to sustain the positive progress we've made so far.

Find out more about our approach to EDI at **mha.org.uk/about-us/equality-diversity**

Recruitment and Retention

Despite the challenges in the sector, we reduced the number of leavers in the year by 4%, recruited an increase of 12,000 care hours and sponsored over 500 people from overseas to join us, with cultural awareness sessions for the whole team. This provides greater stability and quality of care for those we serve.

Career pathways

Our hospitality career pathway takes colleagues from kitchen assistant to chef. Colleagues who take part in the course receive a qualification, hands-on experience in the kitchen and support from chef coaches to develop as professionals with a career in the field.

New Learning Zone

Our new, user-friendly system was launched to support our people development and drive compliance of 90%.

Culture

We launched our Speak Up, Listen Up approach with whistleblowing training for 200 managers to drive our positive culture and make improvements where possible. This is supplemented by our active People Panel with representatives from across MHA, influencing our policies, practices and ways of working for the better.

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MHA people

Gender pay data

MHA pays its staff the Real Living Wage, recognising that this is the minimum someone should earn.

We are fully committed to equality, as outlined through our EDI strategy and work. We pay men and women equally for the same role. Our gender pay data shows the difference in average pay between all men and women across the MHA workforce.

MHA's analysis shows a small gap compared to the UK generally, and we remain committed to driving equality through our EDI strategy, policies and practices every day.

Across the organisation men were paid 0.9% more than women in 2024, using a median average calculation. No one in the charity is paid a bonus. MHA employs significantly more women than men, almost a 4.5:1 ratio which results in reasonably significant fluctuations in our gender pay data.

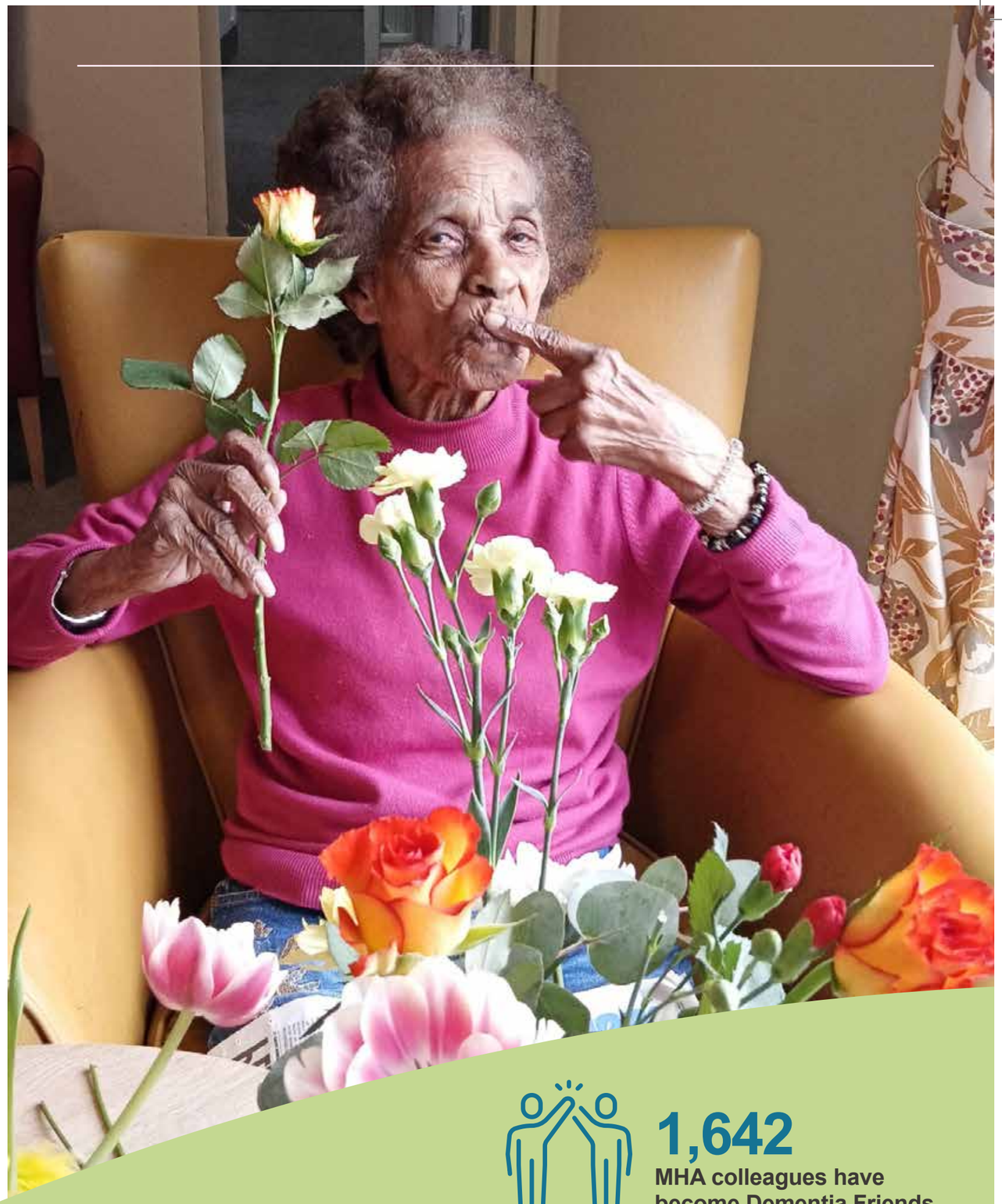
We have a good record of commitment to equality and the development of our people. This is supported through five staff networks which help further awareness and inclusion for gender, religion, race, sexual orientation and disability. The networks host a variety of events and activities to raise awareness among colleagues and support issues relating to race, faith and belief, gender, disability and sexual orientation.

The median pay gap figure is the most commonly used for the gender pay gap. However, no single metric will capture the full picture of what is happening at an organisation, so it is useful to look at both median and mean pay.

	Female	Male	Pay Gap
Mean Pay	£14.82	£14.99	**1.1%**
Median Pay	£12.46	£12.57	**0.9%**
Total Staff	5,460	1,376	

What we will do next:

- **Develop a recruitment strategy for timely and effective hire and retention.**
- **Develop a career pathway for care.**
- **Continue to roll out and embed MHA behaviours framework.**
- **Develop flexible ways of working across MHA.**
- **Implement our internal communications strategy to reach and engage all our people.**
- **Develop and deliver a resolutions-focussed approach for timely effective outcomes.**



1,642
MHA colleagues have become Dementia Friends

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Change Projects

Like any responsible organisation, MHA needs to make sure it is on the right track to be able to deliver on its mission. For us, this is about making sure we enable older people to live later life well. We have a responsibility as a charity to make sure our finances are healthy and that we are in the best possible shape to develop our services for the future.

Back in 2019, we began a review looking at the long term sustainability of all our services. This was inevitably paused during the pandemic but was completed in late 2022. The result was that we had to make some difficult decisions.

These are not decisions we have taken easily but they have had to be made so that MHA can continue to be a healthy and vibrant charity, providing quality care and support, now and into the future.

Care homes

The first of these decisions was to withdraw from nine of our 88 care homes.

The nine care homes, along with their status as at 31 March 2024, are:

- Allesley Hall in Coventry – awaiting completion of sale
- Avonleigh Gardens in Oldham – sold
- Cedar Lawn in Stratford upon Avon – home was closed in February 2024 and will be marketed for sale
- Connell Court in Southport – awaiting completion of sale
- Engelberg in Wolverhampton – sold
- Hafan y Waun in Aberystwyth – transferred to the ownership of Ceredigion County Council on 1 November 2023
- Harwood Court in Cramlington – awaiting completion of sale
- Herondale/Kingfisher in Birmingham – sold
- Queenswood in Beeston, Nottingham – sold.

Affected staff at these homes have transferred over to the new owners under the formal legal process known as TUPE regulations, other than the closed home where unfortunately colleagues were made redundant.

On 30 April 2024 two further homes were announced for closure, Swallow Wood in Mexborough and Willesden in North London. Following closure of these homes, they will be marketed for sale.

Money raised from the sale of the care homes will be used to invest in the fabric of our remaining homes and schemes and in new services for the benefit of our residents.

Auchlochan Garden Village and Scottish retirement living schemes

Another key decision arising from the review was that MHA placed Auchlochan Garden Village in Scotland into administration. This meant MHA withdrawing from Auchlochan, and the administrator taking responsibility for securing its long term sustainability. This included the two care homes at Auchlochan Bankhouse and Lower Johnshill, as well as the surrounding retirement living complex.

MHA took over Auchlochan Garden Village in 2009 to prevent it from going into administration. However, the operating model for Auchlochan has a range of complex legal, operating and funding issues across the village, which MHA has been unable to resolve, despite investing considerable resources over the past 14 years. It is with regret that, as a charity, we were not able to continue supporting this community.

The changes in Scotland also include MHA withdrawing from three smaller retirement living schemes, as these would be difficult to support without the larger infrastructure that Auchlochan gave MHA in Scotland. A buyer was found for Wesley Court in Granton near Edinburgh, Taransay Court in Milton near Glasgow, and St Andrew's Court in East Kilbride, with the sale completed at the end of March 2024 to Trust Housing Association.

Together, these changes mean that MHA will no longer have any services in Scotland.

As it has always done, MHA will continue to review and assess our homes and schemes to ensure they meet and adapt to people's changing needs, ensure financial sustainability, and remain valued places to live.

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Fundraising at MHA

2023/24 was a challenging year for voluntary income. Our objective around net income from fundraising raised centrally and into local services was not met. This was driven by the difficult external environment.

Our wider key fundraising objectives were, however, achieved:

- Through a combination of improved supporter retention and acquisition we increased our number of active supporters from 11,353 (end of March 2023) to 17,135 at the end of March 2024
- The focus of making our fundraising processes more efficient continued to deliver the desired efficiencies
- We became increasingly supporter focused. This included embedding our supporter e-newsletter, an improved thank you process, and reviews of our supporter magazine and our trusts and foundations approach
- We completed research into supporter motivations within the Methodist Church.

Fundraising at MHA helps older people live later life well by specifically supporting the provision of our charitable endeavours such as MHA Communities, chaplaincy and dementia care including music therapy.

All fundraising activities at MHA are undertaken directly by the charity, with no external party acting on our behalf. No material expenditure was incurred to raise income in the future. MHA is signed up to the Fundraising Regulators Code of Practice and pays the requisite levy to the regulator. We continue to undertake awareness activities to increase the profile of the code among colleagues outside the fundraising team. There were no failures or breaches of the code at MHA in 2023/24.

There were no complaints directly about fundraising received in 2023/24. However, three complaints were received regarding associated communications. These complaints were all satisfactorily resolved, and the team continues to adopt a continuous improvement approach to preventing re-occurrence when these issues come to light.

We are committed to supporting vulnerable people in our fundraising and have established a fundraising for vulnerable people policy.

Throughout 2023/24, 237 colleagues undertook introduction to fundraising training, which includes our approach to supporting vulnerable people in fundraising.

Fundraising at MHA includes the following key activities:

- Philanthropic support – the support of trusts, foundations and companies
- Legacies – generous gifts given by people in their wills
- Digital – engagement from digital supporters
- Stewardship – support from individuals
- Community – fundraising events including MHA Sunday our flagship annual event.

One of our key income drivers is from our legacy income stream. We are always grateful to people who remember MHA in this special way, whatever the size of the gift.

Find out more about our fundraising activities and how you can support us at **mha.org.uk/get-involved/fundraise**

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Public benefit

The MHA Board of Trustees has due regard to the Charity Commission guidance on the public benefit requirement under the Charities Act 2011, in particular the requirement that public benefit can no longer be presumed but must be demonstrated. We are confident in our role as a charity delivering services to the public and meeting the Charity Commission's public benefit requirements now and into the future.

MHA's person-centred care recognises each older person as a unique individual and addresses their own spiritual and physical needs, with reassurance, care and support.

Our services are open to everyone, with our care home residents being broadly split 56:44 (in 2022/23 this was 55:45) into those places which are fully self-funded and those that are partially or fully funded by a local authority or the NHS. This is alongside our commitment to social rent tenants in retirement living.

Our care homes, retirement living and MHA Communities schemes all support people to develop and practise faith and spirituality as it applies to them as individuals. Our work is inspired by the Christian faith, and we welcome people from all religions, beliefs, and traditions as well as people who have no religion. We encourage residents to maintain links with their own faiths and communities if they wish to do so. We celebrate religious festivals and events from all faiths throughout the year in our homes and schemes.

For many residents, MHA will provide them with their last home. Our chaplains have a particular role in helping residents and their relatives approach their later years, with a sense of acceptance, peace and fulfilment.

MHA aims to support and care for people living with dementia with understanding and expertise, and we are proud of our dementia strategy. We focus on the individual needs of our residents with our person-centred approach and we make sure everyone is able to lead a fulfilled and satisfying life.

We have further demonstrated our public benefit throughout these financial statements.

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Financial review

The Statement of Financial Activities for the year 2023/24 shows total incoming resources of £279,198,000 (which last year was £268,825,000) a 4% increase on the previous financial year. This is largely a result of increased charitable activities within care homes driven by an increase in occupancy in the year.

Financially, 2023/24 was anticipated to be a testing year for MHA with several key costs significantly increasing, this was exacerbated by our care homes occupancy recovering more slowly than we had hoped for.

The energy crisis has hit MHA particularly hard, with energy costs rising from an average of £5m per year for the five years preceding the pandemic, to £12m in 2022/23 and £18m in 2023/24. This will reduce in the coming year but has had a significant impact on our finances.

The social care sector staffing crisis has also impacted MHA severely in a couple of ways – firstly the financial impact of having to use costly agency staff to maintain staffing levels in homes, which led to agency staffing costs of nearly £17m in 2023/24. This was a significant reduction from the previous year, but a huge increase when compared with pre-pandemic costs. Secondly due to the lack of availability of staff, MHA couldn't freely admit residents without having to consider whether we had adequate staff available to care for them. This in turn, slowed our occupancy recovery.

All of these pressures were in addition to the cost-of-living crisis that impacted MHA as well as the rest of the economy.

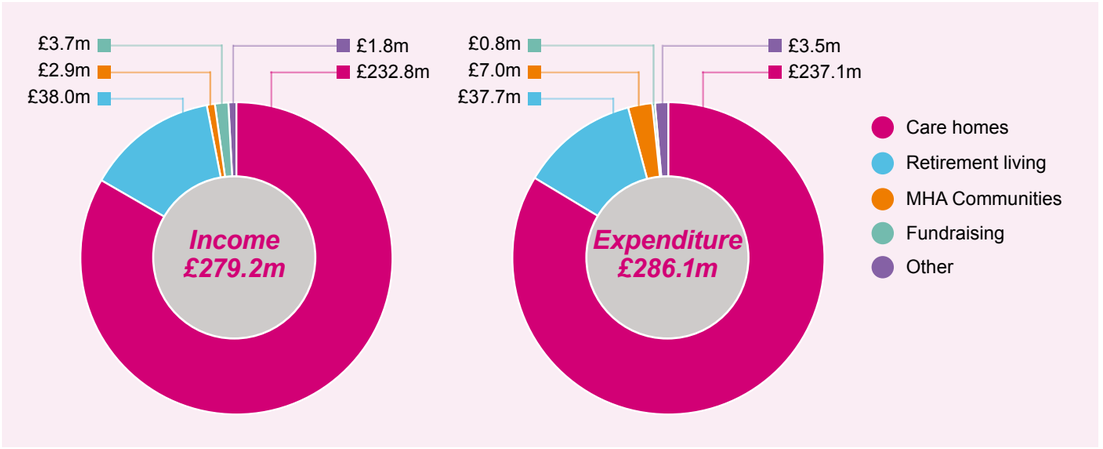
Unfortunately, we also saw a significant reduction in the value of fundraised income that we received, reflecting the challenging economic environment that charities find themselves operating in.

Despite the difficult financial performance, MHA continued to invest significantly in the built environment of our care homes and retirement living settings to improve the quality of life for our residents and scheme users. MHA also continues to invest in our charitable endeavours such as chaplaincy, music therapy and our MHA Communities provision.

Key Performance Indicators for the group	2023/24 Actual £'000	2022/23 Actual £'000
Total income	**279,198**	268,825
Operating costs excluding exceptional costs (restated)	**286,117**	271,266
Exceptional costs	**(5,110)**	113,590
Surplus/(Loss) for the year (after investment gains and losses)	**5,462**	(117,525)

Service users & capacity	Number	Number
All MHA care homes	**4,608**	4,782
Number of retirement living properties	**2,161**	2,694
Community services members supported	**10,981**	11,481

Occupancy	2023/24	2022/23
Care homes	**83%**	82%
Retirement living	**94%**	93%
Cost of fundraising to voluntary income	**14%**	10%



These financial statements include the financial benefits (although to a far lesser extent than in previous years) of accessing Government and local authority funds made available to support the care sector due to Covid-19 mainly via the Infection Prevention Control Fund (ICF), the Rapid Testing Fund (RTF) and the Workforce Recruitment and Retention Fund (WRRF).

A total of £795,000 (2023: £1,279,000) has been received during the financial year to support the recruitment and retention of the social care workforce.

As mentioned previously, 2023/24 continued to be very challenging for charities and the fundraising sector, which is why we are even more grateful for the generous donations that we have received during the year of £3,719,000 (2023: £7,112,000) which have contributed towards:

- Underpinning MHA Communities services
- Providing chaplaincy services in our residential settings
- Providing music therapy in our dementia care settings
- Contributing towards the capital costs of our existing services.

As has previously been mentioned, some tough decisions were made in 2023 which were necessary to ensure the ongoing viability and vibrancy of MHA. The strategic review of services completed in 2022/23 following a pause during the pandemic. Upon completion of the review several hard decisions were taken by the Board of Trustees.

The review looked at services through a variety of lenses such as the location and size of our care homes, their proximity to other services for older people, their financial viability, the quality of our buildings and their fit with the emerging trends regarding the types of care and support that older people will want in the future.

The first decision was to sell ten of our care homes as going concerns. The second decision was to place MHA Auchlochan Garden Village, our retirement living community in Scotland and its two associated care homes into the hands of administrators. The changes in Scotland also include MHA withdrawing from our three Scottish retirement living schemes with a view to selling these schemes to alternative providers. These difficult decisions were announced on 2 May 2023.

Significant progress has been made during 2023/24 with five of the care homes sold, and unfortunately one of the homes closed; the three Scottish retirement living schemes were also sold during the year. As well as the impacts of energy costs, inflation and staffing costs, MHA also bore the costs of the understandably sub-optimal performance of these homes as they progressed through the disposal process. The remaining homes and MHA Auchlochan Garden Village will be sold during 2024/25.

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On 30 April 2024 two further homes were announced for closure. These activities have led to favourable exceptional costs of £5,110,000, (2023: £114,194,000) which are detailed shortly.

MHA has taken these hard but necessary actions to ensure the ongoing viability of the charity. We are confident that we are in the process of securing that future.

Due to the increase in total incoming resources, the benefit of the favourable exceptional costs and despite the adverse impacts of the significant increase in operating costs, MHA reached a net surplus of £5,462,000 (2023: loss £117,525,000). This net increase in funds of £4,651,000 (2023: decrease £114,517,000) is added to the total balances brought forward of £231,715,000 which reflects non-cash items.

MHA continues to be fortunate in having a strong balance sheet, as reflected in these statutory accounts. We have enough liquidity to support our activities for several months and, should we need more working capital, we have access to rolling credit facilities which have not yet been drawn on.

The Directors consider the market value at 31 March 2024 of the freehold and leasehold land and buildings to be in excess of the costs or valuation as stated in note 10 to the financial statements, based on independent valuations.

Exceptional items in the current year constitute the reversal of prior year impairments on operating assets across MHA's property portfolio of £9,843,000 reflecting the reinstatement of historic holding value following further assessments made during the year of the options including the independent evaluation of the potential realisable values of the assets under consideration. Costs associated with the strategic review of services are £1,280,000. Also, an onerous lease provision has been recognised in the year of £3,453,000.

Exceptional items in the prior year constitute impairments on operating assets across MHA's property portfolio of £112,378,000 reflecting the reduction of the holding value of the sites to their anticipated net realisable values. Provisions for the disposal costs of the operating assets are held at £1,817,000. Prior year impairments have been partially reversed £103,000 and a prior year provision has also been released £500,000.

Reserves Policy

The Board of Directors has carried out their annual review of the minimum level of free reserves which should be maintained within the Group which remains at a minimum of three months operational expenditure.

Our reserves policy seeks to make sure free reserves are maintained at a level that enables MHA to manage financial risk, allowing us to maintain and improve the future standards of service and care offered to older people over the medium to long-term and ensuring that financial commitments can be met as they fall due.

At the end of 2023/24 total reserves were £235,501,000 (2023: £231,715,000) of which £25,766,000 (2023: £24,253,000) were restricted and endowed and were not available for the general purposes of the charity. There are no designated funds nor are there any funds in deficit.

Total unrestricted funds at the end of 2023/24 were £209,735,000 (2023: £207,462,000) which included the net book value of fixed assets of £318,322,000 (2023: £309,492,000). Fixed assets can be excluded from the Group's definition of free reserves as the Group considers the level of cash and other liquid funds as a more appropriate measure of its ability to meet its commitments and invest in the future.

Actual free reserves which MHA defines as cash or liquid funds were £37,638,000 (2023: £57,651,000). The Board considers that minimum free reserves of approximately £67,000,000 (2023: £63,000,000) are needed to cover such items and to enable the Group to continue to operate to meet its charitable objectives.

This level of financial reserves equates to slightly less than two months of operational expenditure which is below the reserves policy requirement. This was an intentional decision made by management and the Board following a risk assessment process. Management and Board will manage reserves to align with the three-month requirement during the coming financial year, notwithstanding the intention to continue to address the backlog of maintenance and capital expenditure works that built up during the pandemic.

Our financial reserves provide an important financial buffer in the current climate of heightened economic uncertainty. We anticipate that economic uncertainty will continue for at least the next 12 months.

Since MHA is confident that it can meet the required pension contributions from projected future income without significantly impacting on its planned level of charitable activity, it continues to calculate its free or general reserves without setting aside designated reserves to cover the pension liability.

The Directors are satisfied that there are sufficient reserves to meet pension liabilities arising from the MHA defined benefit scheme, which was closed to new entrants on 31 March 2010.

Treasury Management Policy

The Treasury Management Policy sets the boundaries for acceptable financial risks and delegates treasury decisions for managing those risks in a controlled manner.

The policy makes sure MHA is actively and regularly monitoring, measuring and managing treasury risks in a robust and consistent manner, clarifying responsibilities between the various stakeholders to ensure that adequate funds are available for ongoing operational requirements as well as for the longer-term strategic aspirations of the organisation.

The policy incorporates the different types of funds held. These are:

- General funds to provide working capital in line with the reserves policy
- Restricted funds (excluding MHA Communities and service specific amenity funds)
- Permanent endowment funds.

The management of investments is delegated to the Central Finance Board of the Methodist Church. Performance of investments is reviewed by the Board and is judged to be satisfactory. Investments are held in equities, fixed interest deposits and cash totalling £1,390,000 (2023: £1,364,000) at the balance sheet date.

Principal Funding Sources

MHA has drawn loan facilities with the Allied Irish Bank, balance at 31 March 2024, being £17,010,000 and Barclays Bank Plc, balance at 31 March 2024 being £70,000,000. The Allied Irish Bank loan expires in March 2025 and the Barclays loan expires in April 2025; these facilities are in the process of being refinanced during 2024.

Furthermore, MHA is able to bolster funding by an undrawn revolving cash facility (RCF) that we have in place with Barclays Bank. This is designed to support operational funding and liquidity requirements as required.

Methodist Homes Housing Association Ltd has a loan facility with the Nationwide Building Society with the balance at 31 March 2024 being £1,983,000 and a loan facility with Capita totalling £1,112,000 as at 31 March 2024.

Fixed asset additions of £24,936,000 which comprises additions of £25,149,000 less completions of £213,000, were financed by accessing existing reserves. This expenditure enables MHA to develop existing properties to maintain existing standards and meet new standards where relevant.

As part of care home operations MHA operates 28 (28 in 2023) leased homes which have been established via sale and lease back arrangements.

Going Concern

Financial sustainability continues to be a critical issue for the social care sector. The long shadow cast by the Covid-19 pandemic, particularly on occupancy recovery, the current and ongoing social care staffing crisis, the ongoing impacts of the energy crisis and cost-of-living crisis have magnified that risk. Unfortunately, despite our strong financial position at the beginning of the pandemic, MHA has not been immune to that risk.

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These combined crises have led to an exponential and unavoidable increase in MHAs cost base since 2022/23, continuing into 2023/24. Based on this experience, a key area of focus for the organisation is on mitigating actions to support the ongoing financial sustainability of the organisation. These include:

- Attracting more older people to our care homes to recover occupancy rates whilst balancing the need to care for those residents without employing costly agency staff
- Recruitment and retention of colleagues
- Reducing costs where feasible, without reducing quality
- Increasing the effectiveness and efficiency of the organisation.

As we move into 2024/25 MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios reflect various assumptions including levels of occupancy, weekly fee levels, and the financial impact of the current cost of living crisis, social care workers crisis and the energy crisis.

None of the scenarios modelled result in liquidity shortfalls, nor are any covenant breaches on the specified measurement dates expected in the coming period. MHA has fostered strong and supportive relationships with both of our key lending banks (Barclays and AIB) both of whom remain supportive, having recently finalised covenant resets on the loans.

MHA has existing loan facilities that include a £70,000,000 loan to April 2025 and a £25,000,000 undrawn revolving credit facility (RCF) to April 2025, both with Barclays and a £24,000,000 loan with AIB to March 2025. Although both of these loans could be extended for a further 12 months, they will be refinanced during the year. This brings an associated risk, however supportive relations and conversations with both banks reduce this risk.

Whilst ELT and the Board do not consider it likely based on current information, if performance was to be significantly adverse to our latest forecasts for a considerable period of time there could be a substantial impact on MHA's surplus generation and cash flows which could potentially put the organisation at risk of breaching the financial covenants on our loans. As a consequence, MHA would require support from the banks by means of a covenant waiver or deferral. Whilst ELT believes that the Group would continue to have the support of the banks, in these circumstances there is no certainty that this would be the case.

Based on our financial scenario modelling and latest forecasts, ELT and the Board feel it remains appropriate to continue to prepare the financial statements on a going concern basis.

Risk Management

The Board retains overall responsibility for risk management and decides the level of risk it is prepared to tolerate. The Board promotes a culture of prudence with resources.

Risk management is exercised across MHA through the functional heads of department, ELT, relevant Board Committees and the Board. Risks can surface throughout the organisation and are recorded through department risk registers, and where required (either as a result of severity or pervasiveness to the organisation) are reported through to ELT, Board Committees and Board. ELT carry out monthly reviews of controls in place to manage key operational risks and half-yearly reviews of controls in respect of strategic risks for their areas, which are subsequently reviewed by the Audit and Risk Committee. The Board completes six monthly reviews of strategic risks.

MHA's revised procedure for the recording and monitoring of risk was implemented in 2019/20 with regular reviews and evaluation of risk registers being embedded during subsequent years. In November 2023 the Board re-assessed the Strategic Risk Register to ensure that it accurately reflected MHA's strategy and current external influencing risk factors. The Strategic Risks, set out below continue to be overseen by the Board and reviewed by ELT and the relevant Board Committee on an ongoing basis to ensure effective mitigations are in place.

Risk	Explanation	Mitigations
Finance	There is a risk that ongoing poor financial performance and mismanagement of financial resources could significantly destabilise the group. This may impact the ability to secure affordable finance to support ongoing delivery and future developments. Risk reflects impacts of external financial markets, historic impacts of the pandemic, staffing crisis, energy crisis as well as the internal impacts of portfolio review.	The ELT presents the annual budget to the Finance and Capital Expenditure Committee (FACE) who review it prior to recommending it to the Board. Financial performance is monitored regularly by the ELT and reported to FACE for further scrutiny. MHA monitors performance and compliance against its 'Golden Rules', a series of financial KPIs which indicate the long-term financial health of the organisation. MHA has a policy of maintaining cash reserves to mitigate the risk of inadequate working capital. MHA is addressing improved surplus generation (and consequently its appeal to financial markets) through strategic projects and the ongoing review of its portfolio to both reduce risk and improve performance. Key strategic imperatives of agency staffing reduction and occupancy growth, alongside flexi-purchasing of energy costs.
Estates	Through its ongoing property portfolio review, MHA aims to improve the estate, addressing compliance risks and improving the built environment for our residents.	Improved compliance work, cataloguing and tracking process implemented. Review and standardisation of RAG ratings has been implemented, leading to a reduction in the total number of outstanding items as well as their urgency. Full review of Estates compliance inspections process and audit of providers being undertaken. Review of the outstanding works across the estate is being undertaken to inform the ongoing capital programme of works. Implementation of an Asset Management System has been commenced.
Culture	Risk of adverse impact on the culture of MHA, due to the implementation of the strategic projects and the ongoing issues facing the care sector.	ELT are proactively planning resource requirements throughout the implementation of the strategic projects. Clear and effective communications planned prior to and throughout the strategic projects. Reinforce consistent ways of working within and across teams to support collaboration. Supportive and effective people management including 1-1s and a well-being plan for everyone to fully engage and deliver their role well. Develop a blueprint for central support, increasing colleagues' connection to MHA's Mission, fostering greater collaboration and organisational cohesion and ensuring the delivery of efficient and sustainable 'right first time' support to Operations.

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Risk	Explanation	Mitigations
Operations & Estates	Development of the Housing with Care blueprint to meet the future needs/expectations of residents and assess the future fit/viability of our existing portfolio.	Work is being undertaken to operationalise the blueprint, including detailed financial modelling and operational viability studies.
People	The long-standing challenges of an underfunded adult social care sector continue to impact on recruiting and retaining people across MHA.	MHA continues to reward people well, paying the Real Living Wage as a minimum and developing a culture which is open, supportive and inclusive. Progress against our key people indicators reflecting performance are monitored at ELT and Board level.
MHA Values	Risk that we are unable to fundraise adequately to fund MHA's unique services (such as Chaplaincy, Music Therapy and MHA Communities), thereby reducing our ethos and distinctiveness.	Enable the effective delivery of the fundraising and volunteering strategies. Strengthen local networks and support for fundraising and volunteering through Collaborative Communities. Further develop relationships with local faith communities through dedicated area support. Effectively define and communicate the impact and social return on investment.
Force majeure	There is a risk that MHA is unable to fully mitigate an un-anticipated existential threat (e.g. pandemic, war, terror attack, scandal).	MHA has a Gold Command structure and process documented and ready to implement as and when required. Horizon scanning is a standing item on ELT risk register reviews.

Director's Duties

The directors of MHA, as those of all UK companies, must act in accordance with a general set of rules. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of all its stakeholders as a whole, and in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term
- The interest of the company's employees
- The need to foster the company's business relationships with suppliers, residents and others
- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for high standards of business conduct.

As part of their induction, directors are briefed on their duties and they can access professional advice on these either through the Company Secretary or, if they judge necessary, through independent professional advisors.

As is typical in charities and large organisations, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to ELT. Further details can be found in the Governance Report on pages 44 to 47.

The following summarises how the directors fulfil their duties:

Our people

Our colleagues are fundamental to the delivery of our One MHA strategy, one objective of which is to be inclusive and proactive in the development of our people. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. Communication and consultation take place with employees across the organisation and at all levels with a variety of communication and feedback tools being used to ensure that employee views are taken into account when decisions are made that are likely to impact them.

Business relationships

MHA applies robust qualification processes for suppliers and excludes any suppliers from the tendering processes who do not comply with the legal and ethical standards which MHA demands. MHA has developed excellent relationships with suppliers in all key supply chain areas with formalised supply contracts and utilisation of technology to facilitate the tendering, contract and management of supplies.

Energy and Emissions Consumption

We take our impact on the global climate seriously and in 2023/24 we continued to develop our strategy to reduce our carbon emissions. This work will continue into 2024/25.

MHA is committed to year-on-year improvements in our operational energy efficiency. As such, a register of available energy efficiency measures has been compiled with a view to determining and implementing these measures over the coming years in line with the strategy being implemented.

MHA is fully compliant with Streamlined Energy and Carbon Reporting (SECR) and the Energy Savings Opportunity Scheme (ESOS) requirements, both of which are statutory requirements.

During 2023/24 we have engaged a specialist energy management consultancy to advise and support us, as well as a specialist consultant who is supporting MHA to advance our organisational approach to Environmental, Social and Corporate Governance (ESG) reporting. We monitor peer activities and ensure we are commensurate to the marketplace, which in turn will assist us in achieving our aim of being market leading.

All our sites have a good level of energy awareness. This is in the use of installed efficient equipment (such as LED lighting or modern boilers), optimised controls for lighting and plant rooms or the initiatives of individuals such as home managers and maintenance colleagues.

Electricity is used in all services and accounts for 26% of the total energy consumption. Use is predominantly for lighting and small domestic appliances, with major users varying from service to service but including kitchen appliances, laundry and hair salons.

Natural gas consumption accounts for 72% of the total energy consumption, with most of our homes using this for heating and hot water, laundry and cooking.

Transport accounts for 2% of the total energy consumption covering the minibuses that some of our services use and a small number of company cars, as most employees use their own vehicles for business use. Data for this grey fleet has been derived from mileage, sourced from the expense claims of the individual colleagues.

The following is a summary of the energy usage, associated emissions, energy efficiency actions and energy performance for MHA under the government policy Streamlined Energy & Carbon Reporting (SECR). This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

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Energy Category	2023/24 Consumption (kWh)	2022/23 Consumption (kWh)	2023/24 %	2022/23 %	2023/24 Emissions (tCO2e)	2022/23 Emissions (tCO2e)
Electricity (Scope 2)	18,301,596	20,330,670	26%	23%	3,790	3,932
Gas (Scope 1)	50,862,369	66,447,605	72%	75%	9,304	12,153
Transport (Scope 3)	1,419,406	1,366,672	2%	2%	327	320
Total	**70,583,371**	**88,144,947**	**100%**	**100%**	**13,421**	**16,405**

An intensity metric of kgCO2e per m2 has been applied for the annual total emissions. The methodology of the intensity metric calculations is detailed shortly. MHA operations have an intensity metric of 44.26 tCO2e (2023: 50.36 tCO2e) per gross internal area m2 for this reporting year. This represents a year-on-year reduction in the operational carbon intensity of 12.11%.

The overall consumption during 2023/24 has reduced by 18% compared to 2022/23 with energy efficiency measures implemented over the last few years reducing electricity consumption. Transport consumption has continued to increase representing a continuing and expected return of business travel closer to pre-pandemic levels.

Measures ongoing and undertaken through 2023/24

Water heaters
During the year, MHA replaced water heaters with more energy efficient calorifiers at several sites.

Gas central heating
We replaced gas central heating systems with more energy efficient boilers at several locations during the year.

Electrical heating
During the year, we have replaced electrical heating systems with more energy efficient storage heaters at several sites.

Cooking facilities
We replaced existing cooking facilities with more energy efficient electric induction cookers at several homes during the year.

Laundry equipment
We replaced laundry equipment with more energy and water efficient washing machines during the year at several homes.

Lighting
We continued to replace existing lighting and emergency lighting with more energy efficient combined LED lights at several sites.

Solar PV maintenance
We continued to maintain existing Solar PV installations to maximise output and efficiency.

Measures prioritised for implementation in 2024/25

- Exploring opportunities to improve the thermal efficiencies of our properties as part of our programme of estates works
- We are working towards the implementation of an energy and environment strategy that ensures ongoing energy and carbon reductions over the coming years, in line with the current UK 2050 net zero targets
- Lighting replacement policy – continue to replace lighting in our refurbishment programme with energy efficient LED
- Renewal of invertors, the cleaning of solar panels and the crown clearing of trees to ensure the full performance of previously installed solar panels to ensure maximum recovery of the solar FIT
- All capital and revenue investment programme contractors will need to demonstrate their 'green credentials' as part of the procurement process before being awarded capital projects
- Capital and revenue programmes via procurement will target local contractors (where feasible) for specific elements of work to limit travel and carbon footprint
- National contracts will need to demonstrate their strategic shift to electric and/or hybrid fleet vehicles as well as regional office locations that limits travel and carbon footprint.

Reporting Methodology

Scope 1 – consumption and emissions include direct combustion of natural gas, and fuels utilised for transport operations, for example, company vehicle fleets.

Scope 2 – consumption and emissions refer to indirect emissions related to the consumption of purchased electricity in day-to-day business operations.

Scope 3 – consumption and emissions cover emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

The consumption data (including the Scope 1,2 and 3 consumption and CO2e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting period 01/04/2023 – 31/03/2024.

Estimations were undertaken to cover missing billing period for properties directly invoiced to MHA. These were calculated on a kWh/day pro-rata basis at meter level. All estimations equated to 0.5% of reported consumption.

Intensity metrics have been calculated using total tCO2e figures and the selected performance indicator agreed with MHA for the relevant reporting period:

- Gross internal area (m2) 303,196 (2022/23: 325,781).

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Structure, governance and management

Governing Document

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by its Memorandum and Articles of Association dated 31 March 2011.

Methodist Homes is the parent company of two connected charitable organisations Methodist Homes Housing Association Ltd and MHA Auchlochan Ltd. MHA Auchlochan was put into administration on 2 May 2023 as detailed previously.

The charitable objective of the charity is "the relief of elderly people and other adults in need, particularly (but not limited to) those with mental illness or physical and/or learning disabilities by providing: care and support services; and/or accommodation; and/or any other provision, which may facilitate an improved quality of life for such persons in the United Kingdom".

In furtherance of this objective, MHA provides care to older people through care homes (including residential, dementia and nursing homes) offering 24-hour person-centred care and support for our residents in specially designed accommodation; retirement living settings comprising purpose-built apartments with shared areas for activities and in retirement living with care schemes the option to have additional 24-hour staffing to provide person-centred care and support to meet individual needs; MHA Communities which are community-based schemes providing practical and social support to older people living in their own homes, promoting independence and wellbeing.

Organisational Structure

The Board consists of up to twelve members, one of whom is nominated by the Methodist Church. The Board typically meets six times a year and reviews operational and financial performance, decides the strategic aims of the charity, and holds management to account in performing executive functions. Decisions are taken in accordance with the instructions laid down in the charity's governing documents, delegated authorities and related policy documents.

The Board delegates authority for day-to-day management to ELT led by the Chief Executive. Whilst ELT may have the title of director they are not statutory directors. References within this report to directors refer to board members with statutory responsibilities.

You can find out more about our Trustees and ELT members at **mha.org.uk/about-us**

The Board has the following committees, all of which have a group-wide remit.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in exercising their responsibilities for the oversight of governance, compliance and risk within MHA.

It meets four times a year and has a minimum of three Trustees, two of whom have recent, relevant audit or risk experience. The Director of Finance, IT & Procurement, Company Secretary and Head of Quality Assurance are attendees, but not members of the Committee.

Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation and a new appointment in the year.

The key responsibilities of the Committee are:

- Overview of the preparation of the financial statements and recommendation to Board
- Review of reports from external and internal auditors and the monitoring of the implementation of recommended management actions
- The overview of risk management within the organisation.

Finance and Capital Expenditure Committee

The Finance and Capital Expenditure Committee assists the Board in exercising oversight on the financial performance of MHA, including review and recommendation to the Board of the annual budget and regular forecasts. The Committee also has oversight of the organisation's strategic IT plans and investment in infrastructure.

The Finance and Capital Expenditure Committee meets at least four times a year and has a minimum of three Trustees. There are currently four members, two of whom have recent, relevant financial experience and one of whom has significant relevant property experience. The Director of Finance, IT & Procurement, the Chief Operating Officer and Company Secretary are attendees, but not members of the Committee.

Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation and a new appointment in the year.

The key responsibilities of the Committee are:

- Overview of financial performance of the organisation, scrutinising budgets and forecasts, and recommending them to the Board
- The committee scrutinises the property strategy including proposed capital expenditure, acquisitions and disposals
- The committee monitors and reviews the treasury policy and associated KPIs, investment policy and pension funds.

Nominations Committee

The Nominations Committee is principally responsible for leading the process for selecting suitable candidates for consideration for appointment to the MHA Board and its committees. It regularly reviews the size, structure and composition of the Board and makes recommendations to the Board.

The Nominations Committee meets a minimum of three times a year and has a minimum of three Trustees. There are currently four members, comprising the Chair of the Board, the Chair of the Operations Committee, the Chair of the Audit and Risk Committee and the Trustee nominated by the Methodist Church. There was one resignation in the year. The Chief Executive and Company Secretary are attendees, but not members of the Committee.

The key responsibilities of the committee are:

- To determine ELT remuneration in line with our People Strategy at a fair and competitive rate
- Oversight of the good governance of the charity including the selection of new Trustees and appointments to the Board Committees.

Operations Committee

The Operations Committee exercises oversight on behalf of the Board of the systems and practices for ensuring the quality, effectiveness and performance of services provided by MHA, the resident and service member experience and matters of safety for residents and colleagues, as well as receiving assurance on operational risks.

The Operations Committee meets four times a year and has a minimum of three Trustees. There are currently five Committee members, three of whom have recent, relevant care sector experience. The Chief Operating Officer, Director of People and Communications, the Director of Communities, Fundraising and Marketing and the Company Secretary are attendees, but not members of the Committee.

Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation in the year.

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The key responsibilities of the Committee are:

- Exercise oversight on behalf of the Board of the systems and practices for ensuring the quality, effectiveness and performance of the services provided by MHA
- Monitor performance against quality and safety KPIs and compliance with national, legislative and accreditation standards
- Notify the Board of any significant concerns regarding quality of care across the organisation
- Monitor the effectiveness of the strategy and measures in relation to staff recruitment and retention
- Review the resident and service users experience.

Charity Governance Code

The Charity has been reviewing and updating its governance arrangements over the last few years to bring it broadly in line with the Charity Governance Code for larger charities. To help assess our progress and to ensure best practice in our governance arrangements, in November 2022 we appointed Campbell Tickell to conduct an external governance review. The report from Campbell Tickell was received by the Board in March 2023 and confirmed that overall, our governance works well and there was particular praise in the report for the professionalism and commitment of our Board and ELT.

The report identified some areas for improvement and the Board approved an action plan to address these areas in July 2023. Progress against the plan is monitored at each Board meeting with the aim of completing all actions by November 2024. We will continue with our programme of improvements to ensure we continue to comply with the seven principles of the code.

Election, Appointment and Training of Board Members

Board members are appointed by the Board through an open recruitment process led by the Nominations Committee. The process follows Charity Commission guidelines in making sure there is an appropriate range of skills, knowledge and experience among its members.

The Chair is eligible to serve for one term of four years. Board members are eligible to serve for three terms of three years. The maximum term of office for any board member is nine years, subject to re-election during that period.

The Church representative is nominated in conjunction with the Secretary of the Conference of the Methodist Church and/or their representative and reported to the Conference of the Methodist Church.

New Board members receive full induction which includes our Code of Conduct, constitutional documents, board manual, policies and information relevant to the work of the charity. All Board members visit services and further develop understanding of the work of the organisation as well as appropriate training. A full training programme has been implemented on a rolling basis to ensure all directors remain up to date with all regulatory regimes that apply to the Charity's work. Insurance has been taken to indemnify Board members against liability for wrongful acts which was in place throughout the financial year.

Members who served on the Board during the year are shown in the list of officers on page 50.

Remuneration

The remuneration of executive directors and other colleagues is reviewed annually. Remuneration levels are benchmarked against the care sector and organisations of a similar size run on a not-for-profit basis, from time to time to make sure we retain our talent and remain competitive.

Board members receive no remuneration.

Patrons

We would like to take this opportunity to thank our patrons, former President of the Methodist Church, Baroness Kathleen Richardson of Calow, OBE, broadcaster and writer Pam Rhodes and Dame Denise Platt, previous chair of the Commission for Social Care Inspection, which was the predecessor to the Care Quality Commission (CQC). Their support is invaluable in raising the profile of MHA and its work, helping us to reach out to more older people in need. Supporting national events and backing high profile appeals helps us generate essential charitable income. The time and contribution given by our Patrons is greatly appreciated.

Connected Companies

During the year to 31 March 2024 Methodist Homes worked closely with its associated charitable organisation:

- Methodist Homes Housing Association Ltd (MHHA) – subsidiary undertaking.

MHA Auchlochan Ltd (MHAA) another subsidiary undertaking, was put into the hands of administrators on 2 May 2023.

Colleagues

MHA is fortunate in employing colleagues who share our values and provide an exceptional service to older people. We are careful in our recruitment and committed to retaining good colleagues through rewards, training, personal development and career opportunities, flexible benefits and engagement. We are grateful for the contribution and work of all colleagues, who together make a real difference to the lives of older people.

We have a commitment not to discriminate against any person or group on any basis which underpins our policies and actions. We are open to all and actively support people with disabilities giving full and fair consideration at recruitment and support throughout employment. MHA continues to work to reflect the diversity of the local population.

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Statement of Board's Responsibilities

The Board members (who are also directors of Methodist Homes for the purposes of company law) are responsible for preparing the Board of Directors' Report, including the Strategic Report, and the financial statements in accordance with applicable law and regulation.

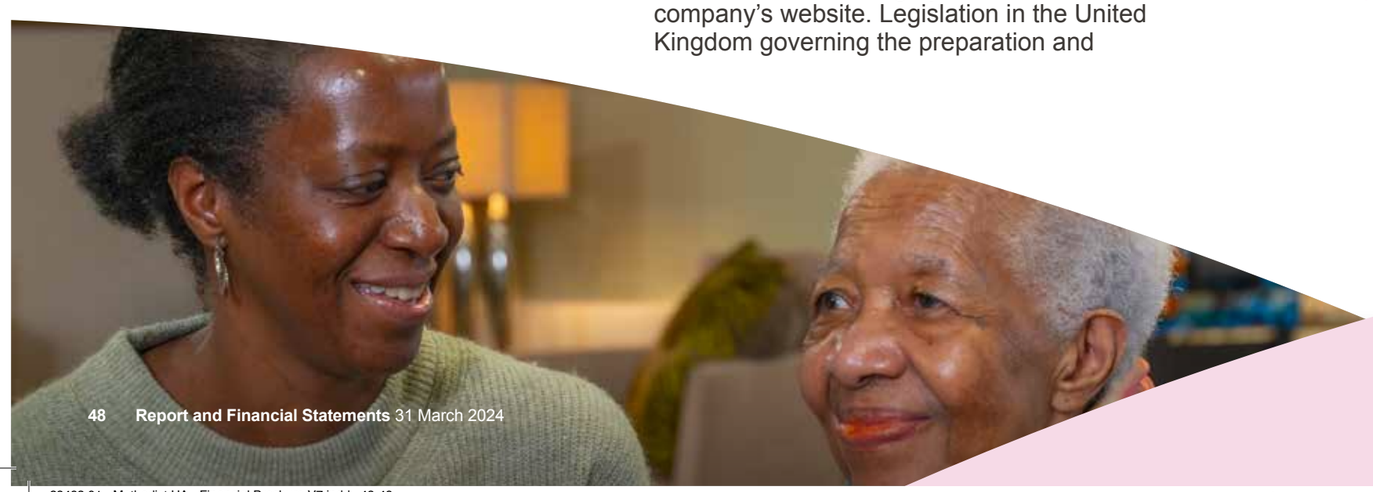
Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and the Group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that financial year.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) and the Housing Statement of Recommended Practice
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards, comprising FRS 102, 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company'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. 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 directors are responsible for the maintenance and integrity of 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.



Internal financial controls assurance

The Board is responsible for the Group systems of internal financial control. Such systems can only provide reasonable, not absolute, assurance against material misstatement or loss. The Board and ELT regularly review the controls around key risks, which will evolve as the sector environment changes.

The Board confirms there is an ongoing process for identifying, evaluating and managing significant risks to the achievement of the Group strategic objectives. It has established a number of procedures, which are designed to provide effective internal financial controls:

- Control environment and procedures – the Board has approved an ELT delegation document, giving clear management responsibilities in relation to financial control and limits to management discretion. Financial processes are supervised by staff with appropriate experience and qualification
- Risk management – the Board has adopted financial strategies, designed to identify and control significant risks facing the organisation. All significant initiatives and capital investments are subject to formal authorisation procedures
- Management information – the Board approves a rolling plan annually, which incorporates an annual budget and receives regular financial and management reports that identify variances from budget and key financial indicators
- Monitoring systems – the Board has an Audit and Risk Committee, which reviews reports from management, external auditors and internal control assessments to provide reasonable assurance that control procedures are in place and being followed. The Committee makes regular reports to the Board.

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2024 and until the date of approval of the financial statements. No weaknesses were found that resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Statement as to disclosure of information to auditors

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are directors of the company at the date when this report is approved confirms that:

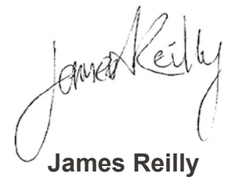
a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

b) he/she has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Crowe U.K. LLP were re-appointed during the year as MHA's auditors. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The Board of Directors' Report including the strategic report was approved on 30 July 2024 and signed on its behalf by



James Reilly
Chair
Epworth House, Stuart Street
Derby DE1 2EQ

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Reference and administrative details

Patrons
Baroness Kathleen Richardson of Calow, OBE
Dame Denise Platt
Pam Rhodes

Board	Term of Office		Committee Membership
	Start	*Finish*	
James Reilly Chair of the Board	July 2016 Sept 2021		Nominations Committee
Other Board Members			
Ian Ailles	Nov 2014	July 2023	Finance and Capital Expenditure Committee
Andrew Cozens	Aug 2015		Audit and Risk, Nominations, Operations, Hardship and Welfare Committees
Bala Gananpragasam	Aug 2015		Finance and Capital Expenditure Committee
Martin Burkitt	Oct 2016		Finance and Capital Expenditure Committee
Ruth Gee	Apr 2019		Operations, Nominations, Hardship and Welfare Committees
Lisa Champion (Nee Commane)	Apr 2019		Finance and Capital Expenditure Committee
Janet Haugh	Apr 2019	July 2023	Audit and Risk, Nominations Committee
Keith Hickey	Apr 2019		Audit and Risk, Nominations, Operations, Hardship and Welfare Committee
Denise Sanderson-Estcourt	Oct 2021	Jan 2024	Operations Committee
Anne Anketell	Nov 2022		Operations, Audit and Risk Committee
Richard Vautrey	Nov 2022		Operations Committee
Jessica White	Sept 2023		Finance and Capital Expenditure, Audit and Risk Committee

Executive Leadership Team			
Name	*Appointed*	*Resigned*	*Position*
Anna Marshall-Day	2006		Director of People and Communications
Rev. Dr. Chris Swift	2017	July 2023	Director of Chaplaincy and Spirituality
Simon (known as Sam) Monaghan	2018		Chief Executive
Mandy Mottram	2018		Company Secretary and General Counsel
Daniel Ryan	2019		Chief Operating Officer
Victoria Parkinson	2020		Director of Finance, IT and Procurement
Jonathan Mace	2022		Director of Communities, Marketing and Fundraising
James Francis	Jan 2024	April 2024	Director of Chaplaincy and Spirituality

Company Secretary

Mandy Mottram

Registered Office

Methodist Homes
Epworth House
Stuart Street
Derby
DE1 2EQ

Tel: (01332) 296200
Website: www.mha.org.uk

Charity Registered Number – 1083995
Company Registered in England and Wales Number – 4043124

Professional Advisors

Solicitors
Capsticks Solicitors LLP
1 St George's Road
Wimbledon
London
W19 4DR

Tax Advisors
Deloitte LLP
Four Brindley Place
Birmingham
B1 2HZ

External Independent Auditors
Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers
Barclays Bank Plc
Corporate Banking
1, Churchill Place
Canary Wharf

AIB Group (UK) Plc
Podium Floor
St. Helens
1 Undershaft
London
EC3A 8AB

Central Finance Board of the
Methodist Church (CFB)
9 Bonhill Street
London
EC2A 4PE

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Independent Auditor's Report to the Members and the Trustees of Methodist Homes

Opinion

We have audited the financial statements of Methodist Homes ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2024 which comprise The Consolidated Statement of Financial Activities, Group and Company Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2024 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter

We draw attention to Note 10 of the financial statements, which highlights the impairment recognised in the year on the Methodist Homes property portfolio and the inherent uncertainty in assessing the realisable value of these assets. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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.

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Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were, CQC Regulations for service providers and managers, taxation legislation, health and safety legislation, employment legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of contract income, recording the impact of CQC regulatory reviews and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading regulatory reports and minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
1 August 2024

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Consolidated Statement of Financial Activities

For the year ended 31 March 2024

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000	Total 2023 £'000
Income and endowments from:						
Donations and legacies	2	1,736	1,983	-	3,719	7,112
Charitable activities						
Homes		232,680	161	-	232,841	218,422
Retirement living		37,988	33	-	38,021	39,908
MHA Communities		-	2,885	-	2,885	2,389
Other		356	12	-	368	26
Total charitable activities	3/5	**271,024**	**3,091**	**-**	**274,115**	**260,745**
Investments		1,057	289	18	1,364	968
Total		**273,817**	**5,363**	**18**	**279,198**	**268,825**
Expenditure on:						
Raising funds		789	-	-	789	741
Charitable activities						
Homes		246,515	579	-	247,094	258,356
Retirement living		17,757	77	-	17,834	115,015
MHA Communities		2,361	4,673	-	7,034	6,148
Other		6,473	187	2	6,662	3,376
Total charitable activities	5	**273,106**	**5,516**	**2**	**278,624**	**382,895**
Other	6	1,594	-	-	1,594	1,220
Total	4	**275,489**	**5,516**	**2**	**281,007**	**384,856**
Net gains/(losses) on investments		(2)	29	9	36	(105)
Income/(loss) on disposals		7,235	-	-	7,235	(1,389)
Net income/(loss)		**5,561**	**(124)**	**25**	**5,462**	**(117,525)**
Transfer between funds		**(1,618)**	**1,619**	**(1)**	**-**	**-**
Other recognised (losses)/gains:						
Actuarial gain/(loss) on defined benefit pension schemes	21	32	-	-	32	(497)
Other – interest rate swaps (losses)/gains	15	(843)	-	-	(843)	3,505
Net movement in funds		**3,132**	**1,495**	**24**	**4,651**	**(114,517)**
Reconciliation of funds:						
Total funds brought forward	20	207,462	23,328	925	231,715	346,232
Deconsolidation of subsidiary		(859)	(6)	-	(865)	-
Total funds brought forward		206,603	23,322	925	230,850	346,232
Total funds carried forward		**209,735**	**24,817**	**949**	**235,501**	**231,715**

All activities in both years are continuing activities.

Statement of Financial Position

For the year ended 31 March 2024

	Note	Group		Company	
		Total 2024 £'000	Total 2023 £'000	Total 2024 £'000	Total 2023 £'000
Fixed assets					
Intangible fixed assets	9	504	786	504	786
Tangible fixed assets	10	318,322	309,492	270,513	251,129
Investments	12	1,390	1,364	1,390	1,364
		320,216	**311,642**	**272,407**	**253,279**
Current assets					
Debtors	13	27,879	21,057	25,518	18,308
Cash at bank and in hand		50,792	68,963	46,743	49,412
Total current assets		**78,671**	**90,020**	**72,261**	**67,720**
Liabilities					
Creditors: Amounts falling due within one year	14	(75,644)	(56,333)	(84,765)	(53,976)
Net current (liabilities)/assets		**3,027**	**33,687**	**(12,504)**	**13,744**
Total assets less current liabilities		**323,243**	**345,329**	**259,903**	**267,023**
Creditors: Amounts falling due after more than one year	15	(70,521)	(87,648)	(67,656)	(83,697)
Provisions for liabilities	16	(17,220)	(25,966)	(17,150)	(15,672)
Total net assets before defined benefit pension liability		**235,502**	**231,715**	**175,097**	**167,654**
Defined benefit pension scheme liability	21	(1)	-	(1)	-
Total net assets		**235,501**	**231,715**	**175,096**	**167,654**
Funds					
Endowment funds	18	949	925	949	925
Restricted income funds	19	24,817	23,328	24,668	23,288
Unrestricted income fund: General fund	20	209,735	207,462	149,479	143,441
Total Funds	20	**235,501**	**231,715**	**175,096**	**167,654**

A surplus before gains and losses for year of £8,253,000 (2023: £116,575,000 loss) has been included within these financial statements for the company. The financial statements on pages 56 to 91 were approved on behalf of the Board and authorised for issue on 30 July 2024 and signed on its behalf by:

James Reilly
Chair

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Consolidated Cash Flow Statement

For the year ended 31 March 2024

	Note	2024		2023	
		£'000	£'000	£'000	£'000
Cash flow from operating activities:					
Net cash inflow by operating activities	22a	**-**	**(725)**	**-**	**13,529**
Cash flow from investing activities:					
Investment income		1,364	-	968	-
Purchase of tangible fixed assets		(25,149)	-	(22,256)	-
Purchase of Intangible fixed assets		(147)	-	(69)	-
Purchase of Investment		-	-	-	-
Proceeds from the sale of tangible fixed assets		20,467	-	7,520	-
Transfer of cash to Administrators for Auchlochan		(7,458)	-	-	-
Net cash generated investing activities		**-**	**(10,923)**	**-**	**(13,837)**
Cash flow from financing activities:					
Interest paid and similar charges		(4,363)	-	(3,918)	-
Repayments of borrowings		(2,160)	-	(2,041)	-
Net cash outflow financing activities		**-**	**(6,523)**	**-**	**(5,959)**
Net change in cash and cash equivalents		**-**	**(18,171)**	**-**	**(6,267)**
Cash and cash equivalents at the beginning of the year		**-**	**68,963**	**-**	**75,230**
Cash and cash equivalents at the end of the year		**-**	**50,792**	**-**	**68,963**

Notes to the Financial Statements

For the year ended 31 March 2024

1. Principal Accounting Policies

Statement of Compliance

The financial statements of Methodist Homes have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

General information

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by Memorandum and Articles of Association dated 31 March 2011. It is domiciled and registered in the UK. The address of its registered office is Methodist Homes, Epworth House, Stuart Street, Derby, DE1 2EQ.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historical cost convention, with the exception of owned Freehold Care Homes, Long Leasehold Care Homes and investments which are shown at deemed cost. They have also been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (Charities SORP (FRS102)) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and the Companies Act 2006.

Due to the announcement of MHA Auchlochan (MHAA) being put into administration on the 2 May 2023, MHAA is not consolidated in the group financial accounts ending 31 March 2024 but was consolidated on a non-going concern basis in 2022/23.

Owned Freehold and Long Leasehold Care Homes are valued at deemed cost as permitted by the transitional arrangements to FRS102 (adopted at 31 March 2015). The deemed cost is the historic value or market value at transition. The valuations of land and buildings for Care Homes were made in 2013 by Knight Frank on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice Note 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The method used and significant assumptions applied in estimating the fair values for the Care Homes were by reference to the 'profits method' as this is the basis on which such properties are commonly bought or sold. In undertaking the valuation of the property, Knight Frank made an assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property and purchaser sentiment. Knight Frank then applied these to the properties, taking into account size, location, aspect. Other material factors, such as where planned works were due to take place creating a reduced occupancy, have been factored in.

Open Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Additions to owned freehold and leasehold care homes after the date of transition are recognised at cost in accordance with the accounting policy.

The Charity constitutes a public benefit entity as defined by FRS102.

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Going concern

The Charity's business activities, its current financial position and factors likely to affect its future development are set out in the Board of Directors' Report. The Charity has in place debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Charity's day to day operations.

MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, weekly fee levels, and the financial impact of the current cost of living crisis, social care workers crisis and the energy crisis.

None of the scenarios modeled result in liquidity shortfalls nor are any covenant breaches on the specified measurement dates expected in the coming period. MHA has fostered strong and supportive relationships with both of our lending banks (Barclays & AIB) both of whom remain supportive, having recently finalised covenant resets on the loans to allow for the impact on leverage of the recent energy cost increases.

MHA has existing loan facilities that include a £70 million loan to April 2025 and a £25 million undrawn revolving credit facility (RCF) to April 2025, both with Barclays, and a £24 million loan with AIB to March 2025. Although both of these loans could be extended for a further 12 months, they will be refinanced during the year. This brings an associated risk, however supportive relations and conversations with both banks reduce this risk.

On this basis, ELT and the Board has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The consolidated Group financial statements of Methodist Homes and its subsidiary undertakings are presented using acquisition accounting on a line by line basis. Intra-Group profits are eliminated on consolidation. A separate Statement of Financial Activities and Income and Expenditure Account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

The wholly controlled subsidiaries which are consolidated are:

Methodist Homes Housing Association Ltd- Registered Provider of Social Housing

Due to the announcement of MHA Auchlochan (MHAA) being put into administration on 2 May 2023, MHAA is not consolidated in the MHA group financial accounts for 31 March 2024.

A subsidiary is an entity controlled by the Parent. The parent Charity can exercise control through trusteeship, which gives a parent Charity the ability to govern the financial and operating policies of the subsidiary. The above entity (MHHA) is a subsidiary of Methodist Homes by means of various inter-Group agreements. Methodist Homes has the power to appoint and/or remove a majority of the Trustees and thus demonstrate control.

Income recognition

All income is recognised once the Charity has entitlement to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donations are recognised on a cash basis as this is considered the point at which the Charity has entitlement.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Charitable activities

Fees, charges and rents – Income represents the amounts charged for occupation costs and services provided in the year, and is recognised on an accruals basis.

Retirement housing for sale – Income and expenditure represents amounts relating to individual units sold during the year on long-term leases. A sale is recognised on completion where the contract is unconditional and the risks and rewards of ownership have passed.

Transactions with a guaranteed buyback commitment are not recognised at the date of completion, but are accounted for as operating leases for the period to when it is considered probable that the property will be bought back (currently considered by the directors to be eleven years from the completion date). This principle applies irrespective of the duration of the buyback commitment.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The property is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over expected useful economic life of the property by the straight-line method, on the basis of the property's cost less its estimated residual value, representing the anticipated resale price on the property market.

Provision is made for the expected value of the buyback commitment in the future, discounted at the appropriate risk-free rate (being the relevant eleven and five year government bond rates depending on the remaining expected life of the individual commitments by property). The carrying value of the provision is reassessed at each financial reporting period end to adjust for transactions during the period, changes in remaining lives of the commitments, and periodic fluctuations in the risk free rate. The unwinding of the associated discount factor is recognised within interest payable and similar charges.

On the buyback of a property under the guaranteed commitment by the company, any resulting gain or loss is recognised within the Operating Surplus/(Deficit) in the period, as is the release of any associated buyback provision. The remaining unwound discount is released to interest.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Central costs

All staff employed in the central office are employed by Methodist Homes, the office premises are jointly occupied and office services are shared.

Within the financial statements of the Group, these expenses are allocated on the basis of time spent on three items:

(i) Charitable activities

These costs relate to services provided centrally and identified as wholly or mainly in support of direct charitable expenditure, together with an appropriate proportion of management and office overheads.

(ii) Expenditure on raising funds

All expenses relating to fund raising, publicity and public relations (except the marketing of accommodation and care services) are charged to this heading. This item bears an appropriate proportion of management and office overheads.

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(iii) Governance costs

These costs relate to the corporate management of the organisation itself. They include expenses of directors' meetings, audit fees, office costs and other corporate management costs.

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and payroll. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in note 6.

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets to their residual values over their estimated useful lives. Intangible assets are amortised over the following useful economic lives:

- Software – 3-5 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Charity are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- There is an ability to use or sell the software
- It can be demonstrated how the software will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible fixed assets and depreciation

Land is stated at cost, except where it forms part of a revalued care home – in which case it is stated at valuation, and is not depreciated.

Freehold and long leasehold buildings include applicable overhead expenditure and capitalised interest. Interest on loans deemed to be financing a development is capitalised up to the date of practical completion.

All fixed assets are stated at cost less depreciation and impairment.

Fixed assets with a cost of more than £500 are capitalised and depreciated. Improvements which enhance the future economic benefits of the property or extend its overall useful life are capitalised and are fully written off over the expected useful life of the property.

The Charity has previously adopted a policy of revaluing freehold and long leasehold care homes and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The Charity has at 31 March 2015 adopted the transition exemption under FRS102 paragraph 35.10(d) and elected to use the previous revaluation as deemed cost. All subsequent additions are recognised at historical cost.

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful life.

Freehold and long leasehold buildings are depreciated over their expected useful life of forty years, or the life of the lease if shorter, on a straight-line basis. Improvements to buildings are depreciated over between five and forty years on a straight line basis.

Furniture, equipment and motor vehicles are depreciated over between three and twenty years on a straight line basis dependent upon their component type except for minibuses financed from restricted funds, which are written off in the year of purchase.

Assets in the course of construction are stated at cost and are not depreciated until they are available for use. The assets in the course of construction are recognised where it is probable economic benefit will flow to the Charity and can be reliably measured.

Social housing grants

The housing developments of the Group are financed wholly or partly by Social Housing or other capital grants. Section 24 of FRS102,'Government grants' permits either the performance model or the accrual model to recognise the government grants. As required by the Housing SORP (FRS102), housing properties accounted at valuation must recognise government grants using the performance model and those accounted at cost must recognise government grants using the accrual model.

The Group accounts for its housing property at cost and recognises government grants using the performance model. Under this model in line with the Charity SORP (FRS102), grants are recognised in income through the Statement of Financial Activities on entitlement to the funds.

On disposal of an asset for which government grants were received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the statement of financial position related to such asset is derecognised as a liability and recognised as revenue in the Statement of Financial Activities.

There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised as income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Retirement housing stock

Unsold units of retirement housing stock and work in progress at the year end are treated as fixed assets and are therefore valued at the lower of cost and estimated selling price less cost to complete. Cost includes capitalised interest incurred on specific projects during the period of development and any other relevant applicable costs.

Impairment of non-financial assets

Where the carrying values of care/housing properties or retirement housing stock are considered to have suffered a permanent diminution in value, the fall in value is recognised in the Statement of Financial Activities. The trigger for this would usually be an operational or financial review which may identify that a service can no longer fulfill our charitable purpose. An impairment review is carried out and appropriate impairment provisions made. In assessing an asset for impairment, the recoverable amount of an asset is determined to be the higher of the fair value less costs to sell the asset and its value in use. The method used to determine the value in use of an asset will depend on whether the asset is primarily held to generate cash as a commercial return or for its service potential to the charity's beneficiaries. Where the service potential measurement can be reliably made, and this exceeds the carrying value of the asset, then no impairment is recognised.

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Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity.

i) Restricted income funds

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity. They represent voluntary income or grants from statutory authorities and fees and charges in MHA Communities schemes, which have been received for purposes set out in note 19.

The application of these funds is restricted by the terms of a special appeal, the expressed wishes of the donor, the will of the testator, or the terms of the grant.

ii) Endowment funds

These represent money given for a particular purpose and are intended to be permanent with the original capital being maintained and the income and capital growth being utilised.

Pensions

The Group's pension arrangements comprise various defined benefit and defined contribution schemes.

Where the underlying assets and liabilities of the defined benefit schemes can be separately identifiable, the Group recognises in full the schemes' surpluses or deficits in the Statement of Financial Position. Actuarial gains and losses for these schemes are included in the Consolidated Statement of Financial Activities.

Current and past service costs, curtailments and settlements are recognised within net incoming resources. Returns on scheme assets and interest on obligations are recognised as other finance income or expenses.

Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme, the amount charged to the Consolidated Statement of Financial Activities represents the contributions payable in the year.

The defined benefit schemes are funded, with the assets held separately from the Group in separate Trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each Statement of Financial Position date. The pension scheme assets are measured at fair value.

The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reducing future contributions or to the extent that the Trustees have agreed a refund from the scheme at the Statement of Financial Position date.

A pension scheme liability is recognised to the extent the group has a legal or constructive obligation to settle the liability. For defined contribution schemes contributions are charged to the Consolidated Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

No element of the pension scheme liability or scheme expenses relate to restricted activities of the charity.

The Charity participates in a defined benefit scheme, as detailed in note 21, which was closed to new entrants on 31 March 2010. Where it is not possible in the normal course of events to identify the schemes underlying assets and liabilities belonging to individual participating employers, under accounting standards the accounting charge for the year represents the employer contributions payable. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Taxation

The Group has charitable status and is therefore not subject to Corporation Tax on its surplus from charitable activities.

The Group is registered for VAT. Most of the Group's income (residential charges, rents and grants) is exempt for VAT purposes, which significantly restricts the recovery of VAT on expenditure.

Leased assets and obligations

Leases are considered operating leases where the risks and rewards equivalent to ownership have not been passed to the Group. As such, the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS102 (1 April 2013) as per FRS102 para 35.10(p) and continues to credit such lease incentives to the Statement of Financial Activities over the period to the first review date on which the rent is adjusted to market rates.

Critical judgements in applying the accounting policies

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

i) Provisions for liabilities

The Charity has recognised provisions for the re-purchase of properties sold as leasehold interests under guaranteed buyback arrangements, on the basis that the timing of the re-purchase is uncertain. Additionally provisions have been recognised in relation to liabilities in respect of exceptional items. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience, professional advice and other reasonable factors.

ii) Exceptional items

Judgements are required as to whether items that are material in size, unusual or infrequent in nature should be disclosed as exceptional. By their nature, exceptional items include estimation uncertainty, mitigated by historical experience and expert professional advice.

Impairments are included within exceptional items. In the current year there are impairment movements in relation to a number of operating assets across MHA's property portfolio.

A degree of judgment has been necessary in determining impairment values, incorporating professional and expert advice, however there remains considerable uncertainty regarding the estimation of recoverable values.

Future amendments to FRS102

The Charity will adopt any new provisions arising from future developments to FRS102 where relevant. As at the date of approval of the financial statements, the directors do not consider that any current or proposed amendments will have a material impact on the reported results.

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2. Donations and legacies

	2024 Total £'000	2023 Total £'000
Donations	1,292	1,148
Big Lottery Fund grant	39	50
Legacies receivable	2,388	5,914
	3,719	**7,112**

The estimated value of legacies notified but neither received nor recognised in income is £3,134,165 (2023: £1,733,000).

3. Charitable activities

	2024 Total £'000	2023 Total £'000
Fees and charges	257,579	240,360
Rents	7,643	7,160
Grants	2,082	1,723
Government Funding	795	1,279
Sale of Housing	6,016	7,707
Miscellaneous property sales	-	2,516
	274,115	**260,745**

Forms of government assistance from which the Charity has benefitted amounts to £2,795,000 (2023: £1,853,000).

Included within Grants is £1,520,000 (2023: £574,000) relating to government grants received by our MHA Communities schemes.

Government Funding consists of £795,000 (2023: £1,279,000) relating to workforce recruitment and retention support.

4. Analysis of expenditure

	Note	Homes £'000	Retirement living £'000	MHA Communities £'000	Other £'000	2024 Total £'000	2023 Total £'000
Staff costs		134,597	15,179	4,881	14,070	168,727	148,978
Operational costs/(income):							
Supplies and services		49,566	8,641	1,420	8,971	68,598	75,741
Repairs and rents		19,642	3,207	144	35	23,028	21,682
Retirement housing cost of sales		-	1,538	-	-	1,538	3,079
Depreciation	10	8,520	4,415	36	809	13,780	13,605
Amortisation	9	-	-	-	642	642	592
Finance charges/(income)		-	53	-	2	55	(962)
Bank loan interest		3,488	877	-	-	4,365	4,064
Other costs		1,159	497	116	2,018	3,790	3,267
Exceptional items	*	9,927	(19,836)	-	4,799	(5,110)	113,590
Allocated costs/(income)		20,195	3,263	437	(23,895)	-	-
Governance costs	6	-	-	-	1,594	1,594	1,220
Total expenditure 2024		**247,094**	**17,834**	**7,034**	**9,045**	**281,007**	
Total expenditure 2023		**258,356**	**115,015**	**6,148**	**5,337**		**384,856**

Allocated costs represent central overheads. Allocation has been performed based on an assessment of the utilisation of each function by the operating business streams.

*Please refer to the explanatory note on page 36.

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5. Summary analysis of expenditure and related income for charitable activities

	Note	Homes £'000	Retirement living £'000	MHA Communities £'000	Other £'000	2024 Total £'000	2023 Total £'000
Income from charitable activities							
Fees and charges		232,085	24,340	816	338	257,579	240,360
Rents		26	7,617	-	-	7,643	7,160
Grants		-	1	2,069	12	2,082	1,723
Government Funding		730	47	-	18	795	1,279
Sale of Housing		-	6,016	-	-	6,016	7,707
Miscellaneous Property sales		-	-	-	-	-	2,516
Total income	**3**	**232,841**	**38,021**	**2,885**	**368**	**274,115**	**260,745**
Expenditure on charitable activities							
Staff costs		(134,597)	(15,179)	(4,881)	(13,481)	(168,138)	(148,419)
Operational costs		(82,375)	(19,228)	(1,716)	(12,282)	(115,601)	(120,886)
Allocated (costs)/income		(20,195)	(3,263)	(437)	23,895	-	-
Exceptional items (restated)	*	(9,927)	19,836	-	(4,794)	5,115	(113,590)
Total		**(247,094)**	**(17,834)**	**(7,034)**	**(6,662)**	**(278,624)**	**(382,895)**
Total (deficit) from charitable activities 2024		**(14,253)**	**20,187**	**(4,149)**	**(6,294)**	**(4,509)**	**-**
Total (deficit) from charitable activities 2023		**(39,934)**	**(75,107)**	**(3,759)**	**(3,350)**	**-**	**(122,150)**

*Please refer to the explanatory note on page 36.

6. Analysis of governance and support costs

The Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 5) in the year. Refer to the table below for the basis for apportionment and the analysis of support and governance costs.

	Support Costs £'000	Governance Costs £'000	2024 Total £'000	2023 Total £'000	Basis of allocation
Employment costs	-	1,274	1,274	967	Staff time
Director expenses	-	51	51	2	Invoiced events
External auditors – audit services:					
Parent	-	160	160	146	Governance
Subsidiaries	-	17	17	32	Governance
Bank covenants	-	-	-	-	Governance
Directors' Insurances	24	-	24	20	Cost
Other costs	-	68	68	53	Governance
Total 2024	**24**	**1,570**	**1,594**	**-**	
Total 2023	**20**	**1,200**	**-**	**1,220**	

7. Operating lease commitments

	2024 Total £'000	2023 Total £'000
Operating leases		
The following lease payments were made during the year in respect of operating leases:		
Land and buildings	13,194	12,670

	2024 Land & Buildings Total £'000	2023 Land & Buildings Total £'000
At 31 March the Group and Charity had commitments under non-cancellable operating leases as follows:		
– expiring in one year or less	13,503	12,986
– expiring in one to two years	13,503	12,986
– expiring in two to five years	40,508	38,959
– expiring in more than five years	202,996	208,094
	270,510	**273,025**

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8. Analysis of staff costs and remuneration of key management personnel

	2024 Number	2023 Number
Average monthly number employed		
Care homes	4,603	4,436
Retirement living	751	575
MHA Communities	118	107
Central Support	405	392
	5,877	**5,510**

The average number of staff employed represents the full time equivalent including staff on zero hour contracts. The total number of staff employed on zero hour contracts was 864 (2023: 754). The use of zero hour contracts for care staff is at the request of the colleague, allowing the colleague the flexibility to control their work preferences. The average monthly number of employees was 6,836 (2023: 6,521).

	2024 £'000	2023 £'000
Group staffing costs		
Wages and salaries	152,550	134,898
Social security costs	13,215	11,293
Other pension costs		
- Defined benefit pension costs (note 21)	165	170
- Defined contribution pension costs	4,070	3,582
	170,000	**149,943**

The key management personnel is comprised of the ELT alongside the directors of the charity. During the year the total remuneration received by the ELT was £1,113,875 (2023: £1,231,542). The employer's pension contribution for the key management personnel staff was £56,535 (2023: £61,972).

The key management personnel of the Group are all remunerated from the parent Charity. These comprise the ELT listed on page 50 of the financial statements. The total employee benefits of the ELT of the Charity were £Nil (2023: £Nil).

The number of directors who received reimbursement for the cost of travel to and from meetings was 8 (2023: 9). The cost of travel expenses reimbursed was £2,041 (2023: £2,397). During the year an insurance premium of £24,192 (2023: £24,192) was paid to indemnify directors against liability for wrongful acts. No remuneration or benefits were paid during the year to any director of the Board. 202 (2023:142) employees earned over £60,000 in the year excluding pension contribution within the following bands:

	2024 Number	2023 Number
Between £60,001 and £70,000	93	77
Between £70,001 and £80,000	62	38
Between £80,001 and £90,000	25	14
Between £90,001 and £100,000	7	2
Between £100,001 and £110,000	4	3
Between £110,001 and £120,000	4	3
Between £120,001 and £130,000	3	2
Between £130,001 and £140,000	1	-
Between £140,001 and £150,000	-	1
Between £150,001 and £160,000	-	-
Between £160,001 and £170,000	-	1
Between £170,001 and £180,001	1	-
Between £180,001 and £190,000	1	-
Between £190,001 and £200,000	-	-
Between £200,001 and £210,000	-	1
Between £210,001 and £220,000	1	-

129 (2023:146) employees were members of the defined contribution pension scheme.

Included in staff costs are £407,000 (2023: £283,000) of redundancy payments made to employees on termination of employment following restructures of staff within operations and central support. Previous year costs were also as a result of the restructure of staff within operations and central support. Redundancy costs are accounted for on an accruals basis with no unpaid commitments carried forward at the balance sheet date.

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9. Intangible Fixed Assets

Group and Company	Software £'000	Total £'000
Cost		
At 1 April 2023	2,315	2,315
Additions	147	147
Transfer from AICOC	213	213
At 31 March 2024	**2,675**	**2.675**
Accumulated amortisation		
At 1 April 2023	1,529	1,529
Amortisation charge	642	642
At 31 March 2024	**2,171**	**2,171**
Net Book Value		
At 31 March 2024	**504**	**504**
At 31 March 2023	786	786

Amortisation charges of £642,000 have been recognised in other expenditure.

10. Tangible Fixed Assets

10a. Tangible Fixed Assets

Group	Care homes: Freehold land and buildings at cost £'000	Care homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost/valuation							
At 1 April 2023	276,637	37,986	184,829	9,536	37,784	7,857	554,629
Deconsolidation of subsidiary	(12,571)	-	(22,294)	-	(1,102)	-	(35,967)
Additions during the year	2,867	-	1,930	-	2,070	18,282	25,149
Completions during the year	5,096	-	3,042	-	1,617	(9,968)	(213)
Disposals during the year	(25,790)	-	(9,245)	-	(1,438)	-	(36,473)
At 31 March 2024	**246,239**	**37,986**	**158,262**	**9,536**	**38,931**	**16,171**	**507,125**
Accumulated depreciation/impairment							
At 1 April 2023	76,259	24,758	115,389	2,311	26,420	-	245,137
Deconsolidation of subsidiary	(8,266)	-	(22,349)	-	(1,091)	-	(31,706)
Charge for the year	6,024	913	3,798	226	2,819	-	13,780
On disposals	(12,440)	(6,344)	(7,843)	-	(1,137)	-	(27,764)
Impairment	5,897	3,215	(19,096)	-	(660)	-	(10,644)
At 31 March 2024	**67,474**	**22,542**	**69,899**	**2,537**	**26,351**	**-**	**188,803**
Net book value							
At 31 March 2024	**178,765**	**15,444**	**88,363**	**6,999**	**12,580**	**16,171**	**318,322**
At 31 March 2023	**200,378**	**13,228**	**69,440**	**7,225**	**11,364**	**7,857**	**309,492**

Completions during the year relate to the reclassification of assets in the course of construction upon completion of the relevant project. Any assets in the course of construction, whose nature does not meet the definition of capital expenditure or where the project was aborted, are taken to the Statement of Financial Activities upon project completion. The cost of such projects in the year was £Nil (2023: £Nil).

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As part of the MHA's property portfolio review, the Board have made a strategic decision about the future of a number of services. In accordance with FRS102 the plan to dispose of an asset before the previously expected date is an indicator of impairment that triggers the calculation of the asset's recoverable amount for the purpose of determining whether the asset is impaired.

The assessment of recoverable value for these properties resulted in impairment in the prior year of £112,378,000 to reduce the assets carrying value to the recoverable amount. There was an inherent estimation uncertainty in making this assessment due to a range of options being explored for disposal of these assets in order to preserve the charitable activities.

Further assessments made during the current year of the options including independent evaluations of the potential realisation values of assets under consideration has resulted in net release of impairments of £14,869,000.

Included within our freehold land and buildings above is land of £44,806,000 (2023: £36,547,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £Nil (2023: £Nil). The cumulative amount of capitalised interest included is £3,917,000 (2023: £3,917,000).

10b. Tangible Fixed Assets

Company	Care homes: Freehold land and buildings at cost £'000	Care homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost/valuation							
At 1 April 2023	253,109	37,986	108,649	139	32,424	7,467	439,774
Additions during the year	2,867	-	1,345	-	2,019	15,825	22,056
Completions during the year	5,096	-	654	-	1,617	(7,580)	(213)
Disposals during the year	(25,790)	-	(1,951)	-	(1,034)	-	(28,775)
At 31 March 2024	**235,282**	**37,986**	**108,697**	**139**	**35,026**	**15,712**	**432,842**
Accumulated depreciation/impairment							
At 1 April 2023	66,292	24,758	75,290	32	22,273	-	188,645
Charge for the year	5,805	913	2,350	3	2,578	-	11,649
Impairment	5,897	3,215	(26,431)	-	(660)	-	(17,979)
On disposals	(12,440)	(6,344)	(491)	-	(711)	-	(19,986)
At 31 March 2024	**65,554**	**22,542**	**50,718**	**35**	**23,480**	**-**	**162,329**
Net book value							
At 31 March 2024	**169,728**	**15,444**	**57,979**	**104**	**11,546**	**15,712**	**270,513**
At 31 March 2023	**186,817**	**13,228**	**33,359**	**107**	**10,151**	**7,467**	**251,129**

Included within freehold land and buildings above is land of £40,707,000 (2023: £31,988,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £Nil (2023: £Nil). The cumulative amount of capitalised interest included is £3,813,000 (2023: £3,813,000).

11. Capital Commitments

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Expenditure contracted, less certified	**3,054**	**1,246**	**3,014**	**980**

Included within the capital commitments of the Group and Company are contracts relating to the development of sites which are executory contracts in nature as at 31 March 2024. A liability for these items has not been recorded in the financial statements as neither party has yet performed their obligations and the contracts are not onerous.

12. Investments – Group and Company

	2024 Total £'000	2023 Total £'000
1 April 2023	1,364	1,469
Net gain/(loss) on revaluation	26	(105)
31 March 2024	**1,390**	**1,364**
The securities represent:		
Methodist Church Central Finance Board:		
Equity fund units	448	410
Fixed interest fund units	942	954
31 March 2024	**1,390**	**1,364**

All investments are carried at their fair value. Investment in equities and fixed interest units are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

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13. Debtors

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade debtors	15,992	11,880	13,719	9,400
Other debtors	2,793	847	2,783	809
Prepayments and accrued income	9,094	8,330	9,016	8,099
	27,879	**21,057**	**25,518**	**18,308**

14. Creditors: Amounts falling due within one year

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Loans – principal and interest	17,107	2,031	16,878	1,777
Trade creditors	13,366	6,941	13,323	6,939
Charges and rents in advance	4,459	4,820	4,459	4,713
Deferred Income – buy back properties	97	269	97	125
Unpaid pension contributions	986	894	977	879
Taxation and social security	6,132	5,204	6,127	5,054
Due to Group undertakings	-	-	10,582	253
Other creditors	16,430	16,129	15,895	15,242
Accruals and deferred income	17,067	20,045	16,427	18,994
	75,644	**56,333**	**84,765**	**53,976**

Amounts payable to Group undertakings include a formal loan of £11,000,000 (2023: £Nil) which is interest bearing at a rate of SONIA + 2.2% per annum (2023: Nil) unsecured and repayable on demand due to Methodist Homes Housing Association. Loans fall due in March and April 2025. During the year a loan covenant alignment took place resulting in the AIB loan maturing in line with the Barclays loan. MHA is undertaking a refinancing of all loan balances prior to their expiry in early 2025.

15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Derivative financial instruments	(2,467)	(3,310)	(2,467)	(3,310)
Loans:				
- Between one and two years	70,225	2,270	70,000	2,046
- Between three and five years	684	77,744	-	77,064
- In five years or more	1,956	10,087	-	7,901
Less loan arrangement fees	-	(132)	-	(132)
	72,865	**89,969**	**70,000**	**86,879**
Deferred Income – buy-back properties:				
- Between one and two years	43	185	43	45
- Between three and five years	52	432	52	54
- In five years or more	28	372	28	29
	123	**989**	**123**	**128**
Total	**70,521**	**87,648**	**67,656**	**83,697**

The loans are secured on certain care home and housing properties, representing 50% of the value of Freehold Land and Buildings (2023: 51%) with a Net Book Value of £130,665,000 (2023: £144,069,562). The interest rates payable on these loans, plus the short-term loans of £2,143,000 (2023: £2,031,000), are as detailed below, confirming the drawn down amounts as at 31 March 2024, the interest rate and the respective terms.

Entity	Loan Amount		Rate		
	Current Year	Prior Year	Current Year	Prior Year	Expiry Date
Methodist Homes Ltd	£70,000,000	£70,000,000	SONIA plus 2.2%	SONIA plus 2.2%	April 2025
Methodist Homes Ltd	£17,010,000	£18,919,000	SONIA plus 2.2%	SONIA plus 0.8%	March 2025
Total	**£87,010,000**	**£88,919,000**			
MHA Housing Association Ltd	£1,069,000	£1,184,000	Variable Rate 5.8%	Variable Rate 4.6%	April 2033
MHA Housing Association Ltd	£914,000	£1,012,000	Variable Rate 5.8%	Variable Rate 4.7%	May 2033
MHA Housing Association Ltd	£0	£31,000	-	Fixed Rate at 4.5%	January 2024
MHA Housing Association Ltd	£1,112,000	£1,116,000	Fixed Rate at 10.7%	Fixed Rate at 10.7%	March 2049
Total	**£3,095,000**	**£3,343,000**			
Group Total	**£90,105,000**	**£92,262,000**			

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Of the outstanding loan balance £70,000,000 (2023: £70,000,000) relates to loans that are non-amortising.

The Company has fixed interest rates to guard against future rate movements on £70,000,000 (2023: £70,000,000) of the loan balance through an interest rate swap. The overall cost of the derivative arrangement is fixed at 4.3%. The fair value of the interest swaps as at 31 March 2024 is a £2,467,000 asset (2023: £3,310,000 asset) representing the cost of exiting this arrangement, which is not currently intended by the Company. The recognised loss on cash flow hedges in the year is £843,000 (2023: gain of £3,505,000). This reflects the net of the fair value gain on derivatives of £6,207,000 (2023: gain of £7,050,000) and the gain recycled to bank loan interest of £1,845,000 (2023: gain recycled of £167,000). The amounts recycled to bank loan interest represent the cash paid on derivatives during the year.

16. Provisions for liabilities

	1 April 2023 £'000	Movement of the provision on the elimination of subsidiary £'000	Created on new transactions £'000	Charge for year £'000	Increase/ (release) in provision £'000	Utilisation of provision £'000	31 March 2024 £'000
Group							
Guarantee property buy-backs	25,966	(10,224)	-	52	-	(2,027)	13,767
Onerous Lease provision	-	-	3,453	-	-	-	3,453
	25,966	**(10,224)**	**3,453**	**52**	**-**	**(2,027)**	**17,220**
Company							
Guarantee property buy-backs	15,672	-	-	52	-	(2,027)	13,697
Onerous Lease provision	-	-	3,453	-	-	-	3,453
	15,672	**-**	**3,453**	**52**	**-**	**(2,027)**	**17,150**

The guarantee property buy-backs provision arises when MHA enters into transactions to sell the leasehold interest in retirement living properties with an option (exercisable by either party) for MHA to re-purchase the leasehold at a pre-agreed amount. Buy-back commitments have been estimated to average eleven years (2023: ten years). Provisions are discounted at the appropriate risk free rate. The relevant eleven and five year government bond rates have been used depending on the remaining expected life of the individual commitments by property, these being 3.991% and 3.877% respectively (2023:3.59% and 3.44%).

The Onerous Lease provision relates to the expected discounted future net cost to MHA of a care home lease where agreement has been reached for the transfer of operations to a third party.

17. Share Capital

The company is limited by guarantee and has no share capital.

18. Endowment Funds

18a. Endowment funds (current year)

Group and Company	1 April 2023 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2024 £'000
H D Clarke Memorial	855	15	(2)	9	-	(1)	876
Redcroft Residential Home	70	3	-	-	-	-	73
	925	**18**	**(2)**	**9**	**-**	**(1)**	**949**

18b. Endowment funds (prior year)

Group and Company	1 April 2022 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
H D Clarke Memorial	**913**	**7**	**(2)**	**(63)**	**-**	**-**	**855**
Redcroft Residential Home	**69**	**1**	**-**	**-**	**-**	**-**	**70**
	982	**8**	**(2)**	**(63)**	**-**	**-**	**925**

19. Restricted income funds

19a. Restricted income funds (current year)

Movement in Funds

Group	1 April 2023 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2024 £'000
Care homes	15,905	597	(279)	29	-	(224)	16,028
Retirement living	4,679	10	(33)	-	-	10	4,666
Big Lottery Fund Grant	-	39	(39)	-	-	-	-
MHA Communities	634	4,241	(4,632)	-	-	1,846	2,089
Amenity funds	2,110	476	(533)	-	-	(19)	2,034
Other	-	-	-	-	-	-	-
	23,328	**5,363**	**(5,516)**	**29**	**-**	**1,613**	**24,817**

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19b. Restricted income funds (prior year)

Movement in Funds

Group	1 April 2022 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
Care homes	14,407	2,932	(1,802)	(42)	-	410	15,905
Retirement living	4,757	266	(392)	-	-	48	4,679
Big Lottery Fund Grant	-	50	(50)	-	-	-	-
MHA Communities	3,150	3,837	(6,292)	-	-	(61)	634
Amenity funds	2,115	457	(400)	-	-	(62)	2,110
Other	-	-	-	-	-	-	-
	24,429	**7,542**	**(8,936)**	**(42)**	**-**	**335**	**23,328**

19c. Restricted income funds (current year)

Movement in Funds

Company	1 April 2023 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2024 £'000
Care homes	15,906	593	(276)	29	-	(226)	16,026
Retirement living	4,679	13	(23)	-	-	(79)	4,590
Big Lottery Fund Grant	-	39	(39)	-	-	-	-
MHA Communities	635	4,240	(4,637)	-	-	1,849	2,087
Amenity funds	2,068	456	(505)	-	-	(54)	1,965
Other	-	-	-	-	-	-	-
	23,288	**5,341**	**(5,480)**	**29**	**-**	**1,490**	**24,668**

19d. Restricted income funds (prior year)

Movement in Funds

Company	1 April 2022 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
Care homes	14,407	2,933	(1,802)	(42)	-	410	15,906
Retirement living	4,757	254	(380)	-	-	48	4,679
Big Lottery Fund Grant	-	50	(50)	-	-	-	-
MHA Communities	3,151	3,837	(6,292)	-	-	(61)	635
Amenity funds	2,074	443	(382)	-	-	(67)	2,068
Other	-	-	-	-	-	-	-
	24,389	**7,517**	**(8,906)**	**(42)**	**-**	**330**	**23,288**

The homes and retirement living funds relate to amounts donated for use and subsequently used to improve specific homes or schemes. The MHA Communities scheme funds relate to amounts raised by local schemes to fund their day to day running costs. Amenity funds relate to amounts raised for the provision of additional benefits for residents and tenants within a specific home or scheme.

Big Lottery Fund Grants of £39,000 (2023: £50,000) were received in the year to support MHA Communities schemes.

20. Net Assets by Fund

20a. Net Assets by Fund (current year)

Group	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000
Fixed assets	303,648	15,893	675	320,216
Current assets	65,517	12,880	274	78,671
Current liabilities	(71,688)	(3,956)	-	(75,644)
Long term liabilities	(87,742)	-	-	(87,742)
Total Net Assets	**209,735**	**24,817**	**949**	**235,501**

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20b. Net Assets by Fund (prior year)

Group	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000
Fixed assets	294,967	16,009	666	311,642
Current assets	78,708	11,053	259	90,020
Current liabilities	(52,599)	(3,734)	-	(56,333)
Long term liabilities	(113,614)	-	-	(113,614)
Total Net Assets	**207,462**	**23,328**	**925**	**231,715**

20c. Net Assets by Fund (current year)

Company	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000
Fixed assets	255,906	15,826	675	272,407
Current assets	59,189	12,798	274	72,261
Current liabilities	(80,809)	(3,956)	-	(84,765)
Long term liabilities	(84,807)	-	-	(84,807)
Total Net Assets	**149,479**	**24,668**	**949**	**175,096**

20d. Net Assets by Fund (prior year)

Company	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000
Fixed assets	236,604	16,009	666	253,279
Current assets	56,454	11,007	259	67,720
Current liabilities	(50,248)	(3,728)	-	(53,976)
Long term liabilities	(99,369)	-	-	(99,369)
Total Net Assets	**143,441**	**23,288**	**925**	**167,654**

21. Pensions and Similar Obligations

A defined benefit and contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 129 (2023: 146) employees. The contribution rate of MHA for the year varied between 3% and 6% depending on the employee's contribution, which is a minimum of 5%.

MHA operates a number of pension schemes;

(i) The Methodist Homes Final Salary Scheme, a defined benefit scheme, which was a funded scheme, with the assets held in separate Trustee administered funds, was closed to new members and future accrual on 31 March 2010.

As per para 28.38 of FRS102, where an entity participates in a defined benefit plan that shares risks between entities under common control it shall obtain information about the plan as a whole measured in accordance with this FRS on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement or stated policy for charging the net defined benefit cost of a defined benefit plan as a whole measured in accordance with this FRS to individual group entities, the entity shall, in its individual financial statements, recognise the net defined benefit cost of a defined benefit plan so charged. If there is no such agreement or policy, the net defined benefit cost of a defined benefit plan shall be recognised in the individual financial statements of the Group entity which is legally responsible for the plan. The other Group entities shall, in their individual financial statements, recognise a cost equal to their contribution payable for the year. Methodist Homes is the sponsoring employer of the defined benefit pension scheme and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual Group entities and therefore the Company has recognised the entire net defined benefit cost and the relevant net defined benefit liability of the defined benefit pension scheme in its individual financial statements.

The FRS102 disclosures below have been produced by TPT Retirement Solutions, the Group actuaries using the projected unit method to calculate the Scheme liabilities at 31 March 2024. No adjustments have been made to measure the defined benefit obligation at the reporting date to their valuation.

The financial assumptions used to calculate the Group's scheme liabilities are as follows:

	2024 % pa	2023 % pa	2022 % pa	2021 % pa
Inflation (CPI)	2.9%	2.9%	3.3%	2.9%
Inflation (RPI)	3.2%	3.2%	3.6%	3.3%
Rate of increase in salaries	0.0%	0.0%	0.0%	0.0%
Rate of increase for pensions in payment	2.3%	2.3%	2.4%	2.3%
Rate of increase for deferred pensions	3.2%	3.2%	3.6%	3.3%
Discount rate	4.9%	4.9%	2.8%	2.1%

Pensions accrued before 1 January 2000 for members who joined the scheme before 1 November 1998 are subject to guaranteed fixed increases of 5% (2023: 5%) per annum in deferment and in payment.

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The current mortality assumptions used in the valuation of the pension liabilities were:

Life expectancy	2024 S1PA Year of birth CMI22 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females	2023 S1PA Year of birth CMI21 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females	2022 S1PA Year of birth CMI20 with a minimum improvement of 1.3% p.a. for males and 1.3% p.a. for females	2021 S1PA Year of birth CMI19 with a minimum improvement of 1.3% p.a. for males and 1.0% p.a. for females
The assumed life expectations on retirement age 65 are:				
	2024 Years	**2023 Years**	**2022 Years**	**2021 Years**
Pensioner currently aged 65:				
Male	21.2	21.5	21.7	21.4
Female	23.8	23.9	24.1	23.4
Non-Pensioner currently aged 45:				
Male	22.8	23.1	23.3	22.7
Female	25.2	25.4	25.6	24.9

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the Statement of Financial Position date, whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the long-term rate of return expected at the Statement of Financial Position date were:

	Fair value 2024 £'000	Fair value 2023 £'000
Equities	38	73
Government bonds	16,957	12,797
Property	5,125	6,886
Cash	1,901	580
Other	4,346	7,129
LDI	14,229	18,503
Total market value of assets	**42,596**	**45,968**
Present value of scheme liabilities	(42,597)	(42,858)
Surplus in the scheme	**(1)**	**3,110**
Effect of asset ceiling	**-**	**(3,110)**
Net pension asset/(liability) under FRS102	**(1)**	**-**

An asset ceiling had been applied in the previous year to limit the impact of the surplus on the scheme calculated on an accounting provision FRS102 basis in line with the advice from TPT Retirement Solutions and the pension scheme rules.

The last formal valuation of the scheme was performed as at 30 September 2021 by a professionally qualified actuary.

The actuary has confirmed that the existing contribution level is adequate and therefore no deficit contributions are currently being made to the scheme.

The Group works directly with TPT Retirement Solutions in relation to the multi-employer pension scheme to ensure compliance with scheme rules. Where an issue is identified, the Group ensures proper understanding and investigation is carried out to meet the Group's obligations, and where these meet the requirements of the relevant accounting standard they are appropriately accounted for.

The Group's pension charge for the year calculated under FRS102 assumptions is included in the financial statements.

Analysis of amounts charged to net incoming resources

	2024 £'000	2023 £'000
Expenses	(165)	(170)
Expected return on scheme assets	2,187	1,820
Interest on pension scheme liabilities	(2,036)	(1,592)
Net income/(cost)	**(14)**	**58**
Interest on effect of asset ceiling	(151)	(228)
Total cost	**(165)**	**(170)**

Analysis of amount recognised as Actuarial gain/(loss)

	2024 £'000	2023 £'000
Actuarial gain/(loss) recognised in the Consolidated Statement of Financial Activities	32	(497)
Employer contribution adjustment	-	-
	32	**(497)**
Total (charge) to Consolidated Statement of Financial Activities	(133)	(667)
Cumulative actuarial losses	**(13,517)**	**(13,549)**

Statement of Financial Position impact	2024 £'000	2023 £'000
Present value of funded obligations	(42,597)	(42,858)
Fair value of scheme assets	42,596	45,968
(Deficit)/Surplus in the scheme at 31 March	**(1)**	**3,110**
Effect of asset ceiling	-	(3,110)
Net pension asset/(liability) under FRS102	**(1)**	**-**

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Changes in the present value of the defined benefit obligation	2024 £'000	2023 £'000
Opening defined benefit obligation	42,858	58,279
Service cost	-	-
Interest cost	2,036	1,592
Actuarial (gains)	(165)	(14,993)
Net benefits paid	(2,132)	(2,020)
Closing defined benefit obligation	**42,597**	**42,858**

Changes in fair value of plan assets	2024 £'000	2023 £'000
Opening fair value of plan assets	45,968	66,222
Interest income	2,187	1,820
Actuarial (loss)	(3,394)	(20,551)
Contributions by employer	132	667
Net benefits paid	(2,132)	(2,020)
Expenses	(165)	(170)
Closing fair value of plan assets	**42,596**	**45,968**
Return on plan assets	(1,207)	(18,731)

(ii) The previous Growth Plan (Series 1-3) is a multi-employer defined benefit scheme which is administered by TPT Retirement Solutions. The actuary has completed a tri-annual valuation as at 30 September 2021 showing a funding level of 98%. Additional contributions of £30,000 (2023: £30,000) were paid during the year.

(iii) The contribution by the Group to the defined benefit scheme paid during the year amounted to £131,000 (2023: £667,000). Following the elimination of the funding shortfall the Trustee has agreed to the cessation of deficit contributions.

(iv) The current growth plan (Series 4) is a multi-employer defined contribution scheme. Contributions paid during 2023/24 in respect of the defined contribution scheme were £256,000 (2023: £268,000).

(v) During the year all employees were eligible to join the auto-enrolment scheme. The new scheme is compulsory for all employees who have not specifically opted out of the scheme. MHA contributes between 3%-6% of pensionable pay for all those included in the scheme. The contributions for the year were £3,791,000 (2023: £3,292,000).

22. Notes to the Cash Flow Statement

22a. Reconciliation of net income to net cash inflow from operating activities

	2024 £'000	2023 £'000
Net income	4,597	(117,525)
Unrealised (gains)/losses on investment	(26)	105
Investment income	(1,364)	(968)
Interest charge	4,365	4,064
Profit on sale of retirement living housing	(11,758)	(3,200)
Depreciation charges	13,780	13,503
Amortisation	642	592
Impairment of fixed assets	(10,644)	112,378
Defined benefit scheme pension contributions paid in the year	(132)	(667)
Defined benefit scheme pension cost charged in the year	165	170
Decrease/(increase) in debtors	4,897	(3,372)
(Decrease)/increase in creditors and provisions	(5,247)	8,449
Net cash provided by operating activities	**(725)**	**13,529**

Movements in debtors and creditors which relate to capital and interest transactions are excluded from the movements in debtors and creditors shown.

Cash and cash equivalents amounting to £274,000 (2023: £259,000) held in endowment funds are not available for use to further charitable activities as they are held for particular purposes and are intended to be permanent.

22b. Reconciliation of net cash flow to movement in net debt

	2024 £'000	2023 £'000
(Decrease)/increase in cash and cash equivalents	(18,171)	(6,267)
Cash movement in borrowings	2,160	2,041
Change in net funds resulting from cash flows	**(16,011)**	**(4,226)**
Change in net funds resulting from non-cash flows	**(135)**	**(138)**
Movement in net debt		
Net debt as at 1 April	(23,034)	(18,670)
Net debt as at 31 March	**(39,180)**	**(23,034)**

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22c. Analysis of changes in net debt (current year)

	1 April 2023 £'000	Cash flow £'000	Non-cash changes £'000	31 March 2024 £'000
Cash at bank and in hand	68,963	(18,171)	-	50,792
Loans due within one year	(2,029)	2,160	(17,237)	(17,106)
Loans due after more than one year	(89,968)	-	17,102	(72,866)
	(23,034)	**(16,011)**	**(135)**	**(39,180)**

23. Group Structure

Methodist Homes has the following subsidiary undertakings:

Methodist Homes Housing Association Ltd
Incorporation: Co-operative and Community Benefit Societies Act 2014
Registered Office: Epworth House, Stuart Street, Derby, DE1 2EQ, United Kingdom
Registered Number: LH2343
Principal activity: Charitable provision and management of social housing.

MHA Auchlochan Ltd (In administration)
Incorporation: Charity Registered Number SCO40155
Registered Number: SC352117
Registered Office: Auchlochan House, New Trows Road, Lesmahagow, ML11 0JS, United Kingdom
Principal activity: Charitable provision and management of residential Care Homes.

The one (2023: two) organisation is deemed to be a subsidiary of Methodist Homes by means of various intra-group agreements. MHAA was placed in administration on 2 May 2023.

	MHA Association Ltd		MHA Auchlochan Ltd	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Assets	65,222	67,770	-	13,147
Liabilities	(18,141)	(18,866)	-	(40,466)
Funds	**47,081**	**48,904**	**-**	**(27,319)**
Incoming resources	13,130	7,983	-	9,983
Resources expended	(14,953)	(12,048)	-	(34,061)
Movement in funds	**(1,823)**	**(4,065)**	**-**	**(24,078)**

24. Related party transactions

The Group operates a defined benefit scheme where MHA is the sponsoring employer. The contribution by the Group to the scheme paid during the year amounted to £131,000 (2023: £667,000).

During the financial year to 31 March 2024 no (2023: no) members of the ELT and the Board had close family members residing in the company's care homes.

Related party transactions with Group undertakings relate to recharges arising from operational activities. Amounts payable to Group undertakings include a formal loan of £11,000,000 (2023: £nil) which is interest bearing at a rate of SONIA + 2.2% per annum (2023: Nil) unsecured and repayable on demand and £418,000 (2023: £24,641,000) due from Group undertakings for recharges arising from operational activities which is not interest bearing, is unsecured and repayable on demand.

	2024 £'000	2023 £'000
Transactions		
Loan from subsidiary undertaking	(11,000)	-
Recharges to Group undertakings	418	(23,274)
Pension scheme – Defined Benefit	133	667
	(10,449)	**(22,607)**

	2024 £'000	2023 £'000
Balances		
Due to Group undertakings	(10,582)	-
Pension scheme – Defined Benefit	1	-
	(10,581)	**-**

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25. Statement of Financial Activities for prior year

	Note(s)	Unrestricted Funds (restated) £'000	Restricted Funds £'000	Endowment Funds £'000	2023 £'000
Income and endowments from:					
Donations and legacies	2	3,510	3,602	-	7,112
Charitable activities					
Homes		217,262	1,160	-	218,422
Retirement living		39,657	251	-	39,908
MHA Communities		-	2,389	-	2,389
Other		25	1	-	26
Total charitable activities	**3/5**	**256,944**	**3,801**	**-**	**260,745**
Investments		821	139	8	968
Total		**261,275**	**7,542**	**8**	**268,825**
Expenditure on:					
Raising funds		741	-	-	741
Charitable activities					
Homes (restated)		256,205	2,151	-	258,356
Retirement living (restated)		114,573	442	-	115,015
MHA Communities		(193)	6,341	-	6,148
Other		3,372	2	2	3,376
Total charitable activities (restated)	**5**	**373,957**	**8,936**	**2**	**382,895**
Other	6	1,220	-	-	1,220
Total (restated)	**4**	**375,918**	**8,936**	**2**	**384,856**
Net (loss) on investments		-	(42)	(63)	(105)
(Loss) on disposals (restated)		(1,389)	-	-	(1,389)
Net income		**(116,032)**	**(1,436)**	**(57)**	**(117,525)**
Transfer between funds		**(335)**	**335**	**-**	**-**
Other recognised gains/(losses):					
Actuarial (loss) on defined benefit pension schemes	21	(497)	-	-	(497)
Other – interest rate swaps gains	15	3,505	-	-	3,505
Net movement in funds		**(113,359)**	**(1,101)**	**(57)**	**(114,517)**
Reconciliation of funds:					
Total funds brought forward	**20**	**320,821**	**24,429**	**982**	**346,232**
Total funds carried forward		**207,462**	**23,328**	**925**	**231,715**

26. Contingent assets and liabilities

MHA have been notified by the Trustees of the Methodist Homes for the Aged Final Salary Pension Scheme of legal uncertainties over the way in which historic scheme benefit changes have been applied to the scheme.

The scheme Trustee's legal advisor has carried out a review of the changes made and is now seeking direction from the High Court on the interpretation of the scheme rules and documentation against the benefit changes implemented. The Trustee has carried out a review of all schemes under its administration and concluded that the uncertainties are common amongst the majority of the schemes it administers.

The outcome of the High Court review is not expected to be known until late 2025. The estimated impact on scheme liabilities if the court rules that the changes have not been appropriately applied is £5.4m (2023:£5.4m).

The Group had no other contingent assets or liabilities at 31 March 2024 (2023: same).

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Live later life well

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MHA is the trading name of a group of companies.

Methodist Homes is a registered Charity in England & Wales (No.1083995) and Company limited by Guarantee (No. 4043124) with registered office MHA, Epworth House, Stuart Street, Derby DE1 2EQ

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METHODIST HOMES

England & Wales - Charity number 1083995

Accounts

Methodist Homes Report and Financial Statements

31 March 2023

mha
Live later life well

Mission, vision and values

Our Mission

To enable people to live later life well by inspiring the best care and wellbeing at every stage of later life.

Our Vision

By 2025 we will have connected our communities, realising our potential as OneMHA, to increase the reach, impact and quality of care and support we provide to people in later life.

Our Values

*We **nurture** mind, body and spirit*

*We **inspire** the best in each other*

*We **respect** every person, treating them with dignity.*

97%
retirement living schemes rated good, outstanding or equivalent
(100% in 2021/22)

92%
of care home residents satisfied with their care
(91% in 2021/22)

6,521 staff
(6,509 in 2021/22)

90%
care homes rated good, outstanding or equivalent
(92% in 2021/22)

50 MHA Communities hubs
(50 in 2021/22)
AND
11,481
MHA Communities members supported
(11,662 in 2021/22)

£269m income
(£251m in 2021/22)

£273m expenditure
(£233m in 2021/22)

18,957
older people supported
(19,212 in 2021/22)

88
care homes
(89 in 2021/22)

69
retirement living communities
(70 in 2021/22)

3,000
volunteers
(3,200 in 2021/22)

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Keeping alive the vision and innovation of our founder has never felt more important as we mark what has been a rewarding, yet at times challenging, year.

Board of Directors' report, including strategic report

2023 marks MHA's 80th anniversary. Established in 1943 by Methodist Minister, Rev Walter Hall, the charity's vision was, and remains, enabling people to live later life well – being part of a community, feeling safe and secure, cared for and supported. Keeping Rev Hall's vision and innovation alive has never felt more important, as we mark what has been a rewarding yet, at times, challenging year for the charity in the current economic climate and as we continue to build back post-pandemic.

We've pushed forward with our plans to introduce digital care plans into our care homes, fundraised to make sure our residents and MHA Communities members continue to benefit from life-enhancing services like music therapy, green care and chaplaincy, developed a blueprint for our future housing with care schemes, and introduced our MHA Active app.

All this was done against the backdrop of the cost-of-living crisis which affected not just our residents and their families, our members but also our colleagues, the bills we have to pay, and the ability of our supporters to donate their time, money and resources.

Despite this, we've continued to prioritise investment in our services. Following challenges in undertaking building works during Covid, this year we started a significant investment programme across our estate. We also embarked on an ambitious three-year programme to upgrade our IT systems and equipment in all our homes, schemes and offices, improving accessibility and the effectiveness of our work.

Colleagues across our homes and schemes have also continued to fundraise for items to support residents living with dementia, such as HUG dolls, giant tablets and electronic pets, and more broadly to create opportunities to broaden the range of support and care we offer. We remain hugely grateful to our benefactors and volunteers for enabling us to enhance our residents and members lives.

Alongside this, the profile of MHA continues to grow with Hall Grange care home featuring in the King's Christmas message. We were also delighted to welcome the Archbishop of Canterbury, the Rt Rev Justin Welby, to our Bradbury Grange care home in Whitstable to film his New Year message. Broadcast on the BBC and available online, the programme focused on social care and trailed the Archbishops of Canterbury and York's Commission on Reimagining Care, which was published in January 2023.

This echoed the focus of our influencing and lobbying activity throughout the year, to make sure our voice was heard by Government ministers, MPs in whose constituencies we have services, councils and in the media. The social care sector remains in desperate need of reform and investment, with longstanding workforce and capacity challenges only amplified by the impact of the pandemic and cost of living crisis. Over the past 18 months, our energy bills alone have risen from £5m to £18m.

We hoped the introduction of the National Insurance levy for health and social care, would provide support, and that the Fair Cost of Care exercises being carried out by local authorities would lead to positive change, particularly to the levels of our fees from councils. But sadly, both were paused by the Government with no sign of when these reforms might happen.

With 165,000 vacancies nationally across the sector, MHA, like other providers, has continued to struggle to recruit care and nursing staff. It made our decision to award colleagues a substantial pay uplift in line with our responsibilities as a Real Living Wage employer even more vital. Even though this is improving our recruitment and retention, the situation remains critical as we face the ongoing pressures of funding agency workers to ensure safe staffing and restricting the number of residents who come into some of our homes, due to staff levels.

We continue to call for care workers to be considered skilled workers and for investment so that providers can uplift salaries to the same level as NHS healthcare assistants. We continue working to ensure that social care reform is at the top of the political agenda.

Finally, with our responsibility to ensure that our services remain sustainable, and that our charity is in the best possible financial shape, after careful consideration, we have had to make some difficult decisions regarding a number of our services. These were announced in May 2023 and will lead to the sale of 10 of our homes and placing Auchlochan Garden Village in Scotland and its two associated care homes into administration. In addition, we announced the withdrawal from our other three retirement living schemes in Scotland. We are confident buyers can be found in the course of this year for these homes and schemes.

In the midst of our challenges, we are proud that our regulators continue to score our services highly making MHA one of the most highly rated providers of elderly care in the country. The credit and our heartfelt thanks goes to our amazing staff and their leaders for all their continuing efforts to enable older people to live later life well.

All this will go towards making sure we set MHA on the right course as we mark our 80th anniversary in 2023 and we get ever closer to marking our century in 2043.

James Reilly, *Chair*

Sam Monaghan, *Chief Executive*

James Reilly

Sam Monaghan

Strategic report

One MHA: Our Refreshed Strategy 2022/25 – Our Business Plan 2022/23

2023 marks MHA's 80th anniversary. It was the vision of our founder, the Rev Walter Hall, that led to the church expressing its mission to care for and support those who are particularly vulnerable and in need, whatever their faith or background.

Today MHA serves 18,957 older people across 88 care homes, 69 retirement living communities and 50 MHA Communities hubs, supported by 6,521 staff and 3,000 volunteers.

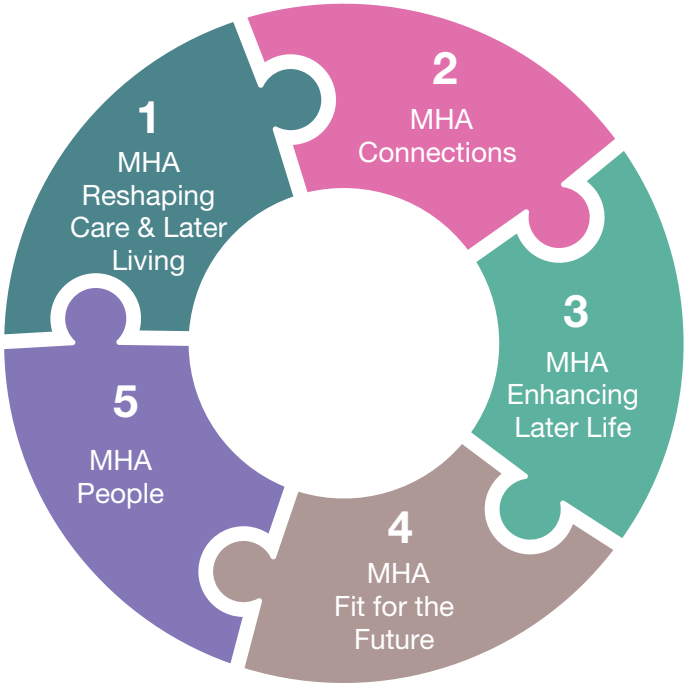
Our founders would be truly proud of the work MHA carries out as we mark our 80th anniversary.

MHA includes the subsidiaries MHA Auchlochan (our retirement living village in Scotland) and Methodist Homes Housing Association Ltd, our registered social landlord which provides rented accommodation at social rent. On 2 May 2023, MHA Auchlochan was placed into administration.

Our mission, vision and values hold strong and steady and continue to guide all that we do. Our refreshed strategy for 2022 to 2025 details our objectives for the next few years and focuses our objectives under five key areas.

The One MHA Strategy builds on our history of serving the needs of older people. It brings together our operational activities, connecting our care homes, retirement living and MHA Communities for greater collaboration, knowledge exchange and a stronger offering to the communities we operate in.

However, in doing this we find ourselves in a different societal and political landscape than we did at the start of 2022/23. At the beginning of the year, we were working towards the delivery of Fair Cost of Care exercises by local authorities and the promise of additional funds in years to come from the National Insurance Levy.



Sadly the Government paused work on these, despite the calls for social care reform becoming louder. In addition, we have been affected by the exponential rise in energy costs.

Despite this, we are pushing forward on our plans to make sure we can enable older people to live later life well within an infrastructure that can best support this.

Looking forward

Looking ahead to the next financial year, we have published a 2023/24 Business Plan, which details our main priorities for each strategic objective, which are detailed below. In addition, each section of the Strategic Review gives more information about what we will be doing in these areas.

Reshaping care and later living

Defining our vision for future models of Care and Later Living, establishing new services that align with sector reforms.

1. Define and deliver our future approach to care home provision and contracting for placements.
2. Define and deliver a blueprint model for our housing with care schemes.
3. Develop our domiciliary care offer beyond housing with care schemes and into local communities.

Connections

Strengthening collaboration between our beneficiaries, services, central support and partners.

1. Deliver and roll out the collaborative communities operating model.
2. Develop and deliver a market-leading digital content platform and online community for older people.
3. Increase the impact of our fundraising and volunteering opportunities.

Enhancing later life

Influencing policy and enriching the experience of later life through innovative practice.

1. Sustain and build our campaign to fix care for all.
2. Enrich later life through the delivery of our specialist strategies.
3. To nurture a culture of innovation.

Fit for the future

Developing effective infrastructure, enabling efficient processes to support sustainable service delivery.

1. Create a fit for purpose IT, data and digital capability.
2. Deliver a financially, operationally & environmentally sustainable organisation.
3. Reinvigorate our approach to continuous improvement.

People

Valuing, supporting and developing our people's potential in an inclusive culture.

1. Attract the right people with the right skills at the right time.
2. Foster an empowering and inclusive culture to support and deliver high-quality services.
3. Inspire and support people to fulfil their potential.

Our OneMHA strategy builds on our history of serving the needs of older people, connecting our services for greater collaboration.

Key performance indicators

What we said we would achieve	How we did
To sustain our position in the top 20 care home providers on carehome.co.uk	Achieved
To maintain at least 90% good or outstanding or equivalent compliance with regulators across all services	92%
For at least 75% of care homes and retirement living services to achieve an internal quality assurance score of 85% and above	77% of all services achieved or exceeded the target of 85%
To increase our MHA Communities membership to at least 15,000 members by 2025	11,481 members as at 31 March 2023
To maintain at least 84% employee retention	77% Retention and recruitment of staff has been difficult in the current environment
To increase employee engagement index score to at least 75%	76%
To raise at least £4 million in fundraised income, including £600k in communities trusts and grants annually	Total fundraised income was £7.1 million, with £1.7m in communities trusts and grants
To rebuild our care home occupancy to at least 85%	83% Occupancy recovery has been hampered by the staffing crisis in the social care sector
To maintain at least 90% occupancy in our retirement living	93%
To sustain central overheads below 9.2% of income in line with budget	9.0%

Objective 1

MHA
Reshaping care and later living

What we said we'd do

1. Define and deliver our future approach to care home provision and contacting for placements.
2. Define and deliver a blueprint model for our Housing with Care Schemes.
3. Develop our domiciliary care offer beyond housing with care schemes and into local communities.

What we've done

One of the biggest parts of MHA's work this year was on its blueprint for the future of retirement living and our housing with care offer.

The blueprint is built on seven principles that have been developed from lessons learnt from our schemes, engagement and feedback from our residents and good practice from across the retirement living sector.

The purpose of our offer, defined within this blueprint, is to enable people to 'live the life that they want to lead.'

The Government's Social Care white paper suggests we envisage a future where society will see a move towards a reduction in residential care settings, with new services that are within the housing with care space. This is where we envisage demand will increase in the future. We are already seeing an increase in enquiries for retirement living from people with care needs.

The decision demonstrates how MHA will start to move towards more retirement living services which not only provide accommodation for older people but care to enable people to live independently within a supportive community. This will inform the next stage of work on the blueprint next year in delivering what this means for MHA.

As part of the work on the blueprint, the opportunity was taken to review the management arrangement with Adlington Retirement Living as the five-year term contract was coming up for renewal at the end of 2022/23.

The Board took into consideration how MHA's retirement living service could be structured in the future and decided to hand back the management of Adlington House in Otley, Brooklands House in Stafford and Adlington House, Urmston over to the original developers Adlington Retirement Living. The decision was influenced by our aim to reduce the number of schemes we operate under management agreements and increase our focus on the retirement living with care services we offer. This was effective from 1 April 2023.

The purpose of our new housing with care blueprint is to enable people to live the life they want to lead.

4,782
care home residents
(4,840 in 2021/22)

2,694
retirement living residents
(2,710 in 2021/22)

192

MHA Communities service delivery locations
(175 in 2021/22)

13,745

groups, clubs, activities and classes for MHA Communities members
(10,620 in 2021/22)

What we will do next

- **Establish a refreshed blueprint for our care homes, including technological developments and incorporating our approach to Collaborative Communities**
- **Develop new models of partnering and contracting for care home placements, recognising the move towards higher levels of acuity**
- **Procure and roll out digital care plans across all of our care homes and housing with care services**
- **Establish a blueprint for our housing with care schemes, including incorporating our approach to Collaborative Communities**
- **Co-design and deliver a refreshed wellbeing offer**
- **Undertake a viability study to extend domiciliary care from our retirement living schemes out into their local communities**
- **Build a sustainable financial model for domiciliary care**
- **Pilot the new domiciliary care approach ensuring alignment of any new services with emerging trends from across the sector**

Objective 2

MHA Connections

What we said we'd do

1. Deliver and roll out our collaborative communities operating model.
2. Develop and deliver a market-leading digital content platform and online community for older people.
3. Increase the impact of our fundraising and volunteering opportunities.

What we've done

Collaborative Communities pilot

MHA has been developing a new way of working called Collaborative Communities. The idea is to take care homes, retirement living schemes and MHA Communities schemes that are located in the same area and bring them together under one integrated offering in a shared location.

We piloted the Collaborative Communities blueprint at MHA Hafan Y Waun care home in Aberystwyth, creating an Aberystwyth MHA Communities scheme to share a site with the care home.

This co-location enabled colleagues to feel more integrated within MHA, work collaboratively with colleagues from different areas of the charity and access development opportunities. Older people and their relatives are better supported in their journey through older life.

Activity and community coordinators are upskilled to become a One MHA Coordinator, who are then able to help residents and members in accessing activities and providing guidance on how to access more of MHA's services. This also provides volunteers with a point of contact within the Collaborative Community.

The Later Life Hub

In response to developing and delivering a market-leading digital content platform and online community for older people and in response to the cost of living crisis, MHA launched the Later Life Hub in October 2022. The hub is an area of the MHA website where people can access useful tips, information and advice on everyday matters affecting later life. The Later Life Hub aims to position MHA as a credible voice for ageing and later life, whilst also increasing our online brand awareness.

As well as signposting to trusted organisations, like the NHS and government websites, the Later Life Hub contains content generated by

subject matter experts at MHA. This collaborative effort saw colleagues contributing expertise and ideas to create useful content, including looking after your physical, spiritual, and mental health, managing your finances, end-of-life care, dementia and much more.

To visit the Later Life Hub, please visit **www.mha.org.uk/hub.**

MHA Active app

In addition to the Later Life Hub, the digital content platform has progressed with MHA's Digital Communities team developing MHA Active, an app containing a wide selection of activities and content for residents, members, and MHA colleagues to use for activities.

MHA Active aims to provide resources to keep people in later life physically and mentally active. It also enables those who live in their own homes to engage with MHA. Resources include quizzes, yoga, arts and crafts, green care, and spirituality. There is also a dementia-friendly section, which has received positive feedback from users.

Thanks to a grant from the Wolfson Foundation, MHA has been able to start work on an updated version based on user feedback, whilst also paving the way for new features like clearer layout, pdf activity sheets, seasonal content, and live events.

Fundraising strategy

In July 2022, MHA's Board of Trustees approved MHA's first-ever Fundraising Strategy, a document that looks to formalise our recent successful fundraising activities whilst also laying out a clear path for where MHA's fundraising is going over the next 10 years.

The strategy has built upon three pillars which set out its main aims. They are:

- improve MHA's back-office processes
- ensure all fundraising work has a supporter focus
- find ways to engage new supporters

Rather than attempting to reinvent fundraising, the strategy aims to build and improve on some of our most successful events and initiatives, whilst also trying to reach and convert new supporters.

The strategy also introduced Charitable Giving Score Cards, which looks at the impact of our fundraising on our supporters, whilst also pulling together some case studies, to showcase MHA's work to our stakeholders.

What we will do next

- **Review the Collaborative Communities blueprint, comparing rhetoric to reality on launched sites**
- **Establish 15 new Collaborative Communities**
- **Create 'recipe cards' for each piece of content to support delivery in the MHA Active app and create tutorial guides for the second phase app**
- **Launch the Fundraising Strategy delivery plan and review performance monthly**
- **Review Charitable Giving scorecard after three months and implement a measurement approach to ensuring fundraising targets by income stream**

The petition led to MHA making connections with several Members of Parliament. Baroness Brinton also raised our concerns during a debate on the spring budget.

Objective 3

MHA Enhancing later life

What we said we'd do

1. Sustain and build our campaign to fix care for all.
2. Enrich later life through the delivery of our specialist strategies.
3. Nurture a culture of innovation.

What we've done

MHA's Cost of Living petition

In February 2022, MHA launched a petition, aimed at putting the impact of the cost of living crisis in the care sector on the political agenda, by taking the voice of those who live and work in care straight to the heart of government.

MHA colleagues and supporters were asked to sign an e-petition which asked the Chancellor of the Exchequer, Jeremy Hunt, to bring in further financial support for the care sector. The secondary purpose of the petition was to start to build a campaigner network and to build links between the campaign team and all other areas of MHA, in preparation for the launch of new campaigns over the next few years.

MHA used trusted internal communications channels and external channels like social media and email to spread the word about the petition. Overall we collected 1,147 signatures, with 703 people also opting in to hear about future campaigns, showing there is an appetite for reform in the social care sector.

The petition led to MHA making connections with several Members of Parliament. Baroness Brinton also raised our concerns during a debate on the spring budget.

Several other charities and organisations from the care sector shared our petition, including The Care Provider Alliance, The National Care Forum, The Brain Charity and Pilgrims' Friend Society.

Specialist Strategies

Our specialist strategies aim to further enhance the care and support we deliver for older people across the UK. MHA has five specialist strategies which have all progressed in various ways over the last year.

Dementia Strategy

The Dementia Strategy has six commitments for people living with dementia and their families/ friends. The focus is on uniting people together to make sure people are not experiencing dementia in isolation.

Work this year means there is now a family advisory group which provides insight and contributes to improving dementia care at MHA. We now offer training to help family members with supporting a person living with dementia. Finally, the dementia strategy interlinks with the other four strategies, providing guidance and support on how to make their commitments dementia-friendly.

Music Strategy

The commitments in our Music Strategy are based on what residents, members, families and colleagues said was important to them regarding the use of, and access to, music at MHA.

Music Therapy is now delivered in our 67 dementia specialist care homes and we are partnered with Middlesex University to see whether we can launch the service in MHA Communities and residential care.

The Digital Communities team has also been working to make music therapy and guidance about music available to a much wider audience.

There has been a focus on educating colleagues about music therapy. New colleagues now learn about music therapy in their inductions.

Additionally, MHA has partnered with Purple Angels, a charity that has committed to supplying each of our homes with five MP3 players. We're currently evaluating the best ways for us to implement this technology.

Spirituality Strategy

MHA's commitment to spiritual care dates back to the foundation of the charity in 1943. In our 80th year, that commitment finds new expression in our strategy for spirituality.

We have developed a new equality impact assessment which has been implemented for chaplaincy recruitment to make sure we have chaplains with the right gifts, knowledge, and skills to serve the communities in which they serve.

Over the past year, we have implemented a programme of 'spiritual insights'. This has involved colleagues sharing a reflection about what spirituality means for them. These have featured people from a wide background of faiths and no faith and have enabled colleagues to hear from their peers what spirituality is and how it impacts people's lives. Many of these insights received extensive positive feedback.

While recognising the role we all play in spiritual care, chaplains have a particular responsibility for pastoral, spiritual and religious care. In 2022 we developed and distributed new 'Professional Practice Development' portfolios. These folders enable chaplains to identify areas for their personal and professional development and keep an accurate record of the things that they learn.

End-of-Life Care Strategy

The End-of-Life Care Strategy was launched in May 2021. It has continued to be supported by a dedicated team who all have a passion for supporting residents, relatives, members, and colleagues in their thinking about, talking about and planning for the best possible end-of-life care.

We aim to make end-of-life care at MHA holistic and person-centred. This includes creating comfort boxes for care home residents and exploring how music therapy can enhance people's experience at the end of their lives.

We want to bring about a culture change at MHA where it's ok to talk about dying. Colleagues in all areas of MHA have access to our Final Lap training, which equips colleagues with the necessary skills and confidence to have these conversations about death.

Green Care Strategy

The Green Care Strategy was finalised in early 2023 with the aim of developing wellbeing through nature for everyone at MHA. This refers to the physical, psychological, emotional, and spiritual benefits that we all gain from interacting with the natural world.

This strategy was developed using a co-production approach, gaining the views of residents, members, families, and colleagues, through individual interviews, surveys and focus groups. It is also aligned with recent external academic research. The Green Care Strategy will be launched in Spring 2023.

Ethics and Research Committee

Fifteen research project applications were received between 1 April 2022 – 31 March 2023, compared to five the previous year.

The role of the Ethics and Research Committee (E&RC) provides strategic direction, oversight and leadership to ensure research undertaken internally or externally (including requests for partnerships and tenders) is in line with the values and mission of MHA and wider strategic objectives. The committee covers speculative proposals and also makes recommendations for pieces of research which would advance the mission of MHA.

A specialist services initiative was introduced in 2022 called Journal Club, which meets every quarter to review academic papers on dementia care, music therapy, green care and spirituality for older adults. The Journal Club is open to all colleagues across MHA.

Digital Care Plans

MHA has been piloting digital care plans with some of our care homes and retirement living schemes, to be fit for the future. Digital care plans have recently been made a regulatory requirement and provide evidence of good care to CQC inspectors.

Benefits of digital care plans include:

- Reduction in time spent writing or searching for information
- Improved accuracy of support plans
- Improved family participation in care planning
- Improved data security
- Greener method of care – no more paper or printing
- Improved colleague and resident satisfaction

In the last financial year, we set out to select a provider for the software and settled with Nourish. Work was then undertaken to configure it to the needs of our colleagues.

Three care homes and a retirement living scheme were selected to be part of a pilot. Based on feedback we received on other product launches, we decided to embed the system in the pilot homes and scheme and worked to action feedback from colleagues to try and remove any flaws before we began rolling the system out to the other homes and schemes. To be thorough with the feedback, we decided to delay the full rollout to care homes, which started in June 2023.

The retirement living pilot produced different results. Due to the differing levels of care needed at each scheme as well as the different ways the scheme is run, the decision was made to pause the rollout and extend the pilot to more schemes in the next financial year. This will allow us to tailor the system to the unique needs of retirement living.

What we will do next

- **Continue to raise awareness of the ongoing care workforce issues**
- **Input and stimulate debate regarding the Government's reform of social care, including a fair price for care and addressing the current cost pressures such as the energy crisis**
- **Work on each strategy to make explicit its application in practice, identifying the cross-overs between different strategies and associated tasks to ensure benefits are realised**
- **Defining the role, resource and requirements of chaplains, music therapists and activity/community coordinators in the implementation of the specialist strategies**
- **Reinvigorate the Innovation Fund including clarifying the rules, governance and promoting pilot activities**
- **Create a movement as MHA and with partners to proactively raise the voice of older people and their needs into the next general election and beyond**

We were delighted to welcome the Archbishop of Canterbury to MHA Bradbury Grange to record his New Year message, which focused on social care.

Objective 4

MHA
Fit for the future

What we said we'd do

1. Create a fit-for-purpose IT, data and digital capability.
2. Deliver a financially, operationally and environmentally sustainable organisation.
3. Reinvigorate our approach to continuous improvement.

What we've done

Investments in MHA's IT Infrastructure

MHA has embarked on a multi-phase update of our IT systems. The first phase involved bringing MHA's IT systems and infrastructure into a more modern and flexible environment. Before this rollout began, MHA had antiquated technology, many of the applications and systems that we used were end-of-life and no longer supported, leaving us at a higher risk of cyber threats and without access to modern features.

To address this, MHA replaced over 1,300 computers, providing colleagues, homes and schemes with new laptops and desktops. We have also rationalised our servers, shutting down 44 out-of-date servers whilst launching a project to migrate the remaining servers to a cloud computing platform.

One of the most visible projects the IT Team undertook was migrating colleagues from our old Exchange 2010 email system to Office 365.

MHA's property portfolio review

During 2022/23 MHA's property portfolio review looking at the long-term viability of all our services concluded. This review started in 2019 but was interrupted by the pandemic and, following its completion, has led to several difficult decisions taken by our Board of Trustees. The review included looking at the location and size of our care homes and retirement living schemes, their proximity to other services for older people, their financial viability, the quality of our buildings, and their fit with emerging trends regarding the types of care and support that older people will want in the future.

Within the outputs of the review was the decision to sell ten of our care homes as going concerns, and this will progress in 2023/24. A further decision was to place MHA Auchlochan Garden Village, our retirement living community in Scotland and its two associated care homes into the hands of administrators. The changes also mean MHA withdrawing from three other retirement living schemes in Scotland as, without Auchlochan, it would be too difficult for MHA to continue supporting the three retirement living schemes in Scotland. This means MHA will no longer have any presence in Scotland. These difficult decisions were announced on 2 May 2023.

Continuous improvement champions

A cohort of MHA managers were selected in 2022/23 and trained on continuous improvement techniques. Their training included the review and improvement of processes within the areas the individuals worked within so that they could bring to life the training that they were receiving. The first cohort is coming to the end of their training and are ready to become continuous improvement champions across the organisation.

SugarCRM

Throughout this financial year, MHA Communities has successfully configured and rolled out SugarCRM, a customer relationship management (CRM) system to manage our MHA Communities members engagement and interaction.

Before the rollout of SugarCRM, MHA Communities schemes were managing their members via paper-based assessments and several pieces of software that were unreliable or not fit for purpose. Now, schemes can use one system to provide an overview of members. The key benefits of the system include:

- reduced time spent on assessments
- teams at the scheme and in Central Support can pull reports from the CRM instantly, instead of waiting for reports to be produced and submitted via managers
- provides a real-time overview of who our members are and what activities and services they engage with at their scheme
- removing reliance on outdated systems and paper-based records and repeated data re-entry
- highlights upcoming and overdue activities like member reviews – allowing schemes to action plans

The new system was piloted with two MHA Communities schemes. Initial feedback was positive, with colleagues reporting that they spent less time on assessments and that members were less likely to be overlooked during their customer journey with the scheme.

Feedback has also enabled the project team to tailor the system to the needs of colleagues, adding new data fields and features.

What we will do next

- **Continued delivery of the strategic IT review**
- **Refresh our existing website and intranet**
- **Define our data and knowledge management governance model**
- **Develop and build the data warehouse capability**
- **Review, define and deliver internal assurance, compliance and governance framework and measures**
- **Determine and implement Property Portfolio Plan including Lease and Service review**
- **Scope and develop our Environmental Social and Governance Policy (ESG) approach and plan**
- **Implement and embed Best Practices and Continuous Improvement of core business applications**

Objective 5

MHA people

What we said we'd do

1. Attract the right people with the right skills at the right time.
2. Foster an empowering and inclusive culture to support and deliver high-quality services.
3. Inspire and support people to fulfil their potential.

What we've done

Recruitment and retention continue to be a high priority for MHA in making sure we have enough people to care for and support our residents and members.

The market for care workers in 2022/23 continued to be difficult. Nationally, Skills for Care estimates there are around 165,000 vacancies in the sector overall. MHA is no exception to this and in March 2023 we had around 400 vacancies in our care homes.

One of our priorities is our nursing colleagues. They are important to us, which is why we developed and published our first MHA Nursing Workforce Strategy. In it, we set out our intention to be the place where the best nurses want to work and where the best nurses want to stay.

Working with and consulting our nurses, we developed commitments to:

- provide a framework for the recruitment and induction of nurses and nurse associates to attract those who have compassion, high standards, and the right skills and with leadership potential
- support, develop and provide a career pathway for our nursing workforce with the aim of the retention of high-performing compassionate nurses across MHA
- support the future of nursing in adult social care
- celebrate the value of our nursing workforce

Our people remain the lynchpin for us being able to provide our care and support services. Their hard work, dedication, compassion and empathy continues to shine through.

We recognised this hard work and dedication through our Outstanding Services and Recognition (OSCAR) Awards in which we marked the tremendous work being carried out by our colleagues across the charity.

We continue to invest in robust technologies to support tendering, contract and supplier management and will use these technologies to help in our efforts to manage, educate and support our suppliers so that together we can drive out modern slavery from our supply chains.

MHA's Modern Slavery and Human Trafficking Statement can be found at: **www.mha.org.uk**

MHA provides competitive pay which recognises and rewards dedication. The importance of caring for and supporting older people has never been greater and we value all those working to deliver this mission.

Our intention is to be the place where the best nurses want to work and where the best nurses want to stay.

This respect drives our pay principles, fundamental to which is paying at least the Real Living Wage as a minimum for all within MHA since 2018 (and since 2016 for those delivering care). The cost of living, economic circumstances and the market for roles including benchmarking with the NHS and others within the sector and beyond, informed our thinking and decision to award a 5% increase in 2022/23 and 10% for 2023/24 with an 8% rise for those earning £70,000 and above.

Pay is determined as part of the budget process where overall affordability is a key consideration along with our principles of rewarding our colleagues whilst balancing affordability of fee and service charge increases to older people and ensuring our charity is sustainable in the future.

Proposals are considered at ELT and Board and as part of our pay agreement with UNISON. All roles are included within this process, with the exception of ELT pay awards which are determined by the Nominations Committee, to avoid any conflict of interest, but within the context of the organisational award.

We also believe that all colleagues who continue to deliver critical services to people in need, deserve greater recognition and reward. MHA continues to campaign on their behalf. We recognise that a fundamental shift in pay, conditions and career opportunities for all who work in care is required and we continue to lobby the Government for a commitment to fair pay and terms and conditions for all who work in the care sector with fair fees from local authorities.

MHA's gender pay data in 2023

MHA is fully committed to equality. We pay men and women equally for the same role. Our gender pay data shows the difference in average pay between all men and women in the workforce.

MHA's analysis is positive with a small gap compared to the UK generally, and we remain committed to driving equality through our EDI strategy, policies and practices every day.

Across the organisation men were paid 1.3% more than women in 2023, using a median average calculation. None of our colleagues in the organisation are paid a bonus. MHA employs significantly more women than men, almost a 4.5:1 ratio which results in reasonably significant fluctuations in our gender pay data.

We have a good record of commitment to equality and the development of our people. This is augmented through five staff networks which help further awareness and inclusion for gender, religion, race, sexual orientation and disability. The networks host a variety of events and activities to raise awareness among colleagues and support issues relating to race, faith and belief, gender, disability and sexual orientation.

The median pay gap figure is the most commonly used for the gender pay gap. However, no single metric will capture the full picture of what is happening at an organisation, so it is useful to look at both median and mean pay.

	Female	Male	Pay Gap
Mean Pay	**£13.79**	£14.22	**3.1%**
Median Pay	**£11.59**	£12.09	**1.3%**
Total Staff	**5,314**	1,207	

What we will do next

- **Attract the right people with the right skills at the right time. This includes continuous improvement of our recruitment life cycle including process, systems and approach, recruiting overseas nurses and carers, and establishing an apprentice academy**
- **Foster an empowering and inclusive culture to support and deliver high-quality services. This includes continuing to develop and embed our EDI strategy, broaden our wellbeing offer and review our hardship and welfare fund, and strengthen our approach to performance management and further develop our leadership development offer**
- **Inspire and support people to fulfil their potential. This includes developing career paths, introducing nurse associate roles and succession plans in place for all key roles**

Fundraising at MHA

During 2022/23 all of our key fundraising objectives were met:

- Net income from fundraising raised centrally and into local services, exceeded our income target.
- The ten-year fundraising strategy was developed, signed off and implementation started.
- The supporter acquisition strategy was developed.
- The focus of making our fundraising processes more efficient delivered some of the desired efficiencies.

Fundraising at MHA helps older people live later life well by specifically supporting the provision of our charitable endeavours such as MHA Communities, chaplaincy and music therapy.

All fundraising activities at MHA are undertaken directly by the charity, with no external party acting on our behalf. No material expenditure was incurred to raise income in the future.

MHA is signed up to the Fundraising Regulators Code of Practice and pays the levy to the regulator. We continue to undertake awareness activities to increase the profile of the code among colleagues outside the fundraising team. There were no failures or breaches of the code at MHA in 2022/23.

There were no complaints directly about fundraising received in 2022/23. However, nine complaints were received regarding associated communications and speed of response. These complaints were all satisfactorily resolved, and the team has focused on improving associated processes.

We are committed to supporting vulnerable people in our fundraising and have established a fundraising for vulnerable people policy, in 2021/22 we piloted training to support this policy which was rolled out across MHA in 2022/23.

Fundraising at MHA includes the following key activities:

- Philanthropic support – the support of trusts, foundations and companies
- Legacies – generous gifts given by people in their wills
- Digital – engagement from digital supporters
- Stewardship – support from individuals
- Community – fundraising events including MHA Sunday our flagship annual event.

Our key income driver is from our Legacies income stream. We are always grateful to people who remember MHA in this special way, whatever the size of the gift.

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Public benefit

The MHA Board of Trustees has due regard to the Charity Commission guidance on the public benefit requirement under the Charities Act 2011, in particular the requirement that public benefit can no longer be presumed but must be demonstrated. We are confident in our role as a charity delivering services to the public and meeting the Charity Commission's public benefit requirements now and into the future.

MHA's person-centred care recognises each older person as a unique individual and addresses their own spiritual and physical needs, with reassurance, care and support. Our services are open to everyone, with our care home residents being broadly split 55:45 (2021/22: 56:44) into those places which are fully self-funded and those that are partially or fully funded by the local authority or the NHS alongside our commitment to social rent tenants in retirement living.

Our care homes, retirement living and MHA Communities schemes all support people to develop and practise faith and spirituality as it applies to them as individuals. Our work is inspired by the Christian faith, and we welcome people from all religions, beliefs and traditions as well as those with none. We encourage residents to maintain links with their own faiths and communities should they wish to do so. We celebrate religious festivals and events from all faiths throughout the year in our homes and schemes.

For many residents, MHA will provide them with their last home. Our chaplains have a particular role in helping residents and their relatives approach their final years, hopefully with a sense of acceptance, peace and fulfilment.

MHA aims to support and care for people living with dementia with understanding and expertise, and we are proud of our dementia strategy. We focus on the individual needs of our residents with our person-centred approach and make sure everyone is able to lead a fulfilled and satisfying life.

We have further demonstrated our public benefit throughout these financial statements.

Financial Review

The Statement of Financial Activities for the year 2022/23 shows total incoming resources of £268,825,000 (which last year was £251,089,000) a 7% increase on the previous financial year. This is largely a result of increased charitable activities within care homes where we have seen occupancy recovery following the Covid-19 pandemic.

MHA had a strong start to 2022/23 with promising occupancy recovery and the receipt of several significant legacies. Initially, this partly offset the exponential increase in costs that MHA experienced, with our energy costs increasing from £5m in 2021/22 to £12m in 2022/23. These are expected to further increase to £18m in 2023/24. Financial performance weakened in the latter half of the year however as the cost of living crisis began to hit harder and the social care workers crisis began to have a greater impact.

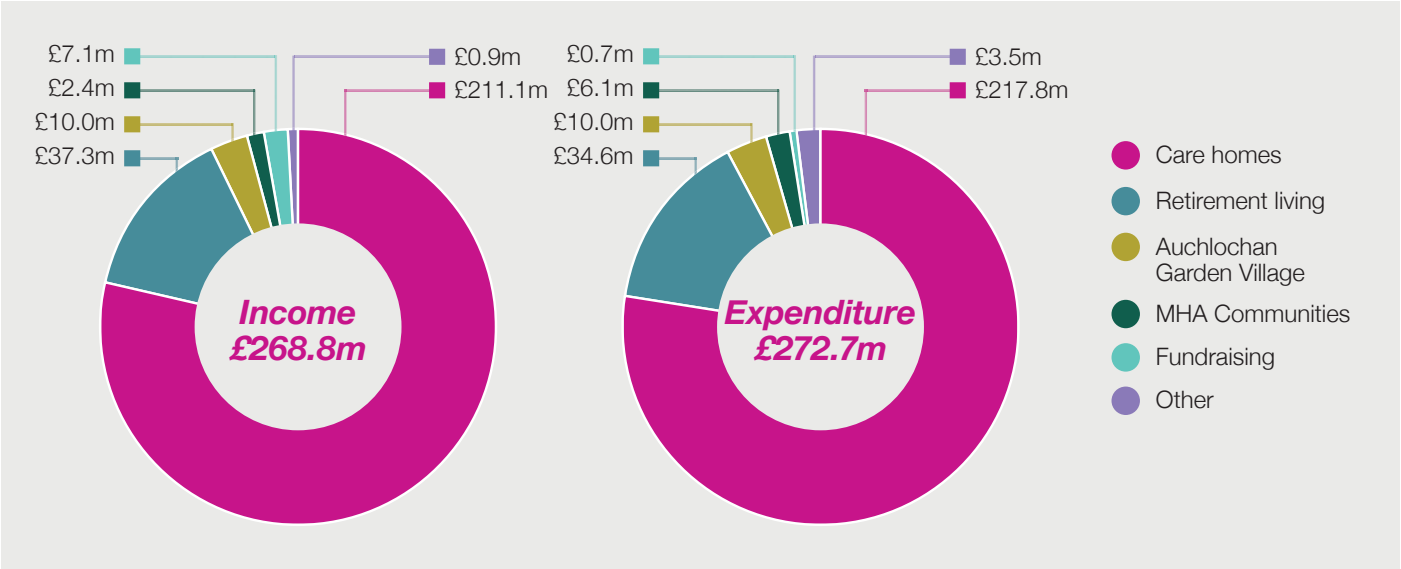
Occupancy slowed in our care homes as we were unable to recruit sufficient staff to look after new residents, meaning we had to close many homes for periods of time to new admissions. We also experienced an increase in agency worker utilisation as we were unable to resource current resident requirements. This saw our agency worker costs rocket, costing MHA in excess of £28m during the year, more than double the total for the previous year.

Key Performance Indicators for the group	**2022/23 Actual £'000**	2021/22 Actual £'000
Total income	**268,825**	251,089
Operating costs excluding exceptional costs	**272,655**	233,312
Exceptional costs	**113,590**	(309)
(Deficit)/Surplus for the year (after investment gains and losses)	**(117,525)**	18,090

Service users, capacity	**Number**	Number
Care homes	**4,782**	4,840
Number of retirement living properties	**2,694**	2,710
Community services members supported	**11,481**	11,662

Occupancy	**2022/23**	2021/22
Care homes	**82%**	78%
Retirement living	**93%**	90%
Cost of fundraising to voluntary income	**10%**	17%

These financial statements include the financial benefits (although to a lesser extent than in previous years) of accessing Government and local authority funds made available to support the care sector as a result of Covid-19 mainly via the Infection Prevention Control Fund (ICF), the Rapid Testing Fund (RTF) and the Workforce Recruitment and Retention Fund (WRRF).



A total of £1,279,000 (2022: £11,659,000) has been received during the financial year to support infection control, testing, visiting, staff absences due to Covid-19 and to support the recruitment and retention of the social care workforce. We have not benefited this year £nil (2022: £105,000) from the furlough scheme and from the Government provision of free Protective Personal Equipment (PPE). These monies are accounted for within charitable income.

As detailed, 2022/23 has been a very difficult year for charities and the fundraising sector, which is why we are even more grateful for the generous donations that we have received during the year of £7,112,000 (2022: £3,734,000) which have contributed towards:

- Underpinning MHA Communities services
- Providing chaplaincy services in our residential settings
- Providing music therapy in our dementia care settings
- Contributing towards the capital costs of our existing services.

During 2022/23 a review looking at the long term viability of all our services concluded; this review started in 2019 but was interrupted by the pandemic. Upon completion of the review a number of difficult decisions were taken by our Board of Trustees.

The review looked at services through a variety of lenses such as the location and size of our care homes, their proximity to other services for older people, their financial viability, the quality of our buildings and their fit with the emerging trends regarding the types of care and support that older people will want in the future.

The first decision was to sell ten of our care homes as going concerns. The second decision was to place MHA Auchlochan Garden Village, our retirement living community in Scotland and its two associated care homes into the hands of administrators.

The changes in Scotland also include MHA withdrawing from our three Scottish retirement living schemes with a view to selling these schemes to alternative providers. These difficult decisions were announced on 2 May 2023. These decisions have led to exceptional costs of £114,194,000 which are detailed shortly.

Despite the increase in total incoming resources and despite careful cost management MHA reached a net loss of £117,525,000 (2022: surplus £18,090,000). This net decrease in funds of £114,517,000 (2022: increase £21,247,000) is added to the total balances brought forward of £346,232,000 which reflects non-cash items.

Despite this year's performance we are fortunate to have a strong balance sheet, as reflected in these statutory accounts. We have enough liquidity to support our activities for several months and, should we need more working capital, we have access to £25,000,000 of rolling credit facilities which have not yet been drawn on.

With the exception of the services noted above, the Directors consider the market value at 31 March 2023 of the freehold and leasehold land and buildings to be in excess of the costs or valuation as stated in note 13 to the financial statements, based on independent valuations.

Exceptional items in the current year constitute impairments on operating assets across MHA's property portfolio of £112,378,000 reflecting the reduction of the holding value of the sites to their anticipated net realisable values. Provisions for the disposal costs of the operating assets are held at £1,817,000. Prior year impairments have been partially reversed £103,000 and a prior year provision has also been released £500,000.

Exceptional items in the prior year constitute an impairment of MHA Richmond care home in Bexhill-on-Sea, the closure of which was announced in February 2022 £1,311,000. The impairment of MHA Foxton Grange care home was also partly reversed £1,620,000 while the property was held for disposal after release of the restrictive covenant, the part reversal of the original impairment brought the holding value of the site to its anticipated net realisable value.

Reserves Policy

The Board of Directors has carried out their annual review of the minimum level of free reserves, which should be maintained within the Group which remains at a minimum of three months operational expenditure.

Our reserves policy seeks to make sure free reserves are maintained at a level that enables MHA to manage financial risk, allowing us to maintain and improve the future standards of service and care offered to older people over the medium to long-term and ensuring that financial commitments can be met as they fall due.

At the end of 2022/23 total reserves were £231,715,000 (2022: £346,232,000) of which £24,253,000 (2022: £25,411,000) were restricted and endowed and were not available for the general purposes of the charity. There are no designated funds nor are there any funds in deficit.

Total unrestricted funds at the end of 2022/23 were £207,462,000 (2022: £320,821,000) which included the net book value of fixed assets of £309,492,000 (2022: £417,437,000). Fixed assets can be excluded from the Group's definition of free reserves as the Group considers the level of cash and other liquid funds as a more appropriate measure of its ability to meet its commitments and invest in the future.

Actual free reserves which MHA defines as cash or liquid funds were £57,651,000 (2022: £63,688,000). The Board considers that minimum free reserves of approximately £63,000,000 (2022: £53,000,000) are needed to cover such items and to enable the Group to continue to operate to meet its charitable objectives.

This level of financial reserves equates to just below three months of operational expenditure which is just below the reserves policy requirement. Management and Board will manage reserves to remain in line with the three-month requirement during the coming financial year notwithstanding the intention to address the backlog of maintenance and capital expenditure works that built up during the pandemic.

Our financial reserves provide an important financial buffer in the current climate of heightened economic uncertainty. We anticipate that economic uncertainty will continue for at least the next 12 months.

Since MHA is confident that it can meet the required pension contributions from projected future income without significantly impacting on its planned level of charitable activity, it continues to calculate its free or general reserves without setting aside designated reserves to cover the pension liability.

The Directors are satisfied that there are sufficient reserves to meet pension liabilities arising from the MHA defined benefit scheme, which was closed to new entrants on 31 March 2010.

Treasury Management Policy

The Treasury Management Policy sets the boundaries for acceptable financial risks and delegates treasury decisions for managing those risks in a controlled manner.

The policy makes sure MHA is actively and regularly monitoring, measuring and managing treasury risks in a robust and consistent manner, clarifying responsibilities between the various stakeholders to ensure that adequate funds are available for ongoing operational requirements as well as for the longer-term strategic aspirations of the organisation.

The policy incorporates the different types of funds held. These are:

- general funds to provide working capital in line with the reserves policy
- restricted funds (excluding MHA Communities and service specific amenity funds)
- permanent endowment funds.

The management of investments is delegated to the Central Finance Board of the Methodist Church. Performance of investments is reviewed annually by the Board and is judged to be satisfactory. Investments are held in equities, fixed interest deposits and cash totalling £1,364,000 (2022: £1,469,000) at the balance sheet date.

Principal Funding Sources

MHA has drawn loan facilities with the Allied Irish Bank, balance at 31 March 2023, being £18,919,000 and Barclays Bank Plc, balance at 31 March 2023 being £70,000,000.

Furthermore, MHA is able to bolster funding by a £25,000,000 undrawn revolving cash facility (RCF) that we have in place with Barclays Bank. This is designed to support operational funding and liquidity requirements as required.

Methodist Homes Housing Association Ltd has a loan facility with the Nationwide Building Society with the balance at 31 March 2023 being £2,227,000 and a loan facility with Capita totalling £1,116,000 as at 31 March 2023.

Fixed asset additions of £22,256,000 were financed by accessing existing reserves. This expenditure enables MHA to develop existing properties to maintain existing standards and meet new standards where relevant.

As part of care home operations MHA operates 28 (28 in 2022) leased homes which have been established via sale and lease back arrangements.

Going Concern

Financial sustainability continues to be a critical issue for the social care sector. The long shadow cast by the Covid-19 pandemic, particularly on occupancy recovery, the current social care staffing crisis, the energy crisis and cost of living crisis have magnified that risk. Unfortunately, despite our strong financial position at the beginning of the pandemic, MHA has not been immune to that risk.

The financial strains as a consequence of the Covid-19 pandemic have been further exacerbated by the energy crisis, the cost of living crisis and the social care workers crisis. These combined have led to an exponential and unavoidable increase in MHAs cost base during 2022/23. Based on this experience and supported by external analysis which is forecasting a long-term occupancy issue for the sector, one of the key areas of focus for the organisation is on mitigating actions to support the ongoing financial sustainability of the organisation. These include:

- Attracting more older people to our care homes to recover occupancy rates whilst balancing the need to care for those residents without employing costly agency staff
- Recruitment and retention of colleagues
- Reducing costs where feasible, without reducing quality
- Increasing the effectiveness and efficiency of the organisation.

As we move into 2023/24 MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, weekly fee levels, and the financial impact of the current cost of living crisis, social care workers crisis and the energy crisis. Whilst none of the scenarios modelled results in liquidity shortfalls, the budget adopted by the Board for 2023/24 does lead to covenant breaches at the specified measurement dates. As such, MHA has discussed the position with the lending banks (Barclays and AIB) both of whom remain supportive, progressing covenant resets for the coming financial year.

MHA has existing loan facilities that include a £70,000,000 loan to March 2025 and a £25,000,000 undrawn revolving credit facility (RCF) to February 2025, both with Barclays and a £24,000,000 loan with AIB to December 2030.

Whilst ELT and the Board do not consider it likely, based on current information, if performance was to be significantly adverse to our latest forecasts for a considerable period of time there could be a substantial impact on MHA's surplus generation and cash flows which could potentially put the organisation at risk of breaching the reset financial covenants on our loans. As a consequence, MHA would require further support from the banks by means of a covenant waiver or deferral. Whilst ELT believes that the Group would continue to have the support of the banks, in these circumstances there is no certainty that this would be the case.

Based on our financial scenario modelling and latest forecasts, ELT and the Board feel it remains appropriate to continue to prepare the financial statements on a going concern basis.

Risk Management

The Board retains overall responsibility for risk management and decides the level of risk it is prepared to tolerate. The Board promotes a culture of prudence with resources.

Risk management is exercised across MHA through the functional heads of department, ELT, relevant Board Committees and the Board. Risks can surface throughout the organisation and are recorded through department risk registers, and where required (either as a result of severity or pervasiveness to the organisation) are reported through to ELT, Board Committees and Board. ELT carry out monthly reviews of key operational risks and half-yearly reviews of strategic risks for their areas, which are subsequently reviewed by the Audit and Risk committee. The Board completes six monthly reviews of strategic risk.

MHA's revised procedure for the recording and monitoring of risk was implemented in 2019/20 with regular reviews and evaluation of risk registers being embedded during subsequent years. These processes remained in place during 2022/23. Risk register reviews assess and document risk from both a strategic and operational viewpoint. MHA continues to recognise the following key strategic risks which are overseen by the Board and reviewed on an ongoing basis by the ELT.

Risk	Explanation	Mitigations
Financial Performance	Ongoing poor financial performance and mismanagement of financial resources would significantly disable the group.	The ELT presents the annual budget to the Finance and Capital Expenditure Committee who review it prior to recommending it to the Board. Financial performance is monitored regularly by the ELT and reported to the Finance and Capital Expenditure Committee for further scrutiny. MHA monitors performance and compliance against the 'Golden Rules' a series of financial KPIs which indicate the long term financial health of the organisation. MHA has a policy of maintaining cash reserves to mitigate the risk of inadequate working capital. The group takes a risk averse approach to the effect of interest rates on its borrowings and has entered into the appropriate hedging.
Reputational Risk	A poor reputation can undermine the confidence of potential residents, supporters and external stakeholders such as lenders.	Quality management is a high priority for MHA. Safeguarding is a critical aspect of this. We have an internal system of risk monitoring that focuses on key factors that might indicate potential quality concerns which are then investigated. Alongside there is a programme of regular quality-focused audits across all our regulated settings. The Board, relevant Board Committees and ELT are regularly appraised of the results of this monitoring and associated actions.

Risk	Explanation	Mitigations
Our People	The resilience and capacity of MHA's people was tested throughout the Covid-19 pandemic and continues to be tested through the current social care workforce crisis; this continues to exacerbate the long-standing pressures on our workforce.	MHA continues to pay the Real Living wage as a minimum and has offered substantial wellbeing support to the workforce through and since the Covid-19 pandemic. Progress against the recruitment strategy and key indicators reflecting performance are monitored at ELT and Board level.
Change Management	There are significant change projects being undertaken at MHA. If these projects are poorly managed, operational and financial performance will be adversely impacted as will the culture of the organisation.	MHA operates within a dynamic sector and has adopted an integrated approach to managing cultural, process and systems change. The framework that this team operates within has been refined with governance around key strategic projects strengthened by the inclusion of an Internal Audit review to ensure benefit realisation.
Technological Innovation	The increased use of innovative technology is critical to continue to best support our residents and members.	A strategic review of IT, Data and Digital services is ongoing to ensure that MHA's approach to technological advances is coordinated and fit for the future.
External Factors	MHA alongside other adult social care providers continues to operate in a challenging external environment. Government plans to address the longer-term future state of social care were announced but have now been delayed. The social care workers crisis, energy crisis, cost of living crisis and the long shadow cast by Covid-19 exacerbate an already challenging external environment.	MHA has sought to highlight concerns and work alongside the UK Government to develop meaningful solutions to these issues. In the absence of UK Government action, MHA will revert to lobbying for change in the social care arena.

Director's Duties

The Directors of MHA, as those of all UK companies, must act in accordance with a general set of rules. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of all its stakeholders as a whole, and in doing so, have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term
- The interest of the company's employees
- The need to foster the company's business relationships with suppliers, residents and others
- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for high standards of business conduct.

As part of their induction, Directors are briefed on their duties and they can access professional advice on these either through the Company Secretary or, if they judge necessary, through independent professional advisors.

As is typical in charities and large organisations, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to ELT. Further details can be found in the Governance Report on pages on pages 44 to 47.

The following summarise how the Directors fulfil their duties:

Our People

Our employees are fundamental to the delivery of our OneMHA strategy, one objective of which is to be inclusive and proactive in the development of our people. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. Communication and consultation take place with employees across the organisation and at all levels with a variety of communication and feedback tools being used to ensure that employee views are taken into account when decisions are made that are likely to impact them.

Business Relationships

MHA applies robust qualification processes for suppliers and excludes any suppliers from the tendering processes who do not comply with the legal and ethical standards which MHA demands. MHA has developed excellent relationships with suppliers in all key supply chain areas with formalised supply contracts and utilisation of technology to facilitate the tendering, contract and management of supplies.

Energy and Emissions Consumption

We take our impact on the global climate seriously and in 2023/24 we will continue to develop our strategy to reduce our carbon and energy emissions. MHA are committed to year-on-year improvements in our operational energy efficiency. As such, a register of available energy efficiency measures has been compiled, with a view to determining and implementing these measures over the coming years in line with the strategy being implemented.

All our sites have a good level of energy awareness. This is in the use of installed efficient equipment (such as LED lighting or modern heating boilers), optimised controls for lighting and plant rooms or the initiatives of individuals such as managers and maintenance colleagues.

Electricity is used in all services and accounts for 23% of the total energy consumption. Use is predominantly for lighting and small domestic appliances, with major users varying from service to service, but including kitchen appliances, laundry and hair salons.

Natural gas consumption accounts for 75% of the total energy consumption, with most of our homes using this for heating and hot water, laundry and cooking.

Transport accounts for 2% of the total energy consumption covering the minibuses that some of our services use and a small number of company cars, as the majority of employees use their own vehicles for business use. Data for this grey fleet has been derived from mileage, sourced from the expense claims of individual colleagues.

The following is a summary of the energy usage, associated emissions, energy efficiency actions and energy performance for Methodist Homes under the government policy Streamlined Energy & Carbon Reporting (SECR). This is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Energy Category	2022/23 Consumption (kWh)	2021/22 Consumption (kWh)	2022/23 %	2021/22 %	2022/23 Emissions (tCO2e)	2021/22 Emissions (tCO2e)
Electricity (Scope 2)	20,330,670	23,106,950	23%	26%	3,932	4,906
Gas (Scope 1)	66,447,605	66,410,634	75%	73%	12,153	12,187
Transport (Scope 3)	1,366,672	946,807	2%	1%	320	221
Total	**88,144,947**	**90,464,391**	**100%**	**100%**	**16,405**	**17,314**

An intensity metric of kgCO2e per m2 has been applied for the annual total emissions. The methodology of the intensity metric calculations is detailed shortly. MHA operations have an intensity metric of 50.36 tCO2e (2022: 53.15 tCO2e) per gross internal area m2 for this reporting year. This represents a year-on-year reduction in the operational carbon intensity of 5.26%.

The overall consumption during 2022/23 has reduced by 3% compared to 2021/22 with energy efficiency measures implemented over the last three years reducing electricity consumption. Transport consumption has increased again representing an expected return of business travel closer to pre pandemic levels.

Measures ongoing and undertaken through 2022/23

Replaced Boilers

This year Methodist Homes have replaced their boilers with more energy-efficient boilers. at several sites.

Emergency lighting

Methodist Homes have installed emergency lighting in some of their buildings. This is a safe and efficient way to protect their employees.

Measures prioritised for implementation in 2023/2024

- Energy and Environment Strategy – MHA are working towards implementing an Energy and Environment Strategy that ensures ongoing energy and carbon reductions over the coming years in line with the UK's 2050 net zero targets.
- Lighting replacement policy – We will continue to replace lighting in our refurbishment programme with energy efficient LED.
- Renewal of invertors and the cleaning of solar panels and the crown clearing of trees to ensure the full performance of previously installed solar panels are upheld to ensure maximum recovery of the Solar FIT.
- All Capital and Revenue investment programme contractors will need to demonstrate their 'green credentials' as part of the procurement process before being awarded capital projects.
- Capital and Revenue programmes via procurement will target local contractors (where feasible) for specific elements of work to limit travel and carbon footprint.
- National contractors will need to demonstrate their strategic shift to electric and/or hybrid fleet vehicles as well as regional office locations that limits travel and carbon footprint.

Reporting Methodology

Scope 1 – consumption and emissions include direct combustion of natural gas, and fuels utilised for transportation operations, for example, company vehicle fleets.

Scope 2 – consumption and emissions refer to indirect emissions related to the consumption of purchased electricity in day-to-day business operations.

Scope 3 – consumption and emissions cover emissions resulting from sources not directly owned by us. This relates to grey fleet (business travel undertaken in employee-owned vehicles) only.

The consumption data (including the Scope 1, 2 and 3 consumption and CO2e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO2e emissions factors relevant for reporting period 01/04/2022 – 31/03/2023.

Estimations were undertaken to cover missing billing periods for properties directly invoiced to Methodist Homes.

These were calculated on a kWh/day pro-rata basis at meter level.

All estimations equated to 5.03% of reported consumption.

Intensity metrics have been calculated using total tCO2e figures and the selected performance indicator agreed with Methodist Homes for the relevant reporting period:

- Gross internal area (m2) **325,781** (Same as Prior year)

Structure, governance and management

Governing Document

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by its Memorandum and Articles of Association dated 31 March 2011.

Methodist Homes is the parent company of two connected charitable organisations Methodist Homes Housing Association Ltd and MHA Auchlochan Ltd.

The charitable objective of the charity is "the relief of elderly people and other adults in need, particularly (but not limited to) those with mental illness or physical and/or learning disabilities by providing: care and support services; and/or accommodation; and/or any other provision, which may facilitate an improved quality of life for such persons in the United Kingdom".

In furtherance of this objective, MHA provides care to older people through care homes (including residential, dementia and nursing homes) offering 24-hour person-centred care and support for our residents in specially designed accommodation; retirement living settings comprising purpose-built apartments with shared areas for activities and in retirement living with care schemes the option to have additional 24-hour staffing to provide person-centred care and support to meet individual needs; MHA communities which are community-based schemes providing practical and social support to older people living in their own homes, promoting independence and wellbeing.

Organisational Structure

The Board consists of up to fifteen members, one of whom is nominated by the Methodist Church. Board Members decide the strategic aims of the charity and hold management to account in performing executive functions. Decisions are taken in accordance with the instructions laid down in the charity's Delegated Authorities and related policy documents.

The Board delegates authority for day-to-day management to ELT led by the Chief Executive.

The Committees' activities during the year were as follows.

Audit and Risk Committee

- Carried out a self review of its Terms of Reference and method of operating to ensure that they are appropriate and relevant to the current financial reporting and governance environment.
- Provided input to the external governance review commissioned by the Board and carried out by Campbell Tickell.
- Considered key accounting judgements made by ELT in 2022/2023 financial statements.
- Challenged and supported ELT to consider key risks for MHA, together with mitigation plans continuing the ongoing review and evaluation of risk registers across MHA with a summary of key risks maintained by ELT and approved by the Board.
- Received and scrutinised report on audits undertaken by the Quality Assurance & Internal Audit team and reviewed the progress of any remedial actions.

- Scrutinised and reviewed the reports received in relation to Special Projects to ensure appropriate due diligence and governance were followed.
- Reviewed the work of our external statutory auditors, Crowe UK LLP, including their independence and non-audit services provided.
- Reviewed the work of our tax advisers, Deloitte LLP.

Nominations Committee

- Determined on behalf of the Board the remuneration of ELT in line with our People Strategy at a fair rate and competitive in our markets.
- Proposed for Board approval appointment of Andrew Cozens as Senior Independent Director.
- Oversaw the delegated responsibilities for ensuring good governance of the charity.
- Commissioned an external governance review by Campbell Tickell of all governance arrangements across the charity to identify best practice and any recommended improvements (final report to May 2023 Board).
- Managed recruitment and approval by the Board of two new Trustees to replace two trustees who retired in Autumn 2022.
- Initiated recruitment of Trustee to replace a retiring trustee in the Autumn of 2023.

Operations Committee

- Carried out a self-review of its terms of reference to ensure they continued to cover the full remit of the committee.
- Oversaw how MHA worked to maintain and improve quality and how it has addressed and is learning from issues of concern raised by regulators, internal and external assessments, complaints and unexpected events.
- Oversaw the delivery of improvement plans for those homes and schemes which required improvement.
- Oversaw the development and delivery of specialist strategies aimed at improving the quality of life for all our service users.
- Monitored the external environment for our regulated services, working to continually develop our own definition of quality.
- Continued tracking of health & safety issues, fire safety and infectious disease reporting, as well as Coroner enquiries into deaths in our care. There have been a number of complex cases with important lessons for our practice.
- Continued to review our safeguarding arrangements, including all safeguarding incidents reported during the year to ensure learning for our practice
- Monitored MHA's success in the recruitment, retention and development of our staff as well as the quality of leadership offered by our registered managers.

Finance and Expenditure Committee

- Carried out a self-review of its terms of reference to ensure they continued to cover the full remit of the committee.
- Reviewed financial performance, comparing management accounts, actuals to forecast and budget including cash flow and scrutinised the forecasting process; also reviewed bank loan covenant compliance and status against MHA's Golden Rules, a series of financial measures indicating long term financial viability.
- Reviewed the financial aspects of the business plan, alongside the longer-term cash needs compared to funding plans.
- Reviewed and challenged all aspects of the IT remediation plan, including risk, skills in the department and ensured the investment provided a sound return; we also ensured the plan addressed the objectives. During the year the IT Sub-Committee was incorporated into the Committee.
- Evaluated the annual budget for recommendation to the Board including planned capital expenditure and agreed the programme of work with ELT.
- Reviewed the funding strategy and recommended it to Board, assessing bank facilities and the adequacy of available funding.
- Monitored and reviewed the pension schemes and the performance of the fund managers as well as the reviewing the proposals on Salary sacrifice which were recommended to the Board.
- Gained assurance on fundraising activities and how MHA are ensuring they were ethical and compliant.
- Brought to the Board's attention material financial issues on a timely basis.
- Reviewed key procurement activity, particularly utilities procurement.
- Developed a set of Property KPIs including capital expenditure, planned maintenance, and voids; monitored performance against those KPIs during the year. Reviewed the outputs of the stock condition survey and monitored maintenance and capital expenditure spend.
- Approved the Environmental, Sustainability and Governance (ESG) Report and recommended to Board.

The Board delegates authority for day-to-day management to ELT led by the Chief Executive. Whilst ELT may have the title of Director they are not Statutory Directors. References within this report to Directors refer to Board Members with statutory responsibilities.

Charity Governance Code

The Charity has been reviewing and updating its governance arrangements over the last few years to bring it broadly in line with the Charity Governance Code for larger charities. To help assess our progress and to ensure best practice in our governance arrangements, in November 2022 we appointed Campbell Tickell to conduct an external governance review. The report from Campbell Tickell was received by the Board in March 2023 and confirmed that overall our governance works well and there was particular praise in the report for the professionalism and commitment of our Board and Executive Team. The report identified some areas for improvement and the Board is drawing up an action plan to address these areas. We will continue with our programme of improvements to ensure we continue to comply with the seven principles of the Code.

Election, Appointment and Training of Board Members

Board Members are appointed by the Board through an open recruitment process led by the Nominations Committee. The process follows Charity Commission guidelines in making sure there is an appropriate range of skills, knowledge and experience among its members.

The Chair is eligible to serve for one term of four years. Board Members are eligible to serve for three terms of three years. The maximum term of office for any Board Member is nine years, subject to re-election during that period.

The Church representative is nominated in conjunction with the Secretary of the Conference of the Methodist Church and/or their representative, and reported to the Conference of the Methodist Church.

New Board Members receive a full induction which includes our Code of Conduct, constitutional documents, Board Manual, policies and information relevant to the work of the charity. All Board Members visit services and further develop understanding of the work of the organisation as well as appropriate training. A full training programme has been implemented on a rolling basis to ensure all Directors remain up to date with all regulatory regimes that apply to the Charity's work. Insurance has been taken to indemnify Board Members against liability for wrongful acts which was in place throughout the financial year.

Members who served on the Board during the year are shown in the list of officers on page 50.

Remuneration

The remuneration of Executive Directors and other colleagues is reviewed annually. Remuneration levels are benchmarked against the care sector and organisations of a similar size run on a not-for-profit basis, from time to time to ensure we retain our talent and remain competitive. Board members receive no remuneration.

Patrons

We would like to take this opportunity to thank our Patrons, former President of the Methodist Church – Baroness Kathleen Richardson of Calow, OBE, broadcaster and writer Pam Rhodes and Dame Denise Platt, current chair of the Commission for Social Care Inspection. Their support is invaluable in raising the profile of MHA and its work, helping us to reach out to more elderly people in need. Supporting national events and backing high profile appeals helps us generate essential charitable income. The time and contribution given by our Patrons is greatly appreciated.

Connected Companies

During the year to 31 March 2023 Methodist Homes worked closely with two associated charitable organisations:

- Methodist Homes Housing Association Ltd (MHHA) – subsidiary undertaking
- MHA Auchlochan Ltd (MHAA) – subsidiary undertaking

Colleagues

MHA is fortunate in employing colleagues who share our values and provide an exceptional service to older people. We are careful in our recruitment and committed to retaining good colleagues through rewards, training, personal development and career opportunities, flexible benefits and engagement. We are grateful for the contribution and work of all colleagues, who together make a real difference to the lives of older people.

We have a commitment not to discriminate against any person or group on any basis which underpins our policies and actions. We are open to all and actively support those with disabilities giving full and fair consideration at recruitment and support throughout employment. MHA continues to work to reflect the diversity of the local population.

Statement of Board's Responsibilities

The Board Members (who are also directors of Methodist Homes for the purposes of company law) are responsible for preparing the Board of Directors' Report, including the Strategic Report, and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that financial year.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) and the Housing Statement of Recommended Practice
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards, comprising FRS 102, 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 will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company'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. 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 Directors are responsible for the maintenance and integrity of 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.

Internal Financial Controls Assurance

The Board is responsible for the Group systems of internal financial control. Such systems can only provide reasonable, not absolute, assurance against material misstatement or loss. The Board and ELT are reviewing the controls around key risks, which will evolve as the sector environment changes.

The Board confirms there is an ongoing process for identifying, evaluating and managing significant risks to the achievement of the Group strategic objectives. It has established a number of procedures, which are designed to provide effective internal financial controls:

- **Control environment and procedures** – the Board has approved an ELT delegation document, giving clear management responsibilities in relation to financial control and limits to management discretion. Financial processes are supervised by staff with appropriate experience and qualification
- **Risk Management** – the Board has adopted financial strategies, designed to identify and control significant risks facing the organisation. All significant initiatives and capital investments are subject to formal authorisation procedures
- **Management Information** – the Board approves a rolling plan annually, which incorporates an annual budget and receives regular financial and management reports that identify variances from budget and key financial indicators
- **Monitoring systems** – the Board has an Audit and Risk Committee, which reviews reports from management, external auditors and internal control assessments to provide reasonable assurance that control procedures are in place and being followed. The Committee makes regular reports to the Board.

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2023 and until the date of approval of the financial statements. No weaknesses were found that resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Statement as to Disclosure of Information to Auditors

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the company at the date when this report is approved confirms that:

a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and

b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Crowe U.K. LLP were re-appointed during the year as MHA's auditors. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

The Board of Directors' Report including the strategic report was approved on 24 July 2023 and signed on its behalf by

James Reilly
Chair
Epworth House
Stuart Street
Derby
DE1 2EQ

Reference and administrative details

Patrons
Baroness Kathleen Richardson of Calow, OBE
Dame Denise Platt
Pam Rhodes

Board	Term of Office		Committee Membership
	Start	*Finish*	
James Reilly Chair of the Board	Jul 2016		Nominations Committee
Other Board Members			
Hilary Cocker	Jul 2014	Oct 2022	Operations & Nominations Committees
Ian Ailles	Nov 2014		Finance and Capital Expenditure Committee
Andrew Cozens	Aug 2015		Operations & Nominations, Hardship & Welfare Committees
Bala Gananpragasam	Aug 2015		Finance and Capital Expenditure Committee
Martin Burkitt	Oct 2016		Finance and Capital Expenditure Committee
Ruth Gee	Apr 2019		Operations & Nominations, Hardship & Welfare Committees
Lisa Commane	Apr 2019		Finance and Capital Expenditure Committee
Janet Haugh	Apr 2019		Audit and Risk, Nominations Committee
Keith Hickey	Apr 2019		Audit and Risk, Hardship & Welfare Committee
Catherine Biddle	Oct 2021	Oct 2022	Finance and Capital Expenditure Committee
Denise Sanderson-Estcourt	Oct 2021		Operations Committee
Anne Anketell	Nov 2022		Audit and Risk, Operations Committee
Richard Vautrey	Nov 2022		Operations Committee

Executive Leadership Team			
Name	*Appointed*	*Resigned*	*Position*
Anna Marshall-Day	2006		Director of People & Communications
Rev Dr Chris Swift	2017		Director of Chaplaincy & Spirituality
Simon (known as Sam) Monaghan	2018		Chief Executive
Mandy Mottram	2018		Company Secretary & General Counsel
Andrew White	2019	Mar 2023	Director of Property
Daniel Ryan	2019		Chief Operating Officer
Victoria Parkinson	2020		Director of Finance, IT & Procurement
Jonathan Mace	2022		Director of Communities

Company Secretary

Mandy Mottram

Registered Office

Methodist Homes
Epworth House
Stuart Street
Derby
DE1 2EQ

Tel: (01332) 296200
Website: www.mha.org.uk

Charity Registered Number – 1083995
Company Registered in England and Wales Number – 4043124

Professional Advisors

Solicitors

Capsticks Solicitors LLP
1 St George's Road
Wimbledon
London
W19 4DR

External Independent Auditors

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Barclays Bank Plc
Corporate Banking
1 Churchill Place
Canary Wharf
London
E14 5HP

Bankers – continued

AIB Group (UK) Plc
Podium Floor
St. Helens
1 Undershaft
London
EC3A 8AB

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Tax Advisors

Deloitte LLP
Four Brindley Place
Birmingham
B1 2HZ

Independent Auditor's Report to the Members and the Trustees of Methodist Homes

Opinion

We have audited the financial statements of Methodist Homes ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprise The Consolidated Statement of Financial Activities, Group and Company Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2023 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter

We draw attention to Note 10 of the financial statements, which highlights the impairment recognised in the year on the Methodist Homes property portfolio and the inherent uncertainty in assessing the realisable value of these assets. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were, CQC Regulations for service providers and managers, taxation legislation, health and safety legislation, employment legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of contract income, recording the impact of CQC regulatory reviews and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading regulatory reports and minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
26 July 2023

Consolidated Statement of Financial Activities

For the year ended 31 March 2023

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000	Total 2022 £'000
Income and endowments from:						
Donations and legacies	2	3,510	3,602	-	7,112	3,734
Charitable activities						
Homes		217,262	1,160	-	218,422	201,344
Retirement living		39,657	251	-	39,908	43,077
MHA Communities		-	2,389	-	2,389	2,706
Other		25	1	-	26	189
Total charitable activities	3/5	**256,944**	**3,801**	**-**	**260,745**	**247,316**
Investments		821	139	8	968	39
Total		**261,275**	**7,542**	**8**	**268,825**	**251,089**
Expenditure on:						
Raising funds		741	-	-	741	647
Charitable activities						
Homes		257,579	2,151	-	259,730	188,001
Retirement living		114,588	442	-	115,030	34,889
MHA Communities		(193)	6,341	-	6,148	5,116
Other		3,372	2	2	3,376	3,260
Total charitable activities	5	**375,346**	**8,936**	**2**	**384,284**	**231,266**
Other	6	1,220	-	-	1,220	1,090
Total	4	**377,307**	**8,936**	**2**	**386,245**	**233,003**
Net (losses)/gains on investments		-	(42)	(63)	(105)	4
Net (loss)/income		**(116,032)**	**(1,436)**	**(57)**	**(117,525)**	**18,090**
Transfer between funds		**(335)**	**335**	**-**	**-**	**-**
Other recognised (losses)/gains:						
Actuarial (loss) on defined benefit pension schemes	21	(497)	-	-	(497)	(1,586)
Other – interest rate swaps gains	15	3,505	-	-	3,505	4,743
Net movement in funds		**(113,359)**	**(1,101)**	**(57)**	**(114,517)**	**21,247**
Reconciliation of funds:						
Total funds brought forward	20	320,821	24,429	982	346,232	324,985
Total funds carried forward		**207,462**	**23,328**	**925**	**231,715**	**346,232**

All activities in both years are continuing activities.

Statement of Financial Position

As at 31 March 2023

Company Registered No. 4043124

	Note	Group		Company	
		Total 2023 £'000	Total 2022 £'000	Total 2023 £'000	Total 2022 £'000
Fixed assets					
Intangible fixed assets	9	786	1,309	786	1,309
Tangible fixed assets	10	309,492	417,437	251,129	327,074
Investments	12	1,364	1,469	1,364	1,468
		311,642	**420,215**	**253,279**	**329,851**
Current assets					
Debtors	13	21,057	17,685	18,308	39,589
Cash at bank and in hand		68,963	75,230	49,412	61,595
Total current assets		**90,020**	**92,915**	**67,720**	**101,184**
Liabilities					
Creditors: Amounts falling due within one year	14	(56,333)	(43,924)	(53,976)	(41,183)
Net current assets/(liabilities)		**33,687**	**48,991**	**13,744**	**60,001**
Total assets less current liabilities		**345,329**	**469,206**	**267,023**	**389,852**
Creditors: Amounts falling due after more than one year	15	(87,648)	(92,755)	(83,697)	(89,004)
Provisions for liabilities	16	(25,966)	(30,219)	(15,672)	(19,627)
Total net assets before defined benefit pension liability		**231,715**	**346,232**	**167,654**	**281,221**
Defined benefit pension scheme liability	21	-	-	-	-
Total net assets		**231,715**	**346,232**	**167,654**	**281,221**
Funds					
Endowment funds	18	925	982	925	982
Restricted income funds	19	23,328	24,429	23,288	24,389
Unrestricted income fund: General fund	20	207,462	320,821	143,441	255,850
Total Funds	20	**231,715**	**346,232**	**167,654**	**281,221**

A deficit before gains and losses for year of £116,574,000 (2022: £17,335,000 gain) has been included within these financial statements for the company. The financial statements on pages 56 to 91 were approved on behalf of the Board and authorised for issue on 24th July 2023 and signed on its behalf by:

James Reilly
Chair

Consolidated Cash Flow Statement

For the year ended 31st March 2023

	Note	2023		2022	
		£'000	£'000	£'000	£'000
Cash flow from operating activities:					
Net cash inflow by operating activities	22a		**13,529**		**15,100**
Cash flow from investing activities:					
Investment income		968		39	
Purchase of tangible fixed assets		(22,256)		(10,299)	
Purchase of Intangible fixed assets		(69)		(965)	
Purchase of Investment		-		(105)	
Proceeds from the sale of tangible fixed assets		7,520		12,439	
Net cash generated investing activities			**(13,837)**		**1,109**
Cash flow from financing activities:					
Interest paid and similar charges		(3,918)		(3,373)	
Repayments of borrowings		(2,041)		(1,912)	
Net cash outflow financing activities			**(5,959)**		**(5,285)**
Net change in cash and cash equivalents			**(6,267)**		**10,924**
Cash and cash equivalents at the beginning of the year			**75,230**		**64,306**
Cash and cash equivalents at the end of the year			**68,963**		**75,230**

Notes to the Financial Statements

For the year ended 31 March 2023

1 Principal Accounting Policies

Statement of Compliance

The financial statements of Methodist Homes have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

General information

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by Memorandum and Articles of Association dated 31 March 2011. It is domiciled and registered in the UK. The address of its registered office is Methodist Homes, Epworth House, Stuart Street, Derby, DE1 2EQ.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historical cost convention, with the exception of owned freehold care homes, long leasehold care homes and investments which are shown at deemed cost. They have also been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (Charities SORP (FRS102)) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and the Companies Act 2006.

Due to the announcement of MHA Auchlochan (MHAA) being put into administration on the 2 May 2023, MHAA is consolidated on a non-going concern basis.

Owned freehold and leasehold care homes are valued at deemed cost as permitted by the transitional arrangements to FRS102 (adopted at 31 March 2015). The deemed cost is the historic value or market value at transition. The valuations of land and buildings for care homes were made in 2013 by Knight Frank on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice Note 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The method used and significant assumptions applied in estimating the fair values for the care homes were by reference to the 'profits method' as this is the basis on which such properties are commonly bought or sold. In undertaking the valuation of the property, Knight Frank made an assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property and purchaser sentiment. Knight Frank then applied these to the properties, taking into account size, location, aspect. Other material factors, such as where planned works were due to take place creating a reduced occupancy, have been factored in.

Open Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Additions to owned freehold and leasehold care homes after the date of transition are recognised at cost in accordance with the accounting policy.

1 Principal Accounting Policies (continued)

Basis of preparation (continued)

The Charity constitutes a public benefit entity as defined by FRS102.

Going concern

The Charity's business activities, its current financial position and factors likely to affect its future development are set out in the Board of Directors' Report. The Charity has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Charity's day to day operations.

MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, weekly fee levels, and the financial impact of the current cost of living crisis, social care workers crisis and the energy crisis.

Whilst none of the scenarios modelled results in liquidity shortfalls, the budget adopted by the Board for 2023/24 does lead to covenant breaches at the specified measurement dates.

As such, MHA has discussed the position with the lending banks (Barclays and AIB) both of whom remain supportive, progressing covenant resets for the coming financial year. These will be in place prior to the first covenant measurement date that is expected to lead to a breach.

MHA has existing loan facilities that include a £70 million loan to March 2025 and a £25 million undrawn revolving credit facility (RCF) to February 2025, both with Barclays, and a £24 million loan with AIB to December 2030.

On this basis, ELT and the Board has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The consolidated Group financial statements of Methodist Homes and its subsidiary undertakings are presented using acquisition accounting on a line by line basis. Intra-Group profits are eliminated on consolidation. A separate Statement of Financial Activities and Income and Expenditure Account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

The wholly controlled subsidiaries which are consolidated are:

Methodist Homes Housing Association Ltd- Registered Provider of Social Housing

MHA Auchlochan Ltd – Charity

Due to the announcement of MHA Auchlochan (MHAA) being put into administration on the 2 May 2023, MHAA is consolidated on a non-going concern basis.

A subsidiary is an entity controlled by the Parent. The parent Charity can exercise control through trusteeship, which gives a parent Charity the ability to govern the financial and operating policies of the subsidiary. The above two entities are subsidiaries of Methodist Homes by means of various inter-Group agreements. Methodist Homes has the power to appoint and/or remove a majority of the Trustees and thus demonstrate control.

1 Principal Accounting Policies (continued)

Income recognition

All income is recognised once the Charity has entitlement to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donations are recognised on a cash basis as this is considered the point at which the charity has entitlement.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Charitable activities

Fees, charges and rents – Income represents the amounts charged for occupation costs and services provided in the year, and is recognised on an accruals basis.

Retirement housing for sale – Income and expenditure represents amounts relating to individual units sold during the year on long-term leases. A sale is recognised on completion where the contract is unconditional and the risks and rewards of ownership have passed.

Transactions with a guaranteed buyback commitment are not recognised at the date of completion, but are accounted for as operating leases for the period to when it is considered probable that the property will be bought back (currently considered by the Directors to be ten years from the completion date). This principle applies irrespective of the duration of the buyback commitment.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The property is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over expected useful economic life of the property by the straight-line method, on the basis of the property's cost less its estimated residual value, representing the anticipated resale price on the property market.

Provision is made for the expected value of the buy-back commitment in the future, discounted at the appropriate risk-free rate (being the relevant nine and five year government bond rates depending on the remaining expected life of the individual commitments by property). The carrying value of the provision is reassessed at each financial reporting period end to adjust for transactions during the period, changes in remaining lives of the commitments, and periodic fluctuations in the risk-free rate. The unwinding of the associated discount factor is recognised within interest payable and similar charges.

1 Principal Accounting Policies (continued)

Charitable activities (continued)

provision is re-assessed at each financial reporting period end to adjust for transactions during the period, changes in remaining lives of the commitments, and periodic fluctuations in the risk free rate.

The unwinding of the associated discount factor is recognised within interest payable and similar charges.

On the buyback of a property under the guaranteed commitment by the company, any resulting gain or loss is recognised within the Operating Surplus / (Deficit) in the period, as is the release of any associated buyback provision. The remaining unwound discount is released to interest.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Central costs

All staff employed in the central office are employed by Methodist Homes, the office premises are jointly occupied and office services are shared.

Within the financial statements of the group, these expenses are allocated on the basis of time spent on three items:

(i) Charitable activities

These costs relate to services provided centrally and identified as wholly or mainly in support of direct charitable expenditure, together with an appropriate proportion of management and office overheads.

(ii) Expenditure on raising funds

All expenses relating to fund-raising, publicity and public relations (except the marketing of accommodation and care services) are charged to this heading. This item bears an appropriate proportion of management and office overheads.

(iii) Governance costs

These costs relate to the corporate management of the organisation itself. They include expenses of Directors' meetings, audit fees, office costs and other corporate management costs.

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and payroll. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 6.

1 Principal Accounting Policies (continued)

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets to their residual values over their estimated useful lives. Intangible assets are amortised over the following useful economic lives:

- Software 3-5 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Charity are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible fixed assets and depreciation

Land is stated at cost, except where it forms part of a revalued care home – in which case it is stated at valuation, and is not depreciated.

Freehold and long leasehold buildings include applicable overhead expenditure and capitalised interest. Interest on loans deemed to be financing a development is capitalised up to the date of practical completion.

All Fixed assets are stated at cost less depreciation and impairment.

Fixed assets with a cost of more than £500 are capitalised and depreciated. Improvements which enhance the future economic benefits of the property or extend its overall useful life are capitalised and are fully written off over the expected useful life of the property.

The Charity has previously adopted a policy of revaluing freehold and long leasehold care homes and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The Charity has at 31 March 2015 adopted the transition exemption under FRS102 paragraph 35.10(d) and elected to use the previous revaluation as deemed cost. All subsequent additions are recognised at historical cost.

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful life.

Freehold and long leasehold buildings are depreciated over their expected useful life of forty years, or the life of the lease if shorter, on a straight-line basis. Improvements to buildings are depreciated over between five and forty years on a straight line basis.

1 Principal Accounting Policies (continued)

Tangible fixed assets and depreciation (continued)

Furniture, equipment and motor vehicles are depreciated over between three and twenty years on a straight line basis dependent upon their component type except for minibuses financed from restricted funds, which are written off in the year of purchase.

Assets in the course of construction are stated at cost and are not depreciated until they are available for use. The assets in the course of construction are recognised where it is probable economic benefit will flow to the Charity and can be reliably measured.

Social housing grants

The group's housing developments are financed wholly or partly by Social Housing or other capital grants. Section 24 of FRS102,'Government grants' permits either the performance model or the accrual model to recognise the government grants. As required by the Housing SORP (FRS102), housing properties accounted at valuation must recognise government grants using the performance model and those accounted at cost must recognise government grants using the accrual model.

The Group accounts for its housing property at cost and recognises government grants using the performance model. Under this model in line with the Charity SORP (FRS102), grants are recognised in income through the Statement of Financial Activities on entitlement to the funds.

On disposal of an asset for which government grants were received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the statement of financial position related to such asset is derecognised as a liability and recognised as revenue in the statement of financial activities.

There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised as income.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Retirement housing stock

Unsold units of retirement housing stock and work in progress at the yearend are treated as fixed assets and are therefore valued at the lower of cost and estimated selling price less cost to complete. Cost includes capitalised interest incurred on specific projects during the period of development and any other relevant applicable costs.

Impairment of non-financial assets

Where the carrying values of care/housing properties or retirement housing stock are considered to have suffered a permanent diminution in value, the fall in value is recognised in the Statement of Financial Activities. The trigger for this would usually be an operational or financial review which may identify that a service can no longer fulfill our charitable purpose. An impairment review is carried out and appropriate impairment provisions made. In assessing an asset for impairment, the recoverable amount of an asset is determined to be the higher of the fair value less costs to sell the asset and its value in use. The method used to determine the value in use of an asset will depend on whether the asset is primarily held to generate cash as a commercial return or for its service potential to the charity's beneficiaries. Where the service potential measurement can be reliably made, and this exceeds the carrying value of the asset, then no impairment is recognised.

1 Principal Accounting Policies (continued)

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity.

i) Restricted income funds

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity. They represent voluntary income or grants from statutory authorities and fees and charges in MHA Communities Schemes, which have been received for purposes set out in note 19.

The application of these funds is restricted by the terms of a special appeal, the expressed wishes of the donor, the will of the testator, or the terms of the grant.

ii) Endowment funds

These represent money given for a particular purpose and are intended to be permanent with the original capital being maintained and the income and capital growth being utilised.

Pensions

The Group's pension arrangements comprise various defined benefit and defined contribution schemes.

Where the underlying assets and liabilities of the defined benefit schemes can be separately identifiable, the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Actuarial gains and losses for these schemes are included in the Consolidated Statement of Financial Activities.

Current and past service costs, curtailments and settlements are recognised within net incoming resources. Returns on scheme assets and interest on obligations are recognised as other finance income or expenses.

Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme, the amount charged to the Consolidated Statement of Financial Activities represents the contributions payable in the year.

The defined benefit schemes are funded, with the assets held separately from the Group in separate Trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each Statement of Financial Position date. The pension scheme assets are measured at fair value.

The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reducing future contributions or to the extent that the trustees have agreed a refund from the scheme at the Statement of Financial Position date.

A pension scheme liability is recognised to the extent the group has a legal or constructive obligation to settle the liability. For defined contribution schemes contributions are charged to the Consolidated Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

No element of the pension scheme liability or scheme expenses relate to restricted activities of the charity.

1 Principal Accounting Policies (continued)

Pensions (continued)

The Charity participates in a defined benefit scheme, as detailed in note 21, which was closed to new entrants on 31 March 2010. Where it is not possible in the normal course of events to identify the schemes underlying assets and liabilities belonging to individual participating employers, under accounting standards the accounting charge for the year represents the employer contributions payable. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Taxation

The group has charitable status and is therefore not subject to Corporation Tax on its surplus from charitable activities.

The group is registered for VAT. Most of the group's income (residential charges, rents and grants) is exempt for VAT purposes, which significantly restricts the recovery of VAT on expenditure.

Leased assets and obligations

Leases are considered operating leases where the risks and rewards equivalent to ownership have not been passed to the Group. As such, the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS102 (1 April 2013) as per FRS102 para 35.10(p) and continues to credit such lease incentives to the Statement of Financial Activities over the period to the first review date on which the rent is adjusted to market rates.

Critical judgements in applying the accounting policies

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

i) Provisions for liabilities

The Charity has recognised provisions for the re-purchase of properties sold as leasehold interests under guaranteed buy-back arrangements, on the basis that the timing of the re-purchase is uncertain. Additionally provisions have been recognised in relation to liabilities in respect of exceptional items. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience, professional advice and other reasonable factors.

1 Principal Accounting Policies (continued)

Critical judgements in applying the accounting policies (continued)

ii) Exceptional items

Judgements are required as to whether items that are material in size, unusual or infrequent in nature should be disclosed as exceptional. By their nature, exceptional items include estimation uncertainty, mitigated by historical experience and expert professional advice.

Impairments are included within exceptional items. In the current year there are impairments relating to the MHA Auchlochan subsidiary which was placed into administration on 2 May 2023 and to other operating assets across MHA's property portfolio. A degree of judgment has been necessary in determining impairment values, incorporating professional and expert advice, however there remains considerable uncertainty regarding the estimation of recoverable values.

Future amendments to FRS102

The Charity will adopt any new provisions arising from future developments to FRS102 where relevant. As at the date of approval of the financial statements, the Directors do not consider that any current or proposed amendments will have a material impact on the reported results.

2 Donations and legacies

	2023 Total £'000	2022 Total £'000
Donations	1,148	572
Big Lottery Fund grant	50	76
Legacies receivable	5,914	3,086
	7,112	**3,734**

The estimated value of legacies notified but neither received nor recognised in income is £1,733,000 (2022: £3,483,000).

3 Charitable activities

	2023 Total £'000	2022 Total £'000
Fees and charges	240,360	213,452
Rents	7,160	7,306
Grants	1,723	2,380
Government Funding	1,279	11,764
Sale of Housing	7,707	10,189
Miscellaneous property sales	2,516	2,225
	260,745	**247,316**

Forms of government assistance from which the Charity has benefitted amounts to £1,853,000 (2022: £12,456,000).

Included within Grants is £574,000 (2022: £692,000) relating to government grants received by our MHA Communities schemes.

Government Funding consists of £1,279,000 (2022: £11,659,000) infection control and workforce retention support and £nil (2022: £105,000) from the government Covid Job Retention Scheme.

4 Analysis of expenditure

	Note	Homes £'000	Retirement living £'000	MHA Communities £'000	Other £'000	2023 Total £'000	2022 Total £'000
Staff costs		116,550	15,503	4,339	12,586	148,978	140,297
Operational costs/(income):							
Supplies and services		57,786	8,669	1,127	8,159	75,741	48,581
Repairs and rents		18,431	3,005	211	35	21,682	19,830
Retirement housing cost of sales		-	3,075	-	4	3,079	3,608
Depreciation		8,229	4,865	36	475	13,605	13,252
Amortisation	9	-	-	-	592	592	550
Finance (income)/charges		-	(963)	-	1	(962)	33
Bank loan interest		3,294	770	-	-	4,064	3,475
Other costs		429	357	6	2,475	3,267	2,596
Loss on disposals		1,374	15	-	-	1,389	-
Exceptional items		35,498	76,776	-	1,316	113,590	(309)
Allocated costs/(income)		18,139	2,958	429	(21,526)	-	-
Governance costs	6	-	-	-	1,220	1,220	1,090
Total expenditure 2023		**259,730**	**115,030**	**6,148**	**5,337**	**386,245**	**233,003**
Total expenditure 2022		**188,001**	**34,889**	**5,116**	**4,997**		**233,003**

Allocated costs represent central overheads. Allocation has been performed based on an assessment of the utilisation of each function by the operating business streams.

5 Summary analysis of expenditure and related income for charitable activities

	Note	Homes £'000	Retirement living £'000	MHA Communities £'000	Other £'000	2023 Total £'000	2022 Total £'000
Income from charitable activities							
Fees and charges		214,817	24,851	669	23	240,360	213,452
Rents		32	7,129	-	(1)	7,160	7,306
Grants		-	-	1,720	3	1,723	2,380
Government Funding		1,057	221	-	1	1,279	11,764
Sale of Housing		-	7,707	-	-	7,707	10,189
Miscellaneous Property sales		2,516	-	-	-	2,516	2,225
Total income	3	**218,422**	**39,908**	**2,389**	**26**	**260,745**	**247,316**
Expenditure on charitable activities							
Staff costs		(116,550)	(15,503)	(4,339)	(12,027)	(148,419)	(139,792)
Operational costs		(89,543)	(19,793)	(1,380)	(11,559)	(122,275)	(91,783)
Allocated (costs)/income		(18,139)	(2,958)	(429)	21,526	-	-
Exceptional items		(35,498)	(76,776)	-	(1,316)	(113,590)	309
Total		**(259,730)**	**(115,030)**	**(6,148)**	**(3,376)**	**(384,284)**	**(231,266)**
Total (deficit)/surplus from charitable activities 2023		**(41,308)**	**(75,122)**	**(3,759)**	**3,350**	**(123,539)**	**-**
Total surplus/(deficit) from charitable activities 2022		**13,343**	**8,188**	**(2,410)**	**(3,071)**		**16,050**

6 Analysis of governance and support costs

The Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 5) in the year. Refer to the table on the following page for the basis for apportionment and the analysis of support and governance costs.

	Support Costs £'000	Governance Costs £'000	2023 Total £'000	2022 Total £'000	Basis of allocation
Employment costs	-	967	967	828	Staff time
Director expenses	-	2	2	7	Invoiced events
External auditors – audit services:					
Parent	-	146	146	186	Governance
Subsidiaries	-	32	32	30	Governance
Bank covenants	-	-	-	5	Governance
Directors' Insurances	20	-	20	20	Cost
Other costs	-	53	53	14	Governance
Total 2023	**20**	**1,200**	**1,220**	**1,090**	
Total 2022	**20**	**1,070**		**1,090**	

7 Operating lease commitments

	2023 Total £'000	2022 Total £'000
Operating leases		
The following lease payments were made during the year in respect of operating leases:		
Land and buildings	12,670	12,141

	2023 Land & Buildings Total £'000	2022 Land & Buildings Total £'000
At 31 March the Group and Charity had commitments under non-cancellable operating leases as follows:		
– expiring in one year or less	12,986	12,370
– expiring in one to two years	12,986	12,370
– expiring in two to five years	38,959	37,110
– expiring in more than five years	208,094	208,942
	273,025	**270,792**

Included in the commitments above are a number of leases where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, making these onerous leases.

However, in order to recognise the present obligation under the onerous leases as a provision, in accordance with FRS102 the following criteria must be met:

- it is probable (ie more likely than not) that the entity will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

At the present time due to the range of options being explored and discussed with landlords it is not possible to estimate reliably the amount required in settlement. As such this is considered a contingent liability at 31 March 2023.

8 Analysis of staff costs and remuneration of key management personnel

	2023 Number	2022 Number
Average monthly number employed		
Care homes	4,436	4,510
Retirement living	575	604
MHA Communities	107	105
Office staff	392	376
	5,510	**5,595**

The average number of staff employed represents the full time equivalent including staff on zero hour contracts. The total number of staff employed on zero hour contracts was 754 (2022: 757). The use of zero hour contracts for care staff allows the employee the flexibility to control their work preferences. The average monthly number of employees was 6,521 (2022: 6,509).

	2023 £'000	2022 £'000
Group staffing costs		
Wages and salaries	134,898	127,348
Social security costs	11,293	10,203
Other pension costs		
- Defined benefit pension costs (note 21)	170	120
- Defined contribution pension costs	3,582	3,406
	149,943	**141,077**

The key management personnel is comprised of the Executive Leadership Team alongside the Directors of the Charity. During the year the total remuneration received by the Executive Leadership Team was £1,231,542 (2022: £1,108,662). The employer's pension contribution for the key management personnel staff was £61,972 (2022: £55,652).

The key management personnel of the Group are all remunerated from the parent Charity. These comprise the Leadership Team listed on page 50 of the financial statements. The total employee benefits of the Executive Leadership Team of the Charity were £Nil (2022: £Nil).

The number of Directors who received reimbursement for the cost of travel to and from meetings was 9 (2022: 9). The cost of travel expenses reimbursed was £2,000 (2022: £2,000). During the year an insurance premium of £24,192 (2022: £20,160) was paid to indemnify Directors against liability for wrongful acts. No remuneration or benefits were paid during the year to any Director of the Board. 142 (2022:94) employees earned over £60,000 in the year excluding pension contribution within the following bands:

8 Analysis of staff costs and remuneration of key management personnel (continued)

	2023 Number	2022 Number
Between £60,001 and £70,000	77	56
Between £70,001 and £80,000	38	20
Between £80,001 and £90,000	14	9
Between £90,001 and £100,000	2	3
Between £100,001 and £110,000	3	-
Between £110,001 and £120,000	3	2
Between £120,001 and £130,000	2	1
Between £130,001 and £140,000	-	2
Between £140,001 and £150,000	1	-
Between £160,001 and £170,000	1	-
Between £190,001 and £200,000	-	1
Between £200,001 and £210,000	1	-

146 (2022:172) employees were members of the defined contribution pension scheme.

Included in staff costs are £283,000 (2022: £224,000) of redundancy payments made to employees on termination of employment following restructures of staff within operations and central support. Previous year costs were as a result of a restructure of staff within the retirement living operations. Redundancy costs are accounted for on an accruals basis with no unpaid commitments carried forward at the balance sheet date.

9 Intangible Fixed Assets

Group and Company	Software £'000	Total £'000
Cost		
At 1 April 2022	2,246	2,246
Additions	69	69
At 31 March 2023	**2,315**	**2,315**
Accumulated amortisation		
At 1 April 2022	937	937
Amortisation charge	592	592
At 31 March 2023	**1,529**	**1,529**
Net Book Value		
At 31 March 2023	**786**	**786**
At 31 March 2022	1,309	1,309

Amortisation charges of £592,000 have been recognised in other expenditure.

10 Tangible Fixed Assets

10a Tangible Fixed Assets

Group	Care homes: Freehold land and buildings at cost £'000	Care homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost/valuation							
1 April 2022	265,707	37,986	183,566	9,536	35,205	5,236	537,236
Additions during the year	2,194	-	3,053	-	636	16,373	22,256
Completions during the year	10,356	-	1,432	-	1,964	(13,752)	-
Disposals during the year	(1,620)	-	(3,222)	-	(21)	-	(4,863)
31 March 2023	**276,637**	**37,986**	**184,829**	**9,536**	**37,784**	**7,857**	**554,629**
Accumulated depreciation/impairment							
1 April 2022	49,966	9,364	35,911	2,094	22,464	-	119,799
Charge for the year	5,796	911	4,194	217	2,385	-	13,503
On disposals	(17)	-	(516)	-	(10)	-	(543)
Impairment	20,514	14,483	75,800	-	1,581	-	112,378
31 March 2023	**76,259**	**24,758**	**115,389**	**2,311**	**26,420**	**-**	**245,137**
Net book value							
31 March 2023	**200,378**	**13,228**	**69,440**	**7,225**	**11,364**	**7,857**	**309,492**
31 March 2022	**215,741**	**28,622**	**147,655**	**7,442**	**12,741**	**5,236**	**417,437**

Completions during the year relate to the reclassification of assets in the course of construction upon completion of the relevant project. Any assets in the course of construction, whose nature does not meet the definition of capital expenditure or where the project was aborted, are taken to the Statement of Financial Activities upon project completion. The cost of such projects in the year was £Nil (2022: £60,000).

As outlined on page 24 of the trustees report, as part of the MHA's property portfolio review, the Board have made a strategic decision about the future of a number of services. In accordance with FRS102 the plan to dispose of an asset before the previously expected date is an indicator of impairment that triggers the calculation of the asset's recoverable amount for the purpose of determining whether the asset is impaired. The assessment of recoverable value for these properties resulted in impairment of £112,378,000 to reduce the assets carrying value to the recoverable amount. There is inherent estimation uncertainty in making this assessment due to a range of options being explored for disposal of these assets in order to preserve the charitable activities.

The prior year impairments relate to the MHA Richmond care home, announced for closure in February 2022 £1,311,000 and the reversal of the impairment of MHA Foxton Grange care home, which is being held for disposal £1,620,000.

10a Tangible Fixed Assets (continued)

Included within our freehold land and buildings above is land of £36,547,000 (2022: £51,578,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2022: £Nil). The cumulative amount of capitalised interest included is £3,917,000 (2022: £3,917,000).

10b Tangible Fixed Assets (continued)

Company	Care homes: Freehold land and buildings at cost £'000	Care homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost/valuation							
1 April 2022	242,203	37,986	108,195	139	29,521	4,999	423,043
Additions during the year	2,182	-	1,886	-	1,163	15,348	20,579
Completions during the year	10,344	-	775	-	1,761	(12,880)	-
Disposals during the year	(1,620)	-	(2,207)	-	(21)	-	(3,848)
31 March 2023	**253,109**	**37,986**	**108,649**	**139**	**32,424**	**7,467**	**439,774**
Accumulated depreciation/impairment							
1 April 2022	46,769	9,364	20,876	29	18,931	-	95,969
Charge for the year	5,265	911	2,334	3	2,047	-	10,560
On disposals	(17)	-	(451)	-	(10)	-	(478)
Impairment	14,275	14,483	52,531	-	1,305	-	82,594
31 March 2023	**66,292**	**24,758**	**75,290**	**32**	**22,273**	**-**	**188,645**
Net book value							
31 March 2023	**186,817**	**13,228**	**33,359**	**107**	**10,151**	**7,467**	**251,129**
31 March 2022	**195,434**	**28,622**	**87,319**	**110**	**10,590**	**4,999**	**327,074**

Included within freehold land and buildings above is land of £31,988,000 (2022: £44,391,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2022: £Nil). The cumulative amount of capitalised interest included is £3,813,000 (2022: £3,813,000).

11 Capital Commitments

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expenditure contracted, less certified	**1,246**	**2,947**	**980**	**2,893**

Included within the capital commitments of the Group and Company are contracts relating to the development of sites which are executory contracts in nature as at 31 March 2023. A liability for these items has not been recorded in the financial statements as neither party has yet performed their obligations and the contracts are not onerous.

12 Investments – Group and Company

	2023 Total £'000	2022 Total £'000
1 April 2022	1,469	1,360
Additions during the year	-	105
Net (loss)/gain on revaluation	(105)	4
31 March 2023	**1,364**	**1,469**
The securities represent:		
Methodist Church Central Finance Board:		
Equity fund units	410	443
Fixed interest fund units	954	1,026
31 March 2023	**1,364**	**1,469**

All investments are carried at their fair value. Investment in equities and fixed interest units are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

13 Debtors

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade debtors	11,880	9,087	9,400	7,925
Due from group undertakings	-	-	-	23,274
Other debtors	847	485	809	443
Prepayments and accrued income	8,330	8,113	8,099	7,947
	21,057	**17,685**	**18,308**	**39,589**

Amounts receivable from Group undertakings comprise a formal loan of £3,500,000 (2022: £3,500,000) which is interest bearing at a rate of 1% per annum (2022: 1%) unsecured and repayable on demand, and £24,641,000 (2022: £19,774,000) recharges arising from operational activities which is not interest bearing, is unsecured and payable on demand both due from MHA Auchlochan. Following the placing of MHA Auchlochan into administration on 2nd May 2023 a full provision has been included in MHA company accounts against the outstanding loan and intercompany balance.

14 Creditors: Amounts falling due within one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans – principal and interest	2,031	1,900	1,777	1,649
Trade creditors	6,941	5,514	6,939	5,512
Charges and rents in advance	4,820	5,241	4,713	5,119
Deferred Income – buy-back properties	269	241	125	146
Unpaid pension contributions	894	976	879	961
Taxation and social security	5,204	5,222	5,054	5,056
Due to group undertakings	-	-	253	-
Other creditors	16,129	13,653	15,242	12,955
Accruals and deferred income	20,045	11,177	18,994	9,785
	56,333	**43,924**	**53,976**	**41,183**

15 Creditors: Amounts falling due after more than one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Derivative financial instruments	(3,310)	195	(3,310)	195
Loans:				
- Between one and two years	2,270	2,164	2,046	1,909
- Between three and five years	77,744	77,265	77,064	76,589
- In five years or more	10,087	12,835	7,901	10,421
Less loan arrangement fees	(132)	(264)	(132)	(264)
	89,969	**92,000**	**86,879**	**88,655**
Deferred Income – buy-back properties:				
- Between one and two years	185	143	45	52
- Between three and five years	432	286	54	68
- In five years or more	372	131	29	34
	989	**560**	**128**	**154**
Total	**87,648**	**92,755**	**83,697**	**89,004**

The loans are secured on certain care home and housing properties, representing 51% of the value of Freehold Land and Buildings (2022: 51%) with a Net Book Value of £144,069,562 (2022: £143,356,000). The interest rates payable on these loans, plus the short-term loans of £2,031,000 (2022: £1,900,000), are as detailed below, confirming the drawn down amounts as at 31 March 2022, the interest rate and the respective terms.

Entity	Loan Amount		Rate		
	Current Year	Prior Year	Current Year	Prior Year	Expiry Date
Methodist Homes Ltd	£70,000,000	£70,000,000	SONIA plus 2.2%	SONIA plus 2.2%	April 2025
Methodist Homes Ltd	£18,919,000	£20,700,000	SONIA plus 0.8%	SONIA plus 0.8%	December 2030
Total	**£88,919,000**	**£90,700,000**			
MHA Housing Association Ltd	£1,184,000	£1,300,000	Variable Rate 4.55%	Variable Rate 0.5%	April 2033
MHA Housing Association Ltd	£1,012,000	£1,111,000	Variable Rate 4.68%	Variable Rate 0.5%	May 2033
MHA Housing Association Ltd	£31,000	£61,000	Fixed Rate at 4.5%	Fixed Rate at 4.5%	January 2024
MHA Housing Association Ltd	£1,116,000	£1,124,000	Fixed Rate at 10.7%	Fixed Rate at 10.7%	March 2049
Total	**£3,343,000**	**£3,596,000**			
Group Total	**£92,262,000**	**£94,296,000**			

15 Creditors: Amounts falling due after more than one year (continued)

Of the outstanding loan balance £70,000,000 (2022: £70,000,000) relates to loans that are non-amortising.

The Company has fixed interest rates to guard against future rate movements on £70,000,000 (2022: £70,000,000) of the loan balance through an interest rate swap. The overall cost of the derivative arrangement is fixed at 4.3%. The fair value of the interest swaps as at 31st March 2023 is a £3,310,000 asset (2022: £195,000 liability) representing the cost of exiting this arrangement, which is not currently intended by the company. The recognised gain on cash flow hedges in the year is £3,505,000 (2022: gain of £4,743,000). This reflects the net of the fair value gain on derivatives of £7,050,000 (2022: gain of £3,545,000) and the gain recycled to bank loan interest of £167,000 (2022: losses recycled of £1,346,000). The amounts recycled to bank loan interest represent the cash paid on derivatives during the year.

16 Provisions for liabilities

	1 April 2022 £'000	Created on new transactions £'000	Charge for year £'000	Increase/ (release) in provision £'000	Utilisation of provision £'000	31 March 2023 £'000
Group						
Guarantee property buy-backs	29,719	1,293	(964)	-	(4,082)	25,966
Public Liability provision	500	-	-	(500)	-	-
	30,219	**1,293**	**(964)**	**(500)**	**(4,082)**	**25,966**
Company						
Guarantee property buy-backs	19,127	-	(369)	-	(3,086)	15,672
Public Liability provision	500	-	-	(500)	-	-
	19,627	**-**	**(369)**	**(500)**	**(3,086)**	**15,672**

The guarantee property buy-backs provision arises when MHA enters into transactions to sell the leasehold interest in retirement living properties with an option (exercisable by either party) for MHA to re-purchase the leasehold at a pre-agreed amount. Buy-back commitments have been estimated to average ten years (2022: nine years). Provisions are discounted at the appropriate risk free rate. The relevant ten and five year government bond rates have been used depending on the remaining expected life of the individual commitments by property, these being 3.59% and 3.44% respectively (2022: 1.63% and 1.51%).

The Public Liability Provision provides for the potential costs of future Covid-19 public liability claims following the withdrawal of provision by our insurers is no longer required.

17 Share Capital

The company is limited by guarantee and has no share capital.

18 Endowment Funds

18a Endowment funds (current year)

Movement in Funds

Group and Company	1 April 2022 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
H D Clarke Memorial	913	7	(2)	(63)	-	-	855
Redcroft Residential Home	69	1	-	-	-	-	70
	982	**8**	**(2)**	**(63)**	**-**	**-**	**925**

18b Endowment funds (prior year)

Movement in Funds

Group and Company	1 April 2021 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
H D Clarke Memorial	944	5	(2)	(34)	-	-	913
Redcroft Residential Home	69	-	-	-	-	-	69
	1,013	**5**	**(2)**	**(34)**	**-**	**-**	**982**

19 Restricted income funds

19a Restricted income funds (current year)

Movement in Funds

Group	1 April 2022 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
Care homes	14,407	2,932	(1,802)	(42)	-	410	15,905
Retirement living	4,757	266	(392)	-	-	48	4,679
Big Lottery Fund grant	-	50	(50)	-	-	-	-
MHA Communities	3,150	3,837	(6,292)	-	-	(61)	634
Amenity funds	2,115	457	(400)	-	-	(62)	2,110
Other	-	-	-	-	-	-	-
	24,429	**7,542**	**(8,936)**	**(42)**	**-**	**335**	**23,328**

19 Restricted income funds (continued)

19b Restricted income funds (prior year)

Movement in Funds

Group	1 April 2021 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
Care homes	14,386	11,386	(11,364)	39	-	(40)	14,407
Retirement living	4,872	883	(1,017)	-	-	19	4,757
Big Lottery Fund grant	-	76	(76)	-	-	-	-
MHA Communities	2,919	5,346	(5,040)	-	-	(75)	3,150
Amenity funds	2,002	412	(338)	-	-	39	2,115
Other	-	-	-	-	-	-	-
	24,179	**18,103**	**(17,835)**	**39**	**-**	**(57)**	**24,429**

19c Restricted income funds (current year)

Movement in Funds

Company	1 April 2022 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
Care homes	14,407	2,933	(1,802)	(42)	-	410	15,906
Retirement living	4,757	254	(380)	-	-	48	4,679
Big Lottery Fund grant	-	50	(50)	-	-	-	-
MHA Communities	3,151	3,837	(6,292)	-	-	(61)	635
Amenity funds	2,074	443	(382)	-	-	(67)	2,068
Other	-	-	-	-	-	-	-
	24,389	**7,517**	**(8,906)**	**(42)**	**-**	**330**	**23,288**

19 Restricted income funds (continued)

19d Restricted income funds (prior year)

Movement in Funds

Company	1 April 2021 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
Care homes	14,386	11,033	(11,011)	39	-	(40)	14,407
Retirement living	4,872	782	(916)	-	-	19	4,757
Big Lottery Fund grant	-	76	(76)	-	-	-	-
MHA Communities	2,920	5,346	(5,040)	-	-	(75)	3,151
Amenity funds	1,950	398	(320)	-	-	46	2,074
Other	-	-	-	-	-	-	-
	24,128	**17,635**	**(17,363)**	**39**	**-**	**(50)**	**24,389**

The care homes and retirement living funds relate to amounts donated for use and subsequently used to improve specific Homes or Schemes. The MHA Communities Scheme funds relate to amounts raised by local schemes to fund their day to day running costs. Amenity funds relate to amounts raised for the provision of additional benefits for residents and tenants within a specific Home or Scheme.

Big Lottery Fund Grants of £50,000 (2022: £76,000) were received in the year to support MHA Communities Schemes.

20 Net Assets by Fund

20a Net Assets by Fund (current year)

Group	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000
Fixed assets	294,967	16,009	666	311,642
Current assets	78,708	11,053	259	90,020
Current liabilities	(52,599)	(3,734)	-	(56,333)
Long term liabilities	(113,614)	-	-	(113,614)
Total Net Assets	**207,462**	**23,328**	**925**	**231,715**

20 Net Assets by Fund (continued)

20b Net Assets by Fund (prior year)

Group	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000
Fixed assets	403,353	16,132	730	420,215
Current assets	81,373	11,290	252	92,915
Current liabilities	(40,931)	(2,993)	-	(43,924)
Long term liabilities	(122,974)	-	-	(122,974)
Total Net Assets	**320,821**	**24,429**	**982**	**346,232**

20c Net Assets by Fund (current year)

Company	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000
Fixed assets	236,604	16,009	666	253,279
Current assets	56,454	11,007	259	67,720
Current liabilities	(50,248)	(3,728)	-	(53,976)
Long term liabilities	(99,369)	-	-	(99,369)
Total Net Assets	**143,441**	**23,288**	**925**	**167,654**

20d Net Assets by Fund (prior year)

Company	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000
Fixed assets	312,989	16,132	730	329,851
Current assets	89,682	11,250	252	101,184
Current liabilities	(38,190)	(2,993)	-	(41,183)
Long term liabilities	(108,631)	-	-	(108,631)
Total Net Assets	**255,850**	**24,389**	**982**	**281,221**

21 Pensions and Similar Obligations

A defined contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 146 (2022: 172) employees. The contribution rate of MHA for the year varied between 3% and 6% depending on the employee's contribution, which is a minimum of 5%.

MHA operates a number of pension schemes;

(i) The Methodist Homes Final Salary Scheme, a defined benefit scheme, which was a funded scheme, with the assets held in separate Trustee administered funds, was closed to new members and future accrual on 31 March 2010.

As per para 28.38 of FRS102, where an entity participates in a defined benefit plan that shares risks between entities under common control it shall obtain information about the plan as a whole measured in accordance with this FRS on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement or stated policy for charging the net defined benefit cost of a defined benefit plan as a whole measured in accordance with this FRS to individual group entities, the entity shall, in its individual financial statements, recognise the net defined benefit cost of a defined benefit plan so charged. If there is no such agreement or policy, the net defined benefit cost of a defined benefit plan shall be recognised in the individual financial statements of the Group entity which is legally responsible for the plan. The other Group entities shall, in their individual financial statements, recognise a cost equal to their contribution payable for the year. Methodist Homes is the sponsoring employer of the defined benefit pension scheme and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual Group entities and therefore the Company has recognised the entire net defined benefit cost and the relevant net defined benefit liability of the defined benefit pension scheme in its individual financial statements.

The FRS102 disclosures below have been produced by TPT Retirement Solutions, the group actuaries using the projected unit method to calculate the Scheme liabilities at 31 March 2022. No adjustments have been made to measure the defined benefit obligation at the reporting date to their valuation.

The financial assumptions used to calculate the Group's scheme liabilities are as follows:

	2023 %pa	2022 %pa	2021 %pa	2020 % pa
Inflation (CPI)	2.9%	3.3%	2.9%	1.7%
Inflation (RPI)	3.2%	3.6%	3.3%	2.7%
Rate of increase in salaries	0.0%	0.0%	0.0%	3.2%
Rate of increase for pensions in payment	2.3%	2.4%	2.3%	1.5%
Rate of increase for deferred pensions	3.2%	3.6%	3.3%	2.7%
Discount rate	4.9%	2.8%	2.1%	2.3%

Pensions accrued before 1 January 2000 for members who joined the scheme before 1 November 1998 are subject to guaranteed fixed increases of 5% (2022: 5%) per annum in deferment and in payment.

21 Pensions and Similar Obligations (continued)

The current mortality assumptions used in the valuation of the pension liabilities were:

Life expectancy	2023 S1PA Year of birth CMI21 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females	2022 S1PA Year of birth CMI20 with a minimum improvement of 1.3% p.a. for males and 1.3% p.a. for females	2021 S1PA Year of birth CMI19 with a minimum improvement of 1.3% p.a. for males and 1.0% p.a. for females	2020 S1PA Year of birth CMI18 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females
The assumed life expectations on retirement age 65 are:				
	2023 Years	**2022 Years**	**2021 Years**	**2020 Years**
Pensioner currently aged 65:				
Male	21.5	21.7	21.4	21.9
Female	23.9	24.1	23.4	23.7
Non-Pensioner currently aged 45:				
Male	23.1	23.3	22.7	23.2
Female	25.4	25.6	24.9	24.9

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the Statement of Financial Position date, whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the long-term rate of return expected at the Statement of Financial Position date were:

	Fair value 2023 £'000	Fair value 2022 £'000
Equities	73	417
Government bonds	12,797	28,939
Property	6,886	9,142
Cash	580	1,442
Other	7,129	11,906
LDI	18,503	14,376
Total market value of assets	**45,968**	**66,222**
Present value of scheme liabilities	(42,858)	(58,279)
Surplus in the scheme	**3,110**	**7,943**
Effect of asset ceiling	**(3,110)**	**(7,943)**
Net pension asset/(liability) under FRS102	**-**	**-**

An asset ceiling has been applied to limit the impact of the surplus on the scheme calculated on an Accounting provision FRS102 basis in line with the advice from TPT Retirement Solutions and the pension scheme rules.

21 Pensions and Similar Obligations (continued)

The last formal valuation of the scheme was performed as at 30 September 2021 by a professionally qualified actuary.

The actuary has confirmed that the existing contribution level is adequate and therefore no deficit contributions are currently being made to the scheme.

The Group works directly with TPT Retirement Solutions in relation to the multi-employer pension scheme to ensure compliance with scheme rules. Where an issue is identified, the Group ensures proper understanding and investigation is carried out to meet the Group's obligations, and where these meet the requirements of the relevant accounting standard they are appropriately accounted for.

The Group's pension charge for the year calculated under FRS102 assumptions is included in the financial statements.

Analysis of amounts charged to net incoming resources

	2023 £'000	2022 £'000
Current service cost	-	-
Expenses	(170)	(120)
Expected return on scheme assets	1,820	1,369
Interest on pension scheme liabilities	(1,592)	(1,321)
Net income/(cost)	**58**	**(72)**
Interest on effect of asset ceiling	(228)	(48)
Total cost	**(170)**	**(120)**

Analysis of amount recognised as Actuarial gain/(loss)

	2023 £'000	2022 £'000
Actuarial (loss) recognised in the Consolidated Statement of Financial Activities	(497)	(1,586)
Employer contribution adjustment	-	-
	(497)	**(1,586)**
Total (charge) to Consolidated Statement of Financial Activities	(667)	(1,706)
Cumulative actuarial losses	**(13,549)**	**(13,052)**

Statement of Financial Position impact	2023 £'000	2022 £'000
Present value of funded obligations	(42,858)	(58,279)
Fair value of scheme assets	45,968	66,222
Surplus in the scheme at 31 March	**3,110**	**7,943**
Effect of asset ceiling	(3,110)	(7,943)
Net pension asset/(liability) under FRS102	**-**	**-**

21 Pensions and Similar Obligations (continued)

Changes in the present value of the defined benefit obligation	2023 £'000	2022 £'000
Opening defined benefit obligation	58,279	63,766
Service cost	-	-
Interest cost	1,592	1,321
Actuarial (gains)	(14,993)	(5,087)
Net benefits paid	(2,020)	(1,721)
Closing defined benefit obligation	**42,858**	**58,279**

Changes in fair value of plan assets	2023 £'000	2022 £'000
Opening fair value of plan assets	66,222	65,247
Interest Income	1,820	1,369
Actuarial (loss)	(20,551)	(259)
Contributions by employer	667	1,706
Net benefits paid	(2,020)	(1,721)
Expenses	(170)	(120)
Closing fair value of plan assets	**45,968**	**66,222**
Return on plan assets	**(18,731)**	**1,110**

(ii) The previous Growth Plan (Series 1-3) is a multi-employer defined benefit scheme which is administered by TPT Retirement Solutions. The actuary has completed a tri-annual valuation as at 30 September 2021 showing a funding level of 98%. Additional contributions of £30,000 (2022: £56,000) were paid during the year.

(iii) The contribution by the Group to the defined benefit scheme paid during the year amounted to £667,000 (2022: £1,706,000). Following the elimination of the funding shortfall the Trustee as agreed to the cessation of deficit contributions.

(iv) The current growth plan (Series 4) is a multi-employer defined contribution scheme. Contributions paid during 2022/23 in respect of the defined contribution scheme were £268,000 (2022: £294,000).

(v) During the year all employees were eligible to join the auto-enrolment scheme. The new scheme is compulsory for all employees who have not specifically opted out of the scheme. MHA contributes between 3%-6% of pensionable pay for all those included in the scheme. The contributions for the year were £3,292,000 (2022: £3,058,000).

22 Notes to the Cash Flow Statement

a) Reconciliation of net income to net cash inflow from operating activities

	2023 £'000	2022 £'000
Net income	(117,525)	18,090
Unrealised losses/(gains) on investment	105	(4)
Investment income	(968)	(39)
Interest charge	4,064	3,475
Profit on sale of retirement living housing	(3,200)	(9,085)
Depreciation charges	13,503	13,252
Amortisation	592	550
Impairment of fixed assets	112,378	(309)
Defined benefit scheme pension contributions paid in the year	(667)	(1,706)
Defined benefit scheme pension cost charged in the year	170	120
Increase in debtors	(3,372)	(4,098)
Increase/(decrease) in creditors and provisions	8,449	(5,146)
Net cash provided by operating activities	**13,529**	**15,100**

Movements in debtors and creditors which relate to capital and interest transactions are excluded from the movements in debtors and creditors shown.

Cash and cash equivalents amounting to £259,000 (2022: £252,000) held in endowment funds are not available for use to further charitable activities as they are held for particular purposes and are intended to be permanent.

b) Reconciliation of net cash flow to movement in net debt

	2023 £'000	2022 £'000
(Decrease)/increase in cash and cash equivalents	(6,267)	10,924
Cash movement in borrowings	2,041	5,431
Change in net funds resulting from cash flows	**(4,226)**	**16,355**
Change in net funds resulting from non-cash flows	**(138)**	**(3,653)**
Movement in net debt		
Net debt as at 1 April	(18,670)	(31,372)
Net debt as at 31 March	**(23,034)**	**(18,670)**

c) i) Analysis of changes in net debt (current year)

	1 April 2022 £'000	Cash flow £'000	Non-cash changes £'000	31 March 2023 £'000
Cash at bank and in hand	75,230	(6,267)	-	68,963
Loans due within one year	(1,900)	2,041	(2,170)	(2,029)
Loans due after more than one year	(92,000)	-	2,032	(89,968)
	(18,670)	**(4,226)**	**(138)**	**(23,034)**

23 Group Structure

Methodist Homes has the following subsidiary undertakings:

Methodist Homes Housing Association Ltd

Incorporation:	Co-operative and Community Benefit Societies Act 2014
Registered Office:	Epworth House, Stuart Street, Derby, DE1 2EQ, United Kingdom
Registered Number:	LH2343
Principal activity:	Charitable provision and management of social housing.

MHA Auchlochan Ltd

Incorporation:	Charity Registered Number SCO40155
Company Registered Number:	SC352117
Registered Office:	Auchlochan House, New Trows Road, Lesmahagow, ML11 0JS, United Kingdom
Principal activity:	Charitable provision and management of residential care homes.

The two (2022: two) organisations are deemed to be subsidiaries of Methodist Homes by means of various intra-group agreements.

	Methodist Homes Housing Association Ltd		MHA Auchlochan Ltd	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Assets	67,770	72,786	13,147	33,204
Liabilities	(18,866)	(19,817)	(40,466)	(36,867)
Funds	**48,904**	**52,969**	**(27,319)**	**(3,663)**
Incoming resources	7,983	7,313	9,983	9,043
Resources expended	(12,048)	(5,418)	(34,061)	(9,191)
Movement in funds	**(4,065)**	**1,895**	**(24,078)**	**(148)**

The numbers for MHA Auchlochan include impairments made to the carrying value of assets of £24,039,00 following the decision by the MHA board to withdraw financial support and place the subsidiary into administration. MHA Auchlochan has therefore been included on a non going concern basis.

24 Related party transactions

The group operates a defined benefit scheme where MHA is the sponsoring employer. The contribution by the group to the scheme paid during the year amounted to £667,000 (2022: £1,706,000).

During the financial year to 31 March 2023 no (2022: one) members of the Leadership Team and the Board had close family members residing in the company's care homes. In both situations arrangements were established and continue to be monitored in accordance with the company's published relatives' policy. The policy stipulates line management oversight of all instances where MHA services are provided to relatives of Board Members and employees. The policy ensures that there is no preference given to the availability or price of MHA's services and also ensures the safeguarding of family members and carers.

Related party transactions with Group undertakings relate to recharges arising from operational activities. Amounts receivable from Group undertakings comprise a formal loan of £3,500,000 (2022: £3,500,000) which is interest bearing at a rate of 1% per annum (2022: 1%) unsecured and repayable on demand, and £24,641,000 (2022: £19,774,000) recharges arising from operational activities which is not interest bearing, is unsecured and payable on demand. Following the placing of MHA Auchlochan into administration on 2nd May 2023 a full provision has been included in MHA company accounts against the outstanding intercompany balance.

	2023 £'000	2022 £'000
Transactions		
Recharges to Group Undertakings	(23,274)	7,854
Pension scheme – Defined benefit	667	1,706
	(22,607)	**9,560**

	2023 £'000	2022 £'000
Balances		
Due from Group Undertakings	-	23,274
Pension scheme – Defined benefit	-	-
	-	**23,274**

25 Statement of Financial Activities for prior year

	Note(s)	Unrestricted Funds (restated) £'000	Restricted Funds £'000	Endowment Funds £'000	2022 £'000
Income and endowments from:					
Donations and legacies	2	225	3,509	-	3,734
Charitable activities					
Homes (restated)		190,348	10,996	-	201,344
Retirement living (restated)		42,197	880	-	43,077
Live at Home		-	2,706	-	2,706
Other		189	-	-	189
Total charitable activities	3/5	**232,734**	**14,582**	**-**	**247,316**
Investments		22	12	5	39
Total		**232,981**	**18,103**	**5**	**251,089**
Expenditure on:					
Raising funds		647	-	-	647
Charitable activities					
Homes (restated)		176,332	11,669	-	188,001
Retirement living (restated)		33,840	1,049	-	34,889
Live at Home		-	5,116	-	5,116
Other		3,260	-	-	3,260
Total charitable activities	5	**213,432**	**17,834**	**-**	**231,266**
Other		1,087	1	2	1,090
Total	4	**215,166**	**17,835**	**2**	**233,003**
Net gain/(loss) on investments		(1)	39	(34)	4
Net income		**17,814**	**307**	**(31)**	**18,090**
Transfer between funds		**57**	**(57)**	**-**	**-**
Other recognised gains/(losses):					
Actuarial gains on defined benefit pension schemes	21	(1,586)	-	-	(1,586)
Other losses – interest rate swaps		4,743	-	-	4,743
Net movement in funds		**21,028**	**250**	**(31)**	**21,247**
Reconciliation of funds:					
Total funds brought forward (restated)		299,793	24,179	1,013	324,985
Total funds carried forward		**320,821**	**24,429**	**982**	**346,232**

26 Contingent assets and liabilities

MHA have been notified by the trustees of the Methodist Homes for the Aged Final Salary Pension Scheme of legal uncertainties over the way in which historic scheme benefit changes have been applied to the scheme. The scheme Trustee's legal advisor has carried out a review of the changes made and is now seeking direction from the high court on the interpretation of the scheme rules and documentation against the benefit changes implemented. The Trustee has carried out a review of all schemes under its administration and concluded that the uncertainties are common amongst the majority of the schemes it administers. The outcome of the high court review is not expected to be known until late 2024. The estimated impact on scheme liabilities if the court rules that the changes have not been appropriately applied is £5.4m (2022:£5.4m).

The group had no other contingent assets or liabilities at 31 March 2023 (2022: same).

27 Post Balance Sheet Events

During 2022/23 a review looking at the long term viability of all our services concluded; this review started in 2019 but was interrupted by the pandemic. Upon completion of the review a number of difficult decisions were taken by our Board of Trustees which were approved in late April 2023 and announced on the 2nd May 2023. The first decision was to sell ten of our care homes as going concerns; the second decision was to place MHAA into administration.

This has resulted in the following adjustment:

Group	2023 £'000
Consolidated Statement of Financial Activities	
Expenditure – Charitable activities – Exceptional Items	114,194
	114,194
Consolidated Statement of Financial Position	
Tangible fixed assets	112,377
Debtors	-
Creditors: amounts falling due within one year – Accruals	1,817
	114,194

Company	2023 £'000
Consolidated Statement of Financial Activities	
Expenditure – Charitable activities – Exceptional Items	112,595
	112,595
Consolidated Statement of Financial Position	
Tangible fixed assets	82,593
Debtors	28,185
Creditors: amounts falling due within one year – Accruals	1,817
	112,595

Live later life well

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MHA is the trading name of a group of companies.

Methodist Homes is a registered Charity in England & Wales (No.1083995) and Company limited by Guarantee (No. 4043124) with registered office MHA, Epworth House, Stuart Street, Derby DE1 2EQ

MHA Auchlochan is a registered Scottish Charity (No. SC040155) and Company limited by Guarantee (No. SC352117) with registered office Auchlochan House, New Trows Road, Lesmahagow, Lanarkshire ML11 0JS

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METHODIST HOMES

England & Wales - Charity number 1083995

Accounts

Methodist Homes Report and Financial Statements

31 March 2022

Charity Registered No. 1083995
Company Registered No. 04043124

mha
Live later life well

Mission, vision and values

Our Mission

To "enable people to live later life well" by inspiring the best care and wellbeing at every stage of later life.

Our Vision

By 2025, we will have connected our communities, realising our potential as OneMHA, to increase the reach, impact and quality of care and support we provide to people in later life.

Our Values

We respect every person, treating them with dignity.

We nurture mind, body and spirit.

We inspire the best in each other.

6,509 staff

100%
retirement living schemes rated 'outstanding' or equivalent

92%
care homes rated 'outstanding' or equivalent

91%
of care home residents satisfied with their care AND

84%
of residents satisfied with their retirement living scheme as a place to live

£251m income
£233m expenditure

50 MHA Communities hubs

19,212
older people served

89
care homes

70
retirement living communities

3,200
volunteers

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Our priority this year was to focus on our Covid Recovery Plan and our four strategic objectives, making sure we continued to manage the day-to-day implications of Covid-19 on all our homes, schemes and teams, whilst rebuilding and reimagining our services.

Board of Directors' report, including strategic report

The success of vaccinations against Covid-19 meant we started the year on a far more optimistic note than we did 12 months ago. But the year was not without its challenges, which colleagues, volunteers, residents and members faced with fortitude, compassion and dedication.

Although not at the levels seen in previous years, we sadly lost more residents and colleagues to Covid-19. Our thoughts and prayers are with all their family and friends and we remembered them on our second MHA Memorial Day in September 2021.

Our priority this year was to focus on our four strategic objectives and our Covid Recovery Plan, making sure we continued to manage the day-to-day implications of Covid-19 on all our homes, schemes and teams, whilst rebuilding and reimagining our services.

The Government's prioritisation of care home residents, those who care for them and older people, meant that we were among the first to roll up our sleeves and receive the protection afforded by the vaccinations against Covid-19.

The success of the vaccination programme meant we were able to increasingly relax the restrictions for visitors to our care homes, although local outbreaks continued to cause huge disruption for our residents and their families. For our residents in our retirement living schemes, vaccination meant that they could meet up again in communal areas, welcoming back family and friends. Our MHA Communities members were able to start to come together for face-to-face activities, though many have been apprehensive to do so.

Thanks to almost all colleagues, residents and members taking up the vaccinations and booster, senior colleagues and those who support our homes and schemes were also able to visit once more, and hear first hand about people's experiences throughout the pandemic and how they were faring.

We have all continued to face very real challenges throughout the year. Recovering our occupancy, homes and schemes going into outbreak, workforce shortages, the need for reform of adult social care, accessing government grants and not being able to resume our usual community fundraising activities.

Being true to our roots in social justice, we launched our #FixCareForAll campaign with five key asks, including the need for urgent reform of the adult social care sector, investment in the care workforce and a long-term funding solution.

Some of our calls were partially met. In September 2021, the Government announced an additional £5.4 billion for health and social care reforms, funded through a rise in National Insurance contributions. However, this amount falls far short of the estimated billions needed by the sector just in order to stand still. Additionally, the money won't start to flow to social care for a few years, as it is promised first to the NHS.

After years of successive governments promising – and failing – to publish proposals to reform social care, the current Government announced its plans in the White Paper *People at the heart of care*, which sets out a ten-year plan for reform.

There is much to welcome in the White Paper on social care reform, as it recognises the need for change, including its focus on the potential for technology to support people, their aspirations and how it can transform care for all. However, while it sets out a longer-term plan for reform, it failed to recognise the immediate issues facing the sector, such as the staffing crisis which became acute for MHA and others during the winter months. Unfortunately, a number of our care homes had to close to new residents for a few weeks so that we were still able to provide quality care safely.

Staffing was also impacted after the Government announced care home workers needed to be double vaccinated against Covid by law. Sadly a number of colleagues left our employment before the November 2021 deadline, adding to pressures on remaining colleagues and on MHA more broadly.

Our care homes and retirement living schemes continued to rate highly in any inspections carried out. Currently,100% of our retirement living schemes are rated outstanding, good or equivalent (in Scotland and Wales), and 92% of our care homes.

People have continued to support MHA both financially and with their time. Through their generosity we have been able to continue to provide our life-enhancing services, such as chaplaincy and music therapy, as well as new initiatives such as helping people stay connected through Famileo, buying robotic pets and investing in Tiny Tablets. In addition, trusts and foundations have been generous in their support for MHA and have helped, for example, fund a minibus for MHA Communities Bradford, helping members to get out and about.

Work on increasing our profile through the media continued to gain momentum and we have responded to a number of national policy consultations throughout the year. Local Members of Parliament (MPs) have continued to visit our services, when possible, showing their support publicly for the work we do and making representations to Government ministers on our behalf.

But there is still much more to do and new challenges to rise to as we move into a new business year.

In line with other providers, increasing costs of energy and general price rises are starting to have an effect on finances and we have had to increase fees and charges more than we would have liked to in 2022/23 to accommodate these. In addition, many of the Government funds we relied on over the past two years are ending, placing increased pressures on us.

However, we are confident that with our refreshed OneMHA strategy and our constant vigilance on cost-effective spending we will come through this next year and be ready to celebrate MHA's 80th anniversary in 2023 with renewed confidence.

James Reilly, *Chair*
Sam Monaghan, *Chief Executive*

James Reilly

Sam Monaghan

Strategic report

OneMHA – Our Strategy 2019/24 – Our Business Plan 2021/22

Our Mission, Values and Vision

Our Mission

To "enable people to live later life well" by inspiring the best care and wellbeing at every stage of later life.

Our Values

- We *respect* every person, treating them with dignity
- We *nurture* mind, body and spirit
- We *inspire* the best in each other

Our Vision

By 2024, we will have connected our communities, realising our potential as OneMHA, to increase the reach, impact and quality of care and support we provide to people in later life.

Our Strategic Objectives

MHA In Community

Connecting, developing and co-locating our services; working with partners to improve access to support, activities and local faith and intergenerational engagement; increasing quality, effectiveness and efficiency through greater collaboration; and widening our influence locally, including the potential for increased volunteering and fundraising.

MHA Enhancing Later Life

Encouraging the development and sharing of new ways of working and new models of care and support; better evidencing the impact of our services such as chaplaincy and music therapy to improve delivery and more broadly influence and benefit all older people; and enhancing the quality and consistency of dementia, end-of-life care and other practice developments through accreditation.

MHA Fit for the Future

Improving our infrastructure and processes and embracing digital technology to support increased quality, effectiveness, efficiency and financial and service planning.

MHA People

Attracting, developing and retaining the right people to build and enhance our mix of experience and skills; maximising their ongoing potential through professional, personal and career development within a collaborative, supportive and inclusive culture.

Our Focus: Business Plan 2021/22

Covid-19 Management

Managing the ongoing day-to-day implications of Covid-19, including testing, vaccinations, visiting, PPE and supporting our people.

Covid-19 Recovery Programme

Rebuilding and reimagining our care and support services; ensuring MHA's financial resilience; and sustaining and developing our people. The programme will comprise eight objectives, some drawn from our existing strategy work streams:

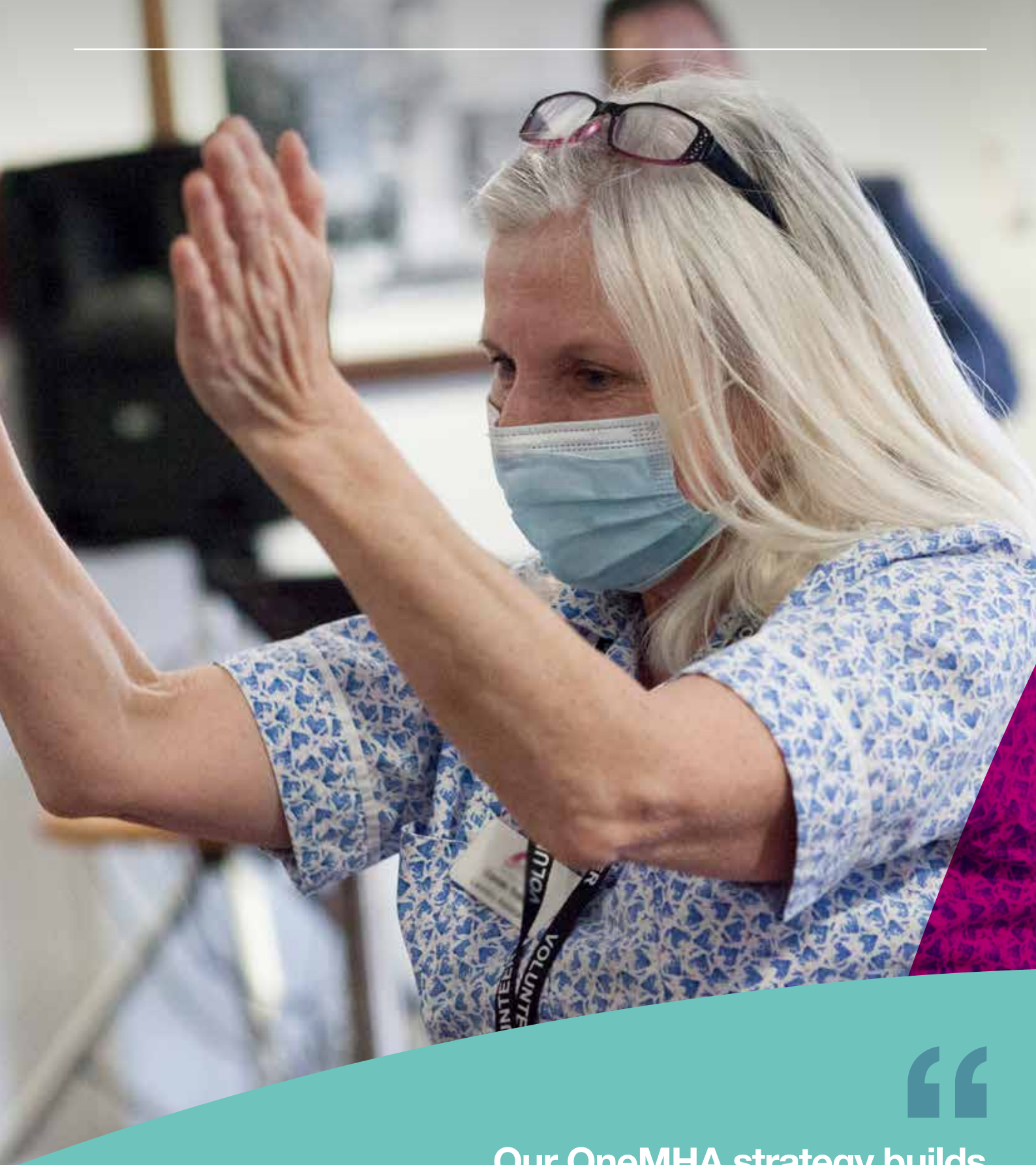
- Occupancy recovery
- Deliver our refreshed People offer
- Refine our Retirement Living offer
- Develop our MHA Communities offer
- Innovation, research and technology
- Increase the effectiveness and efficiency of central support services
- Sustainable property and services
- Sector reform

MHA was founded in 1943 by the Methodist Church, as an expression of the church's mission to care for and support those who are particularly vulnerable and in need, whatever their faith or background. Today we serve 19,212 older people across our 89 care homes, 70 retirement living communities and 50 MHA Communities hubs (formerly known as Live at Home Schemes), supported by 6,509 staff and 3,200 volunteers. Our founders can be proud of MHA's work today as we prepare to mark our 80th anniversary in 2023.

MHA includes the subsidiaries MHA Auchlochan, our retirement living village in Scotland, and Methodist Homes Housing Association Ltd, our registered social landlord which provides rented accommodation at social rent.

Our mission, vision and values hold steady and guide all we do. Our strategy for 2019-2024 details our objectives for the next few years. During 2021/22 we confirmed our focus on Covid-19 Management and recovery, detailing how we would rebuild following the pandemic.

Our OneMHA Strategy builds on MHA's history in serving the needs of older people. It brings together our operational activities, connecting care homes, retirement living and MHA Communities in regions for greater collaboration, knowledge exchange and a stronger local offering to communities.



Our OneMHA strategy builds on our history in serving the needs of older people.

Strategic objective 1

MHA
In Community

Connecting, developing and co-locating our services; working with partners to improve access to support, activities and local faith and inter-generational engagement; increasing quality, effectiveness and efficiency through greater collaboration; and widening our influence locally, including the potential for increased volunteering and fundraising.

Where MHA has services in a community, we want to make sure we work more collaboratively to make sure we are fulfilling our vision of enabling older people to live later life well.

Our 2021/22 objectives were to:

- develop a Collaborative Communities model
- develop a market-leading digital platform for older people
- increase the impact of our fundraising and volunteering charitable activities.

We want to make sure our care homes, retirement living schemes and MHA Communities hubs are all working as one towards our vision, caring for and supporting older people whatever their level of need.

And where we don't have a presence in a community, we will look at how we develop closer working relationships with our closest homes, schemes and partners, such as local authorities.

Sadly, the pandemic forced us to delay the launch of our first Collaborative Communities project. We plan to use the former day centre at MHA Hafan Y Haun care home in Aberystwyth, Wales, to provide community-based activities for older people. Despite the delays, the project is now well underway, with the launch set for spring 2022.

Following on from a year of lockdowns and reduced services for our communities of older people, MHA's homes and schemes have started to move towards a new normal. Our care homes and retirement living schemes started to welcome visitors and MHA Communities restarted face-to-face meetings.

When face-to-face MHA Communities meetings weren't possible, we saw a decline in the wellbeing of our members. This led us to quickly develop Digital Communities, a virtual community created for people aged 55 and over. Our online community is designed to support people feeling isolated or lonely within their own home through a variety of activities promoting social inclusion. Activities include arts and crafts, and advice around looking after your health and wellbeing as you get older.

A great deal of MHA's work could not be done if it was not for the support of our amazing volunteers. Over 900 volunteers were placed this financial year, bringing our total number of volunteers to 3,200.

Number of members supported

11,662

Number of members that have joined our schemes

1,448

Number of service delivery locations

175

Total number of groups, clubs, activities and classes

10,620

71%

of members felt less lonely and isolated

84%

of volunteers felt they had been able to make a difference through their volunteering

6,000+

views on YouTube alone and featured in the social media feeds of more than 47,000 people

Over the past year, the team has created more than 300 pieces of video content, totalling over 200 hours. We have had over 6,000 views on YouTube alone and featured in the social media feeds of more than 47,000 people.

Over in MHA Communities North Staffordshire, we carried out an evaluation of the Better Together project with a local charity Father Hudson's Care, which aims to expand services for older people in the area. This showed 71% of members felt less lonely and isolated and 22 new social groups had been set up during the project. Additionally, 84% of volunteers felt they had been able to make a difference through their volunteering.

Our volunteers

A great deal of MHA's work relies on the support of our amazing volunteers. Many of our volunteers helped schemes to provide contact and practical support for older people when they needed it most, particularly in times of lockdown.

MHA's newly created Central Volunteering Team is now working within specific geographic areas across all MHA sites. In addition, we are developing a revised volunteering strategy for implementation early next year.

Thanks to the hard work of volunteer Marilyn Bowles, the gardens at MHA Aigburth care home in Leicester were awarded a Royal Horticultural Society (RHS) It's Your Neighbourhood scheme outstanding award. Marilyn has been volunteering at the home for several years and not only tends the garden in all weathers but also raises funds for new plants and has started a gardening club for residents.

In an effort to bring everyone from all areas of MHA together, we introduced quarterly themed weeks, including Pie Week, Gardening Week, Harvest Week and a month-long celebration for Advent. The events have been a smash hit, with residents, members and colleagues thinking of inventive ways to have fun. These were additional to the celebrations homes and schemes already hold to mark significant birthdays and anniversaries, Mother's Day, Easter, Eid, Diwali and a host of other events.

CASE STUDY

MHA Communities in West Yorkshire

MHA runs its Communities services in eight areas within West Yorkshire, including Bradford, Huddersfield, Wakefield and parts of Leeds, supporting more than 4,500 older people. Additionally, family members, carers and volunteers also benefit indirectly from services in these areas.

In each locality a wide range of services and activities are delivered from community hubs. A snapshot of activities include pub lunches, day trips, holidays, shopping, exercise, yoga and dance classes, singing groups, arts and craft groups, walking groups, book clubs, chess clubs, photography clubs, gardening groups, movie clubs, bereavement groups, men's groups, dementia cafés, reminiscence groups, intergenerational groups and telephone and face-to-face befriending.

To look at the impact MHA Communities has, we commissioned an independent Social Return on Investment (SROI) evaluation to measure the full social, economic and environmental impact of activities, including the ones that have no direct monetary value.

The research found that MHA Communities is creating a significant social value of £6.19 for every pound of investment and that almost half of the value, almost £4.3m (47%), is created for the public purse. The ratio of return for statutory funders is £6.37 for every £1 invested.

> **My family have commented on how much happier I have been with doing things for myself again.**

> **During Covid it was a wonderful boost to receive a phone call or a surprise pack of puzzles etc. Those kept me from feeling too isolated.**

> **Being members and part of this group has encouraged us to be part of things again following the isolation of the past two years.**

> **Before finding MHA I was depressed, lonely and only went shopping once a week; now I am out all the time. I love being a member.**

For our members, the research showed:

- The vast majority of members (95%) reported feeling more connected to their community, and having an increased social network
- Almost all respondents (96%) reported an improvement in their mental health as a result of being a member of MHA Communities
- 90% of members reported that their membership had a positive impact on their physical health
- For 88% of members, being part of MHA Communities gave them a greater sense of purpose and motivation.

For volunteers, the research found:

- 96% saw an increase in their confidence as a result of volunteering for MHA Communities
- 95% of volunteers reported volunteering meant that they were able to contribute more to their community
- 95% volunteers felt more valued as a result of their volunteering role
- Over two-thirds (69%) of volunteers reported that they had learned new skills or gained knowledge as a result of volunteering for MHA Communities.

> **“As I live some distance away from my dad who is vulnerable to social isolation and depression, the support and suggestions I have received from MHA have really helped him to have more contact with others, as well as the groups he attends also being a welfare check. I know that I would be contacted by the team if there was a problem.”**

> **“I have learnt about the different cultures in our group and learnt about respecting their cultures.”**

97%

members found MHA Communities helped reduce their loneliness and isolation

95%

volunteers said volunteering had a positive impact on their mental health

89%

members reported their confidence had increased

Strategic objective 2

MHA
Enhancing
Later Life

Encouraging the development and sharing of new ways of working and new models of care and support; better evidencing the impact of our services such as chaplaincy and music therapy to improve delivery and more broadly influence and benefit all older people; and enhancing the quality and consistency of dementia, end-of-life care and other practice developments through accreditation.

The second focus area of our strategy was to support the continuing creativity of our people, by bringing forward innovations which further enhance the lives of those we care for and support.

We also want to engage more with the people using our services, continue to empower and encourage innovation across MHA, broaden and evidence the impact of musical therapy and chaplaincy services and evidence our competence in dementia and end-of-life care.

Our objectives were to:

- launch our #FixCareForAll campaign
- enrich later life through the delivery of our specialist strategies and
- nurture a culture of innovation.

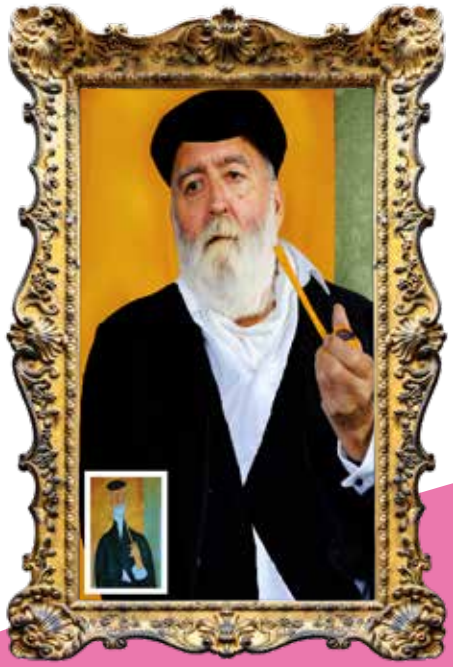
MHA has always been at the forefront of innovation in fields such as music therapy, and is continually looking to see how it can bring in new ideas and products to help its residents and members live later life well.

In a first for any care provider in the UK, we created the role of Digital Chaplain. Eleanor Puttock has been creating digital content so that older people can still engage with their faith and connect with their community when they are at home.

MHA residents went viral at the start of 2022 when an art and crafts fundraising activity at MHA Brookfield care home found worldwide fame. Colleagues created a calendar for 2022, with the help of residents, who featured in different months of the year. The residents dressed up and replicated famous paintings from across the centuries. The pictures were taken and edited by Rebecca Phillipson, one of the home's volunteers. People from all over the world bought a calendar and helped them raise £1,600 for the home.

Barbara – this is a take on Alfred Eberling's Portrait of Ballerina Tamara Karsavina

Win and Bob – this is a take on American Gothic by Grant Wood



Dave – this is taken from Man with Pipe by Modigliani

Anica – this is taken from Young Woman with Bird by Tschaggeny

This year MHA also launched Famileo, a weekly digital gazette that friends and family can populate with stories and photos, before colleagues print and deliver the personalised newsletter to residents. The idea for Famileo came from activity coordinator Amy Clearly at MHA Coed Craig care home in Wales. It has since received full funding via our Innovation Fund and has been rolled out to care homes across MHA. By the end of the year, 74 homes were using Famileo with 5,112 families using it to keep connected and almost 21,000 newsletters published.

Across our dementia care homes and retirement living schemes, we invested in more robotic cats and dogs to help our residents and to bring moments of calm and companionship to people living with dementia. Our residents love to sit with the pets on their lap, stroking them and talking to them and the pets respond, just as a real pet would. They can also evoke memories of past pets, encouraging connection and conversation.

This year also saw the launch of several new MHA strategies which aim to enrich the lives of older people. Our emerging Green Care Strategy was born from the success of the restoration of The Wilderness, a seven-acre historic garden at the rear of MHA Hall Grange care home in Croydon, which has been renovated for the benefit of the wider community, as well as residents. Several green care activities were born from the project and adopted by our homes and schemes across the UK.

MHA has always been at the forefront of music therapy and has used its holistic approach in its care and support for older people. This year we launched our Music Strategy which sets out commitments on how the use of music enables residents and members to live later life well, as well as how music can play a key role for family members and colleagues.

As part of the strategy, we partnered with keyboard makers Casio and Music For Dementia for the *Light Up My Life* research campaign which aimed to evaluate the impact of music on people living with dementia. As part of this research project, Casio sent 50 light-up keyboards to MHA dementia care homes. The keyboards are being used to engage with residents living with dementia for improved music participation. As well as receiving the musical instruments, carers and music therapists were given training on easy-to-follow piano lessons and musical activities, before delivering musical activities for the residents and recording experiences and sharing feedback during a 12-week period.

In line with our commitment to enhancing later life and as a result of collaboration with residents and their families, we have refreshed our End-of-life Strategy, setting out four commitments that will allow us to provide the best possible end-of-life care and support. At the heart of the refresh is a focus on training our colleagues to have conversations about end-of-life with older people, encouraging an open atmosphere around the topic of death and supporting relatives before, during and after end-of-life care.

34
music therapists covering 65 homes

5,653
music therapy one-to-one sessions delivered

2,194
group music therapy sessions

2,952
residents attending group music therapy sessions

CASE STUDY

#FixCareForAll campaign

Over the last 20 years the adult social care sector has felt the brunt of many broken promises. There have been Green Papers, White Papers, commissions, reviews – yet still the system remains broken.

To combat this, MHA launched its first-ever national influencing campaign called #FixCareForAll in May 2021.

The campaign has five asks:

1. A new social care system must be fully resourced with a fair price for care
2. A national workforce strategy that values our people
3. Transparency and accountability, delivered through financial regulation
4. Care which is co-produced and co-designed by older people and the sector
5. Seamless pathways and collaboration between health and social care.

As a result of the campaign, ten MPs contacted MHA to support the campaign, by raising questions in Parliament, giving supportive comments and visiting services in their area.

A massive 100 local and regional newspapers printed an open letter from MHA CEO Sam Monaghan asking them to support the campaign, which also received coverage on the BBC.

Our joint letter calling for reform to the Secretary of State for Health and Social Care, the Chancellor and the Home Secretary was signed not just by MHA but by other leading not-for-profit care providers Sanctuary Group, Anchor Hanover, Orders of St John Care Trust and the National Care Forum.

To find out more about #FixCareForAll please visit **www.FixCareForAll.co.uk**

91%

of care home residents satisfied with their home

84%

of residents satisfied with their retirement living scheme as a place to live

510

care packages delivered each month to retirement living residents

Strategic objective 3

MHA
Fit for
the Future

Improving our infrastructure and processes and embracing digital technology to support increased quality, effectiveness, efficiency and financial and service planning.

The work under this objective is very much internally focused on enabling MHA to strengthen its infrastructure with investment in systems and processes. This is needed to make sure we can operate effectively, efficiently and with assurance for the organisation.

Our objectives were to:

- create a fit-for-purpose IT, data and digital capability
- deliver a financially, operationally and environmentally sustainable organisation
- reinvigorate our approach to continuous improvement.

We worked with an independent IT consultancy to develop a strategic IT programme for the charity. We have now agreed the outputs and priorities of the programme so we can make sure MHA has a fit-for-purpose IT, data and digital capability.

This work has laid the way for MHA to launch the improvement programme in early 2022/23. Within this, progress is already being made on defining our data knowledge management and governance model. Progress is also being made on the development of an MHA data warehouse capability.

In addition to the work on our IT infrastructure, we also started the development of a long-term financial plan and funding strategy during 2021/22 to ensure MHA's ongoing long-term organisational resilience.

This work will continue into 2022/23 when MHA's Board will consider the strategy.

Our approach to the environmental, social and governance policy (ESG) progressed during the year with the aim that the policy will be launched during 2022/23.

The reinvigoration of MHA's approach to continuous improvement was paused during the year while we continued to deal with the ongoing impact of Covid-19 on the organisation. This will be carried forward in to 2022/23.

Strategic objective 4

MHA
People

Attracting, developing and retaining the right people to build and enhance our mix of experience and skills; maximising their ongoing potential through professional, personal and career development within a collaborative, supportive and inclusive culture.

The fourth focus of our strategy is to attract, develop and retain the right leaders, colleagues and volunteers to build and enhance MHA's work.

Our objectives for 2021/22 were to:

- attract the right people with the right skills at the right time
- foster an empowering and inclusive culture to support and deliver high-quality services
- inspire and support people to fulfil their potential.

We continued to pay the Real Living Wage for all roles and all were given a 1% minimum increase in 2020/21.

To support recruitment and retention we also further increased the salary of the following roles:

- all senior care assistant roles by 3%
- all nurse roles by 3%
- cooks and chefs by 2%
- care assistants, activity coordinators and community programme so-coordinators by 1.5% to maintain some differential between roles.

In 2022/23 we are applying a 5% rise for all roles as it has never been so important that we look after our colleagues, especially as they have worked so hard to look after our residents and members.

MHA's investment in the wellbeing of our colleagues has continued this year. Everyone working for MHA continues to have access to free counselling and support through our Care First programme, as well as access to other benefits, including discounts with retailers.

Like the rest of the care sector, MHA has struggled with recruitment. To address this, we reinvigorated our recruitment process, with new IT systems designed to make listing jobs and the recruitment process easier as well as campaigns aimed at specific groups, such as colleagues who work nights. We also ran a series of virtual recruitment events where we were able to interview potential colleagues online and worked with recruitment website Indeed to introduce one-click applications making it easier for potential employees.

132
family and friends attended MHA dementia training

Despite all of this work, recruitment in the care sector remains challenging and we are continuing to monitor our vacancies closely, as well as raising the issue with Government.

2021 saw the triumphant return of the MHA OSCARS Awards (Outstanding Service, Contribution and Recognition). Colleagues and residents are asked to nominate someone who has gone above and beyond expectations in one of several award categories. Altogether we had 14 fantastic winners who each received a trophy, certificate and gift voucher.

We also hosted a virtual Managers Conference in November to help inspire managers from across MHA. Our Chief Executive and ELT gave updates on our strategy, discussed a number of areas as a whole management team, and started to look forward to 2022/23.

At every point in the organisation, MHA is fully committed to the principles of equality, diversity and inclusion (EDI). Our EDI Strategy is underpinned by three values:

- MHA will embrace the diversity of our colleagues, volunteers, residents, service users, visitors and everyone associated with MHA to create a harmonious environment, accessible to all, reflective of the communities in which we work, where people are comfortable to be themselves and realise their full potential
- MHA will challenge inequality in all its forms and will promote dignity, respect and understanding within MHA and our wider community
- MHA will attract, select and retain a talented and diverse range of people to work at MHA and we value the contribution made by everyone.

We have dedicated colleague networks that drive EDI progress across MHA. They inform us about relevant issues and work to generate ideas and initiatives that promote diversity and inclusion. They also organise a series of events and awareness-raising sessions for colleagues which have included Black History Month, Race Equality Week, and Pride.

CASE STUDY

Our OSCAR Awards recognise those within our organisation who have gone above and beyond in their dedication and service to older people.

The winner of this year's Volunteer of the Year award was Shaun Walsh. Shaun joined MHA Communities Huddersfield as a volunteer driver during the earliest days of the pandemic. Shaun quickly took on more tasks including befriending members and helping them with their day-to-day needs, leading walking and curling clubs and doing training so that he could help with the day-to-day running of the service.

His nomination read "Shaun is truly a part of the team, liked by all, and it would be great if he could get more recognition for what he has done as it's not just one example where he has gone above and beyond it is countless examples. Shaun does anything asked of him without hesitation and with a smile on his face".

Our MHA Communities services were hit hard by the pandemic, with all face-to-face sessions cancelled. Without volunteers like Shaun, members' mental and physical health would have declined during the pandemic.

Strategic focus: Covid-19 management and recovery

Covid-19 Management

Managing the ongoing day-to-day implications of Covid-19, including testing, vaccinations, visiting, PPE and supporting our people.

Covid-19 Recovery Programme

Rebuilding and reimagining our care and support services; ensuring MHA's financial resilience; and sustaining and developing our people. The programme will comprise eight objectives, some drawn from our existing strategy work steams:

- **Occupancy recovery**
- **Deliver our refreshed People offer**
- **Refine our Retirement Living offer**
- **Develop our MHA Communities offer**
- **Innovation, research and technology**
- **Increase the effectiveness and efficiency of central support services**
- **Sustainable property and services**
- **Sector reform**

While many of the strategic objectives relate to MHA's management of, and recovery from, Covid-19, it was felt a specific objective was needed to specifically address this area of work.

We continued to manage the effects of the pandemic, including outbreaks, testing, vaccinations, PPE and supporting our people through the Covid Management Group, which continued to meet at least weekly throughout 2021/22. In addition, the recruitment difficulties facing MHA in autumn and winter were managed by the Covid Management Group.

Like many providers, recruiting to care work positions had become a challenge over the past few years but the pandemic exacerbated an already difficult situation and pushed it into crisis. There was also the additional challenge of the Government's announcement that, by November 2021, all people working in care homes must have had two doses of the Covid-19 vaccination.

Unfortunately, several colleagues left MHA as a result of the Government's Vaccination as Condition of Deployment (VCOD) policy, putting strain on an already stretched workforce. Plans announced by the Government to expand VCOD to the NHS and all those working in social care, were announced but then dropped for all in February 2022.

It does, however, remain the policy of MHA that new starters should be vaccinated against Covid-19.

Lobbying on the staffing crisis by MHA and by our membership body the National Care Forum, meant the Government recognised the situation and embarked on a national care recruitment campaign. Despite this and a push on recruitment by MHA, the situation remains incredibly difficult and Government action to improve the salaries of those working across adult social care needs to be a part of the reform programme. MHA will continue to push for local authorities to be able to fund care at a level that means we can pay our colleagues what they deserve.

Our care homes' occupancy levels had slowly started to recover during the first half of the year but rising cases due to the Omicron variant during early winter meant many once again had to close their doors to new residents due to infection outbreaks.

Guidance on visiting was gradually eased and, barring outbreaks, residents were able to have more meaningful visits as the year progressed. It meant that many families were able to once again see each other over significant dates, such as Christmas and Mothers' Day.

By the end of 2021/22, care home occupancy had once again started to improve and is expected to continue the upward trajectory into the next year.

Pre-pandemic volunteering levels in our care homes were impressive and stable but Covid-19 has had a significant impact on these levels. Many care home volunteers were unable to continue their volunteering as it became challenging for homes to accommodate them whilst trying to implement strict infection controls.

Financial pressures due to the pandemic forced us to consider the viability of some of our homes and schemes, and our Board made the difficult decision to transfer the management of MHA Mickle Hill retirement living schemes to our on-site partner, Rangeford, and to sadly close our MHA Richmond care home in Bexhill-on-Sea. The majority of residents and staff at MHA Richmond will be transferring to our nearby MHA Lauriston care home in St Leonards-on-Sea.

Our public affairs work

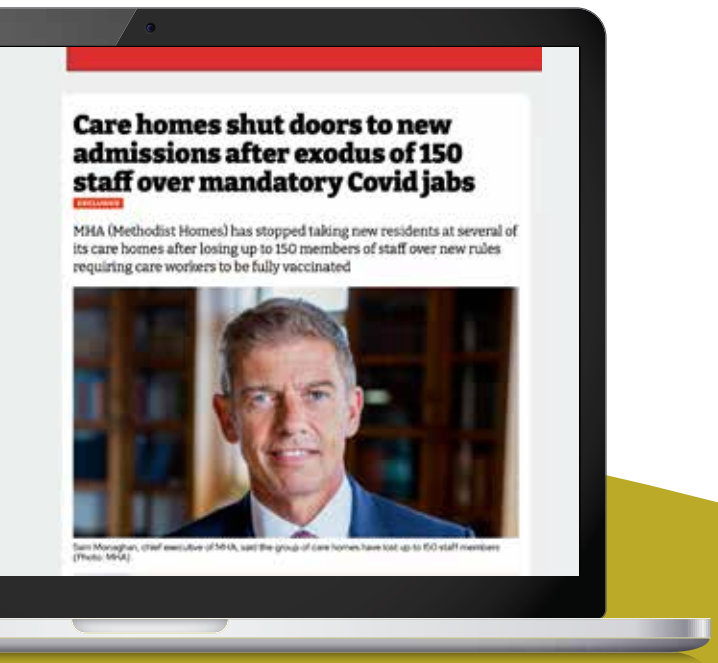
Our work in keeping MHA in the spotlight and influencing policies that affect social care continued throughout 2021/22.

The media continued to turn to MHA as a trusted spokesperson for the care sector. Our Chief Executive Sam Monaghan continued to feature in interviews for programmes such as BBC Radio 4's flagship *Today* programme and LBC's drivetime show with Eddie Mair.

Early on in the year, we received the news that the 2020 BBC Two *Newsnight* programme that had featured MHA, looking at the early days of the pandemic and its effect on care homes, had been nominated for a BAFTA award.

The crisis in social care on issues such as staffing and future funding were among the areas MHA highlighted through the media and its lobbying work. ITV's prime time current affairs programme *Tonight* took a look at these areas and featured an interview with Sam Monaghan which was shot at our MHA Mapplewell Manor care home.

We were able to welcome local MPs back to visit their homes and schemes. We met with several MPs through visits and meetings and exchanged correspondence and briefings with many other parliamentarians, helping to share our thoughts and views on a number of areas.



One such visit was from former Vaccines Minister Nadhim Zahawi who went along to MHA Cedar Lodge care home in his constituency.

It wasn't just with elected officials that we interacted with in Government. We established direct connections and working relationships with officials in the Department of Health and Social Care (DHSC) and HM Treasury. This meant we were able to talk directly to people helping shape Government policy about Covid testing, the care workforce and the Fair Cost of Care initiative.

We continued to be active contributors to the All Party Parliamentary Group (APPG) for Adult Social Care. As part of that work, we were able to contribute to their *'A vision for social care'* paper and use the group as an avenue for submitting parliamentary questions on issues facing MHA and the social care sector.

Our first round-table event was held to look at the future of social care and focused on speaking with Conservative Party MPs alongside sector leaders.

We developed policy briefings notes on social care reform and Health and Social Care Levy, Fair Cost of Care, the Integration and Health and Care Bill, People at the Heart of Care – White Paper all aimed at helping MHA navigate key policy changes.

We put forward a number of submissions to Government consultations and reports, including the Comprehensive Spending Review, the Public Accounts Committee on adult social care markets, mandatory vaccinations for care home staff consultation, the Archbishops' Commission on Reimagining Care, the Health and Social Care Select Committee Inquiry into Workforce recruitment and training and retention in health and social care. These submissions give MHA a voice on issues affecting the social care sector and to help influence future policy.

1,642
media articles mentioning MHA

185 million
people saw or heard broadcast items featuring MHA

Fundraising at MHA

During 2021/22 the majority of our key fundraising objectives were met:

- Net income from fundraising, raised centrally and into local services, exceeded our income target
- The move to legitimate interest as our basis of communication was completed
- The focus of making our fundraising processes more efficient delivered the desired efficiencies.

The only key objective that was not achieved was the development of an acquisition strategy, which was delayed into 2022/23.

Fundraising at MHA helps older people live later life well by specifically supporting the provision of our charitable endeavours such as MHA Communities, chaplaincy and music therapy.

All fundraising activities at MHA are undertaken directly by the charity, with no external party acting on our behalf. No material expenditure was incurred to raise income in the future.

MHA is signed up to the Fundraising Regulators Code of Practice and pays the levy to the regulator. We continue to undertake awareness activities to increase the profile of the code among colleagues outside the fundraising team. There were no failures or breaches of the code at MHA in 2021/22.

MHA received two complaints about fundraising in 2021/22 both of which concerned thank you letters not being received in a timely manner. The fundraising team have identified this as an area to improve upon in 2022/23.

We have a commitment to supporting vulnerable people in our fundraising and have established a fundraising for vulnerable people policy, in 2021/22 we piloted training to support this policy which will be rolled out across MHA in 2022/23.

£5,000

raised by runners taking part in the 40th Great North Run

£2,015

raised to support the continued provision of our Famileo family gazette

Fundraising at MHA includes the following key activities:

Philanthropic support

We are fortunate to be supported by several trusts, foundations and companies who choose to support us through grants and gifts of varying sizes. These primarily support our MHA Communities schemes.

We have received specific funding for a selection of projects including providing specific support to clinically vulnerable people, buying computer equipment for members, and delivering wellbeing bags to members' homes.

Legacies

MHA continues to receive significant income from generous gifts given by people in their wills. We are always grateful to people who remember MHA in this special way, whatever the size of the gift.

Digital

The engagement of digital supporters has continued this year, with Facebook fundraisers being particularly successful for specific requests and appeals. These appeals allowed us to support specific products in care homes such as the continued provision of the Famileo family gazette, and the purchase of dementia dolls and robotic pets.

Stewardship

In spring 2021 we completed our move to legitimate interest from consent as our basis of communication for post and phone with our supporters. These changes allow us to better communicate with our supporters in the way they expect a charity to, enabling us to inspire those interested in our work with the impact we have on people in later life.

Community

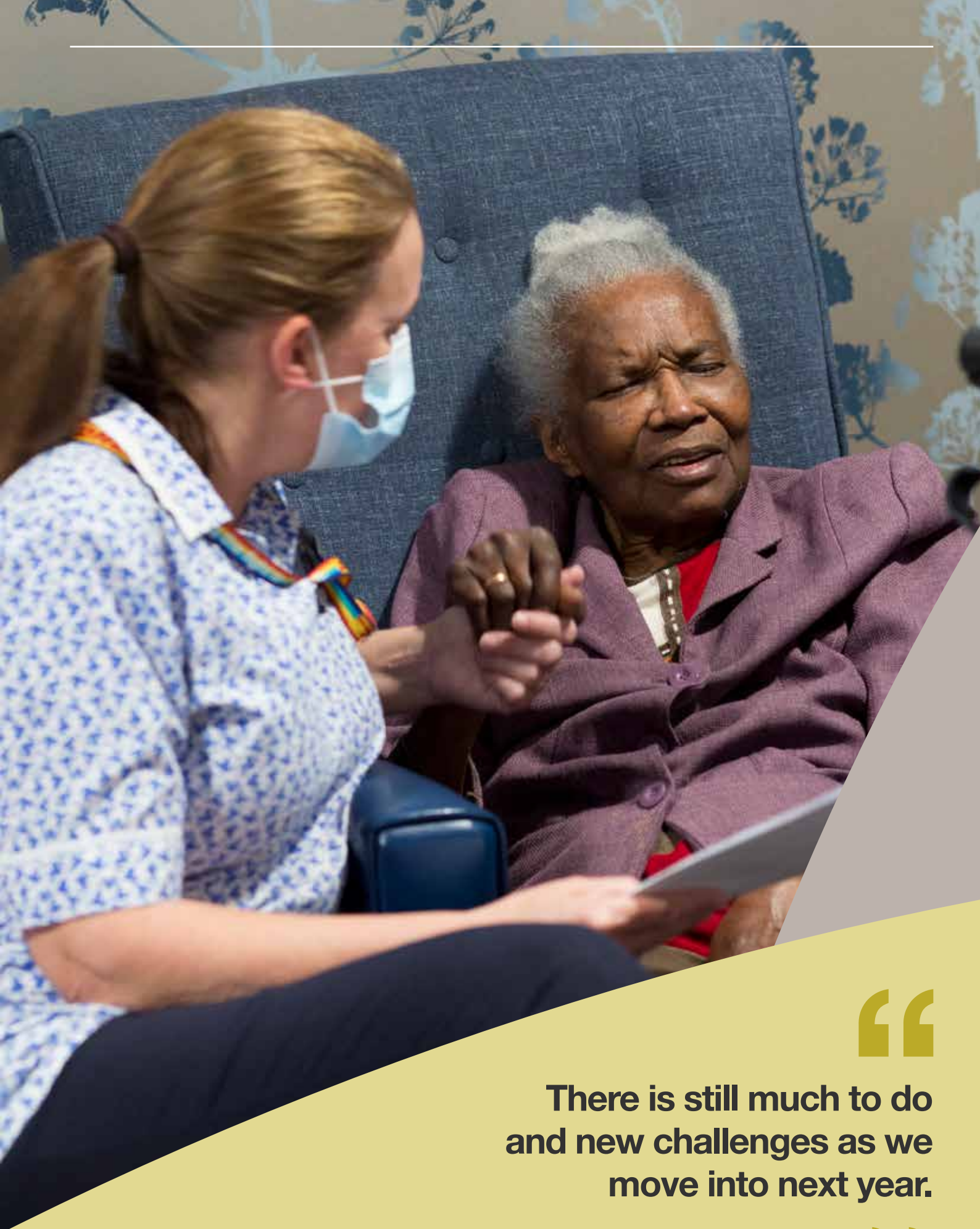
Fundraising events by supporters started again during the year, albeit on a smaller scale than before the pandemic.

MHA Sunday, an annual event where MHA encourage churches across Britain to hold a service to raise awareness of MHA and pray for those in later life recommenced after the pandemic; we are anticipating churches to return to more familiar worship patterns in 2022 and include MHA Sunday in their plans.

In March 2021 we launched a new fundraising event – the Communi-tea party where we encourage supporters to host an afternoon tea party for friends and family to raise money for our services.

MHA offers our heartfelt thanks to the following trusts and organisations which have supported our work in helping people live later life well in the past year.

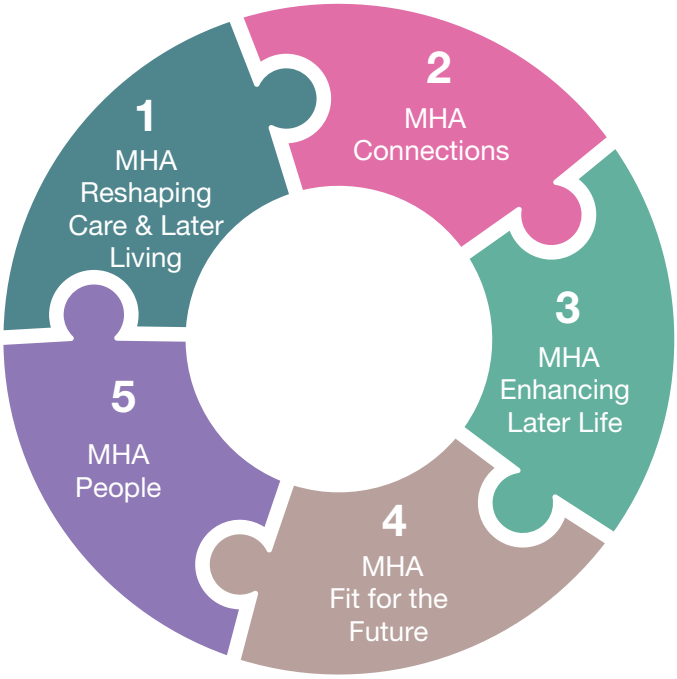
Age UK Teesside
Allen Lane Foundation
Arnold Clark Community Fund
Asda Foundation
Barratt and David Wilson Community Fund
Birmingham City Council
Bryan and June Amos Foundation
Burntwood Town Council
Catherine Cookson Charitable Trust
Central England Co-operative Limited
Chapman Charitable Trust
Christopher Rowbotham Charitable Trust
City Health Care Partnership
CIC Foundation
City of Bradford Metropolitan District Council
Community First
Community Foundation for Surrey
Community Foundation, Tyne & Wear and Northumberland
Co-op Local Community Fund
Cornwall Community Foundation
Doncaster Council
Durham County Council
East Hampshire District Council
Eastleigh Borough Council
Ecclesiastical Insurance plc
Edward Jackson (Engineer) Limited
Enfield Council
Garfield Weston Foundation
Gateshead Council
Good Things Foundation
Groundwork Trusts
Hampshire and Isle of Wight Community Foundation
Hampshire County Council
Hart District Council
Heart of England Community Foundation
Hobson Charity
Huddersfield Common Good Trust
Hull City Council
IDC LTD
Inspiring Change Leeds
Jessie Spencer Trust
Joseph and Annie Cattle Trust
Joseph Strong Frazer Trust
JRT Insurance
Kirklees Metropolitan Borough Council
Leaders of Worship and Preachers Trust
Leeds City Council
Leeds Community Foundation
Leeds Older People's Forum
Leonard Laity Stoate Charitable Trust
Localgiving
London Borough of Hillingdon
Marjory Boddy Charitable Trust
Midcounties Co-operative
Middlesbrough Council
Millichope Foundation
National Lottery Community Fund
Neighbourly
NHS Cheshire Clinical Commissioning Group
NHS Hampshire, Southampton & Isle of Wight CCG
North Bank Forum For Voluntary Organisations Limited
Nottinghamshire County Council
One Community Foundation Limited
Pargiter Trust
People's Health Trust
Persimmon Charitable Foundation – Community champions
Pilkington Charities Fund
Radian
Renray Healthcare
Roger & Douglas Turner Charitable Trust CIO
Rosepark Trust
Sandwell Council of Voluntary Organisations
Screwfix Foundation
Sheffield Church Burgesses Trust
Sheffield City Council
Sheffield Town Trust
Shepton Mallet Town Council
Sir James Reckitt Charity
Somerset Activity and Sports Partnership
Somerset Community Foundation
South Swindon Parish Council
Southampton City Council
Southampton Voluntary Services
Southern Co-op
Sovereign Housing Association Limited
Staffordshire County Council
The Hadfield Charitable Trust
The Jones 1986 Charitable Trust
The Richard Kirkman Trust
Thomas Roberts Trust
Together Active Staffordshire and Stoke-on-Trent
Touchnote
Toyota Charitable Trust (TMUK Charitable Trust)
W E Dunn Trust
Wakefield Metropolitan District Council
Walter Guinness Charitable Trust
Welsh Water
Winchester City Council
Windmill Community Transport LTD
Wisdom Factory CIC
Wixamtree Trust
Yorkshire Building Society Charitable Foundation
Yorkshire Sport Foundation
Zurich Community Trust (UK) Limited



There is still much to do and new challenges as we move into next year.

Looking forward

OneMHA Strategy 2022-2025



We are now over half way through our five-year OneMHA strategy, launched before the pandemic in 2019.

At the end of 2019/20, we identified that we needed to adjust our strategy to have a specific focus during the coming year on Covid-19 management and recovery. Likewise, as we entered autumn 2021, it became clear that we needed to reflect the changed landscape of a post-pandemic world in our strategic objectives. This was to make sure we recovered from the toll of the pandemic on our people and the charity as a whole, and to ready MHA for the future in terms of the range of services we deliver and our organisational capability to do this effectively.

Our refreshed strategy for 2022 to 2025 continues to build on what we have achieved and learnt in establishing, running and ensuring the quality of our homes and schemes across the country. It recognises what we can achieve when we work collaboratively as OneMHA to fulfil our mission of helping people live later life well. It is about us working together collaboratively to make sure this happens for the benefit of everyone.

We also now find ourselves in a much changed societal and political landscape with adult social care and its potential reform more keenly in the public gaze, prioritised through the Government's

Key activities by Strategic Objective to 2025

Objective 1

MHA Reshaping Care & Later Living

1. Define and deliver our future approach to care home provision and contacting for placements.
2. Define and deliver a blueprint model for our Housing with Care Schemes.
3. Develop our domiciliary care offer beyond housing with care schemes and into local communities.

Objective 2

MHA Connections

1. Deliver and roll out our collaborative communities operating model.
2. Develop and deliver a market-leading digital content platform and online community for older people.
3. Increase the impact of our fundraising and volunteering opportunities.

Objective 3

MHA Enhancing Later Life

1. Sustain and build our campaign to fix care for all.
2. Enrich later life through the delivery of our specialist strategies.
3. Nurture a culture of innovation.

White Papers *People at the Heart of Care* and *Integrated Care Systems*.

Our assessment is that the pandemic has not so much changed the direction of our initial strategy, but hastened the pace at which we need to further develop how we enable people to live later life well with the infrastructure that can best support that. Our ambition and areas of focus hold true, but some of the core objectives and activities under these need to be reprioritised or realigned to best enable us to face our new challenges.

The key changes in our refreshed strategy are:

- Our original first objective, focusing on all three service areas has now been separated into two – MHA Reshaping Care and Later Living, and MHA Connections. This has been done to make sure we have sufficient capacity to address the changing landscape regarding residential care and retirement living, whilst maintaining our focus on developing our digital offering and collaborative communities linking with our own and others' services.
- The strategy also reflects a reprioritising of objectives and activities integrating our Covid Recovery Plan, particularly addressing the social care staffing crisis and influencing the reform agenda and a fair price for care.

What is unchanged in this refreshed three-year strategy is our drive to enhance the quality of our work in partnership with our residents, their families, our members, colleagues and volunteers, our commitment to innovation and the additional services we are able to provide through our fundraising activity as well as the strength of working collaboratively as OneMHA.

Our key priorities for 2022/23 are:

- care home occupancy recovery
- define and deliver a blueprint model for our housing with care services
- create a fit-for-purpose IT, data and digital capability by delivering the remediation element of the strategic plan
- deliver and roll out the collaborative communities operating model
- deliver a long-term funding strategy
- deliver a property portfolio review
- foster improved retention of our colleagues

Objective 4

MHA Fit for the Future

1. Create a fit-for-purpose IT, data and digital capability.
2. Deliver a financially, operationally and environmentally sustainable organisation.
3. Reinvigorate our approach to continuous improvement.

Objective 5

MHA People

1. Attract the right people with the right skills at the right time.
2. Foster an empowering and inclusive culture to support and deliver high-quality services.
3. Inspire and support people to fulfil their potential.

Public benefit

The MHA Board of Trustees has due regard to the Charity Commission guidance on the public benefit requirement under the Charities Act 2011, in particular the requirement that public benefit can no longer be presumed but must be demonstrated. We are confident in our role as a charity delivering services to the public and meeting the Charity Commission's public benefit requirements now and into the future.

MHA's person-centred care recognises each older person as a unique individual and addresses their own spiritual and physical needs, with reassurance, care and support. Our services are open to everyone, with our care home residents being broadly split 56:44 (2020/21: 57:43) into those places which are fully self-funded and those that are partially or fully funded by the local authority or the NHS, and our commitment to social rent tenants in retirement living.

Our care homes, retirement living and MHA Communities schemes all support people to develop and practise faith and spirituality as it applies to them as individuals. Our work is inspired by the Christian faith, and we welcome people from all religions, beliefs and traditions. We encourage residents to maintain links with their own faiths and communities should they wish to do so. We celebrate religious festivals and events from all faiths throughout the year in our homes and schemes.

For many residents, MHA will provide them with their last home. Our chaplains have a particular role in helping residents and their relatives approach their final years, hopefully with a sense of acceptance, peace and fulfilment.

MHA aims to support and care for people living with dementia with understanding and expertise, and we are proud of our dementia strategy. We focus on the individual needs of our residents with our person-centred approach and make sure everyone is able to lead a fulfilled and satisfying life.

MHA has a robust supplier qualification process when tendering new opportunities and this is also applied to existing suppliers. MHA will exclude suppliers who are unwilling to adopt legal obligations and the ethical position MHA has.

Critical supply chains remain in a number of supply areas and we actively monitor suppliers in these. In addition, we are continually monitoring to make sure we get best value for money even during the current period of sustained price rises.

We continue to invest in robust technologies to support tendering, contract and supplier management and will use these technologies to help in our efforts to manage, educate and support our suppliers so that together we can drive out modern slavery from our supply chains.

MHA provides competitive pay which recognises and rewards dedication. The importance of caring for and supporting older people has never been greater and we value all those working to deliver this mission.

This respect drives out pay principles, fundamental to which is paying at least the Real Living Wage as a minimum for all within MHA since 2018 (and since 2016 for those delivering care). The cost of living, economic circumstances and the market for roles including benchmarking with the NHS and others within the sector and beyond, inform our thinking and decision to award a 5% increase in 2022/23.

Pay is determined as part of the budget process where overall affordability is a key consideration along with our principles of rewarding our colleagues whilst balancing affordability of fee and service charge increases to older people and ensuring our charity is sustainable in the future. Proposals are considered at ELT and Board and as part of our pay agreement with UNISON. All roles are included within this process: with the exception of ELT pay awards which are determined by the Nominations Committee, to avoid any conflict of interest, but within the context of the organisational award.

We also believe that all colleagues who worked so tirelessly throughout the pandemic and continue to deliver critical services to people in need, deserve greater recognition and reward. MHA continues to campaign on their behalf. We recognise that a fundamental shift in pay, conditions and career opportunities for all who work in care is required and we continue to lobby Government for a commitment to fair pay and terms and conditions for all who work in the care sector with fair fees from local authorities.

MHA is fully committed to equality. We pay men and women equally for the same role. Our gender pay data shows the difference in average pay between all men and women in the workforce. MHA's analysis is very positive with a small gap compared to the UK generally, and we remain committed to driving equality through our EDI strategy, polices and practices every day.

MHA's gender pay data in 2022

Across the organisation men were paid 1.7% more than women in 2022, using a median average calculation. Amongst our colleagues, 3% of men and 3.6% of women were paid bonuses, and on average (median), women at MHA were paid 62.5% more in bonuses than men.

MHA employs significantly more women than men, almost a 1:6 ratio which results in reasonably significant fluctuations in our gender pay data. We have a good record of commitment to equality and development of our people. This is augmented through four staff networks which help further awareness and inclusion in relation to gender, race, sexual orientation and disability. The networks host a variety of events and activities to raise awareness among colleagues of issues relating to race, gender, disability and sexual orientation.

The median pay gap figure is the most commonly used in relation to the gender pay gap. However, no single metric will capture the full picture of what is happening at an organisation, so it is useful to look at both.

	Gender pay gap (in favour of men)	**Gender bonus gap** (in favour of women)
Median	1.7%	-62.5%
Mean	5%	-29.8%

Financial Review

The Statement of Financial Activities for the year 2021-22 shows total incoming resources of £251,089,000 (which last year stood at £242,606,000 (restated)), a 3% increase on the previous financial year. This is largely a result of increased charitable activities within care homes where the previous year was more significantly impacted by Covid-19.

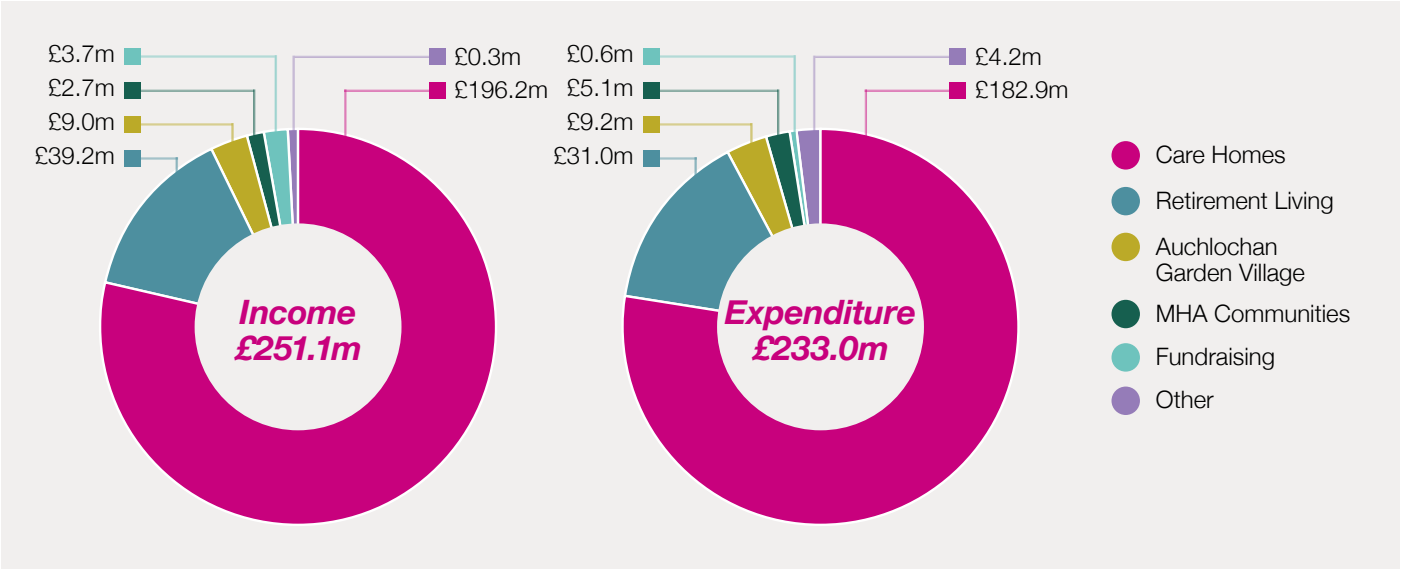
During the pandemic, despite our best efforts and with great regret, we experienced a reduction in the number of people living in our care homes, in line with the sector as a whole. We continued to experience slower occupancy recovery than anticipated in the second half of the year due to ongoing home closures as Covid-19 remained more prevalent in wider society. In addition, the impact of the social care staffing crisis meant we had on occasion to close homes to new admissions to make sure our existing residents were cared for safely. It will take time to build occupancy back to the levels we consistently achieved prior to the pandemic and this continues to be one of our strategic objectives this year.

These financial statements include the financial benefits of accessing Government and local authority funds made available to support the care sector as a result of Covid-19 mainly via the Infection Prevention Control Fund (ICF), the Rapid Testing Fund (RTF) and the Workforce Recruitment and Retention Fund (WRRF). A total of £11,659,000 (2021: £12,902,000) has been received during the financial year to support infection control, testing, visiting, staff absences due to Covid-19 and to support the recruitment and retention of the social care workforce. We have also benefited, to a far lesser extent, from £105,000 (2021: £2,286,000) from the furlough scheme and from the Government provision of free Protective Personal Equipment (PPE). These monies are accounted for within charitable income.

Key Performance Indicators for the group	**2021/22 Actual £'000**	2020/21 Actual £'000 (restated)
Total income	**251,089**	242,606
Operating costs excluding exceptional costs	**233,308**	231,725
Exceptional costs	**(309)**	5,670
Surplus for the year (after investment gains and losses)	**18,090**	5,211

Service users, capacity	**Number**	Number
Care Homes	**4,840**	4,840
Number of Retirement Living Properties	**2,710**	2,829
Community services members supported	**11,662**	11,587

Occupancy	**2021/22**	2020/21
Care Homes	**78%**	78%
Retirement Living	**90%**	90%
Cost of fundraising to voluntary income	**17%**	13%



2021/22 has been a difficult year for charities and the fundraising sector, which makes us even more grateful for the generous donations that we have received during the year of £3,734,000 (2021: £5,214,000) which have contributed towards:

- underpinning MHA Communities services
- providing chaplaincy services in our residential services
- providing music therapy in our dementia care services
- contributing towards the capital costs of our existing services.

Due to the increase in total incoming resources, careful cost management and often the inability to access homes and schemes to undertake non-essential maintenance works, access to Government and local authority funding, as well as the disposal of some properties, we have reached a surplus of £18,090,000 this year (2021: £5,211,000) which will be reinvested to support older people to live later life well. Operational performance has been adversely impacted by lower than pre-pandemic occupancy alongside exceptionally high staffing costs as a result of Covid-related sickness and absence exacerbated by the social care staffing crisis which has led to a shortage of nurses and care workers.

The net increase in funds of £21,247,000 (2021: £4,740,000) is added to the total balances brought forward of £324,985,000 (restated) which reflect non-cash items.

We are fortunate to have a strong balance sheet, as reflected in these statutory accounts. We have enough liquidity to support our activities for several months and, should we need more working capital, we have access to £25m of rolling credit facilities which have not yet been drawn on.

The Directors consider the market value at 31 March 2022 of the freehold and leasehold land and buildings to be in excess of the costs or valuation as stated in note 13 to the financial statements, based on independent valuations.

Exceptional items in the current year constitute an impairment of MHA Richmond care home in Bexhill-on-Sea, the closure of which was announced in February 2022 £1,311,000. Long-standing financial performance at Richmond alongside the overarching financial pressures led to the difficult decision to close the home; the majority of residents and staff at MHA Richmond are transferring to our nearby MHA Lauriston care home in St Leonards-on-Sea. The impairment of MHA Foxton Grange

care home was also partly reversed (£1,620,000) as the property is now being held for disposal after release of the restricted covenant, the part reversal of the original impairment brings the holding value of the site to its anticipated net realisable value.

Exceptional items in the previous year constitute costs relating to the full impairment of MHA Foxton Grange care home, which was closed in February 2021 £1,903,000; the impairment of the remaining assets of MHA Mickle Hill retirement living scheme £3,267,000 following the transfer of the management to our partners on-site, Rangeford; and a self-provision for insurance following the withdrawal of provision by insurers £500,000.

Reserves Policy

The Board of Directors has carried out their annual review of the minimum level of free reserves, which should be maintained within the Group which remains at a minimum of three months operational expenditure.

Our reserves policy seeks to make sure free reserves are maintained at a level that enables MHA to manage financial risk, allowing us to maintain and improve the future standards of service and care offered to older people over the medium to long-term and ensuring that financial commitments can be met as they fall due.

At the end of 2021/22 total reserves were £346,232,000 (2021: £324,985,000) of which £25,411,000 (2021: £25,192,000) were restricted and endowed and were not available for the general purposes of the charity. There are no designated funds nor are there any funds in deficit.

Total unrestricted funds at the end of 2021/22 were £320,821,000 (2021: £299,793,000) which included the net book value of fixed assets of £417,000,000 (2021: £423,435,000). Fixed assets are excluded from the Group's definition of free reserves as the Group considers the level of cash and other liquid funds as a more appropriate measure of its ability to meet its commitments and invest in the future. Actual free reserves which MHA define as cash or liquid funds were £63,688,000 (2021: £53,992,000). The Board considers that minimum free reserves of approximately £53,000,000 (2021: £60,000,000) are needed to cover such items and to enable the Group to continue to operate to meet its charitable objectives. This level of financial reserves equates to approximately 3.5 months of operational expenditure which is above the reserves policy requirement. Management and Board will manage reserves to reduce and be in line with the three-month requirement during the coming financial year; this will partly be due to the ongoing economic and operational challenges that the sector faces as well as the intention to address the backlog of maintenance and capital expenditure works that we have been unable to undertake due to limitations in access to homes and schemes during the pandemic.

Our financial reserves provide an important financial buffer in the current climate of heightened economic uncertainty. We anticipate that economic uncertainty will continue for at least the next 12 months.

Since MHA is confident that it can meet the required pension contributions from projected future income without significantly impacting on its planned level of charitable activity, it continues to calculate its free or general reserves without setting aside designated reserves to cover the pension liability.

The Directors are satisfied that there are sufficient reserves to meet pension liabilities arising from the MHA defined benefit scheme, which was closed to new entrants on 31 March 2010.

Treasury Management Policy

The Treasury Management Policy sets the boundaries for acceptable financial risks and delegates treasury decisions for managing those risks in a controlled manner. The policy makes sure MHA is actively and regularly monitoring, measuring and managing treasury risks in a robust and consistent manner, clarifying responsibilities between the various stakeholders to ensure that adequate funds are

available for ongoing operational requirements as well as for the longer-term strategic aspirations of the organisation. The policy incorporates the different types of funds held. These are:

- general funds to provide working capital in line with the reserves policy
- restricted funds (excluding MHA Communities and service specific amenity funds)
- permanent endowment funds.

The management of investments is delegated to the Central Finance Board of the Methodist Church. Performance of investments is reviewed annually by the Board and is judged to be satisfactory. Investments are held in equities, fixed interest deposits and cash totalling £1,469,000 (2021 £1,361,000) at the balance sheet date.

Principal Funding Sources

MHA has drawn loan facilities with the Allied Irish Bank, balance at 31 March 2022 being £20,700,000 and Barclays Bank Plc, balance at 31 March 2022 being £70,000,000.

Furthermore, MHA is able to bolster funding by a £25m undrawn revolving cash facility (RCF) that we have in place with Barclays Bank. This is designed to support operational funding and liquidity requirements as required.

Methodist Homes Housing Association Ltd has a loan facility with the Nationwide Building Society with the balance at 31 March 2022 being £2,411,000, and a loan facility with Capita totalling £1,124,000 as at 31 March 2022.

Fixed asset additions of £10,299,000 which comprises additions of £11,237,000 less completions of £938,000, were financed mainly by accessing existing reserves. This expenditure enables us to redevelop existing properties to maintain existing standards and meet new standards where relevant.

As part of care home operations, MHA operates 28 (28 in 2021) leased homes, which have been established via sale and lease back arrangements.

Going Concern

Financial sustainability is a critical issue for the social care sector.

Covid-19, the current social care staffing crisis, the energy and cost of living crises as well as the cessation of Government funding support that the care sector has benefited from throughout the pandemic have magnified that risk. Unfortunately, despite our strong financial position at the beginning of the pandemic, MHA has not been immune to that risk.

Financial strain as a consequence of the Covid-19 pandemic has been further exacerbated by the energy crisis which has significantly increased the burden of energy costs on MHA for 2022/23. Based on this experience and supported by external analysis which is forecasting a long-term occupancy issue for the sector, one of the key areas of focus for the organisation is on mitigating actions to support the ongoing financial sustainability of the organisation. These include:

- attracting more older people to our care homes to recover occupancy rates
- recruitment and retention of colleagues
- reducing costs where feasible, without reducing quality
- increasing the effectiveness and efficiency of the organisation.

As we move into 2022/23, MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, weekly fee levels, staffing costs and the possible impact of further variants of Covid-19. None of the scenarios modelled results in either liquidity shortfalls or covenant breaches at the specified measurement dates. As such MHA is

comfortable with its ongoing financial sustainability with no reasonably plausible circumstances on the horizon that undermine that position.

MHA has existing loan facilities that include a £70 million loan to March 2025 and a £25 million undrawn RCF to February 2025, both with Barclays, and a £24 million loan with AIB to December 2030.

Whilst ELT and the Board do not consider it likely, based on current information, if performance was to be significantly adverse to our latest forecasts for a considerable period of time there could be a substantial impact on MHA's surplus generation and cash flows which could potentially put the organisation at risk of breaching the financial covenants on our loans. As a consequence, MHA would require support from the banks by means of a covenant waiver or deferral. Whilst ELT believe that the Group would continue to have the support of the banks, in these circumstances there is no certainty that this would be the case.

Based on our financial scenario modelling and latest forecasts, ELT and the Board feel it remains appropriate to continue to prepare the financial statements on a going concern basis.

Risk Management

The Board retains overall responsibility for risk management and decides the level of risk it is prepared to tolerate. The Board promotes a culture of prudence with resources.

In order to strengthen the organisation's risk management processes, a full review of MHA's risk registers was completed during 2019/20, with regular reviews and evaluation of risk registers being embedded through 2020/21 with these continued in 2021/22. These reviews assess and document risk from both a strategic and operational viewpoint. MHA continues to recognise the following key strategic risks, which are overseen by the Board and reviewed on an ongoing basis by ELT.

Risk management is exercised across MHA through the functional heads of department, ELT, relevant Board Committees and the Board. ELT carry out monthly reviews of key operational risks, and half-yearly reviews of strategic risks for their areas whilst the Board completes six-monthly reviews of strategic risk.

The key risks identified as likely to affect the group's ability to meet its objectives include:

Risk	Explanation	Mitigations
Covid-19 Pandemic	The financial pressures caused by the ongoing impact of the Covid-19 pandemic as well as the impact of state funding available in the care and housing sector. Local Authority funding continues to be at a level significantly below that needed to deliver the quality of care for older people that MHA seeks to provide. This has been particularly highlighted against a backdrop of rising costs due to the inflationary pressures and further exacerbated by the additional cost increases as a result of the Covid-19 pandemic in addition to the energy crisis and the social care staffing crisis.	Management monitor the levels of funding on a monthly basis and report these to the Board who take appropriate commercial and pricing decisions to protect the charity.

Risk	Explanation	Mitigations
Financial Performance	Ongoing poor financial performance and mismanagement of financial resources would significantly disable the group.	The ELT present the annual budget to the Finance and Capital Expenditure Committee who recommend it to the Board. Financial performance is monitored regularly by the ELT and reported to the Finance and Capital Expenditure Committee for further scrutiny. MHA has a policy of maintaining cash reserves to mitigate the risk of inadequate working capital. The group takes a risk-averse approach to the effect of interest rates on its borrowings and has entered into the appropriate hedging.
Reputational Risk	A poor reputation can undermine the confidence of potential residents, supporters and external stakeholders such as lenders.	Quality management is a high priority for MHA. We have an internal system of risk monitoring that focuses on key factors that might indicate potential quality concerns which are then investigated. Alongside this there is a programme of regular quality-focused audits across all our regulated settings. The Board, relevant Board Committees and ELT are regularly appraised of the results of this monitoring and associated actions.
Our People	The resilience and capacity of MHA's people has been tested throughout the Covid-19 pandemic which has exacerbated the long-standing pressures on our workforce.	MHA continues to pay the Real Living Wage as a minimum and has offered substantial wellbeing support to the workforce throughout the Covid-19 pandemic. Opportunities offered by the Apprenticeship Levy continue to be explored and progress against the recruitment strategy and key indicators regarding performance are monitored at an ELT and Board level.
Change Management	There are significant change projects being undertaken at MHA. If these projects are managed poorly, operational and financial performance will be adversely impacted, as will the culture of the organisation.	MHA operates within a dynamic sector and has adopted an integrated approach to managing cultural, process and systems change. The framework that this team operates within has been refined and governance around key strategic projects strengthened by the inclusion of an Internal Audit review of these fundamental projects to ensure benefit realisation.

Risk	Explanation	Mitigations
Technological innovation	The introduction and use of innovative technology is critical to continue to best support our residents and members.	A strategic review of IT, Data and Digital services has been launched to ensure that MHA's approach to technological advances is coordinated and fit for the future.
External Factors	MHA alongside other adult social care providers continues to operate in a challenging external environment. Government plans to address the longer-term future state of social care have been announced which impact on many of the risks identified above.	MHA has sought to highlight concerns and work alongside the UK Government to develop meaningful solutions to these issues.

Directors' Duties

The Directors of MHA, as those of all UK companies, must act in accordance with a general set of rules. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A Director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of all of its stakeholders as a whole, and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, residents and others
- the impact of the company's operations on the community and environment
- the desirability of the company maintaining a reputation for high standards of business conduct.

As part of their induction, Directors are briefed on their duties and they can access professional advice on these either through the Company Secretary or, if they judge necessary, through independent professional advisors.

As is typical in charities and large organisations, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to ELT. Further details can be found in the Governance Report on pages 43 to 48.

The following summarise how the Directors fulfil their duties:

Our People – Our employees are fundamental to the delivery of our OneMHA strategy, one objective of which is to be inclusive and proactive in the development of our people. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. Communication and consultation take place with employees across the organisation and at all levels with a variety of communication and feedback tools being used to ensure that employee views are taken into account when decisions are made that are likely to impact them.

Business Relationships – MHA applies robust qualification processes for suppliers and excludes any suppliers from the tendering processes who do not comply with the legal and ethical standards which MHA demands. MHA has developed excellent relationships with suppliers in all key supply chain areas with formalised supply contracts and utilisation of technology to facilitate the tendering, contract and management of supplies.

Community and Environment – Through the OneMHA strategy, MHA has the objective to build strong relationships with partners and connect our services as MHA in Community. The charity's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable our people to support the communities around us.

Energy and Emissions Consumption

We take our impact on the global climate seriously and in 2022/23 we will develop our strategy to reduce our carbon and energy admissions. MHA are committed to year-on-year improvements in our operational energy efficiency. As such, a register of available energy efficiency measures has been compiled, with a view to determining and implementing these measures over the coming years in line with the strategy being implemented.

All our sites have a good level of energy awareness. This is in the use of installed efficient equipment (such as LED lighting or modern heating boilers), optimised controls for lighting and plant rooms or the initiatives of individuals such as managers and maintenance colleagues.

Electricity is used in all services and accounts for 26% of the total energy consumption. Use is predominantly for lighting and small domestic appliances, with major users varying from service to service, but including kitchen appliances, laundry and hair salons.

Natural gas consumption accounts for 73% of the total energy consumption, with most of our homes using this for heating and hot water, laundry and cooking.

Transport accounts for 1% of the total energy consumption covering the minibuses that some of our services use and a small number of company cars, as the majority of employees use their own vehicles for business use. Data for this grey fleet has been derived from mileage, sourced from the expense claims of individual colleagues.

The following is a summary of the energy usage, associated emissions, energy efficiency actions and energy performance for Methodist Homes, under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Energy Category	2021/22 Consumption (kWh)	2020/21 Consumption (kWh)	2021/22 %	2020/21 %	2021/22 Emissions (tCO^2e)	2020/21 Emissions (tCO^2e)
Electricity (Scope 2)	23,106,950	23,339,861	26%	25%	4,906	5,441
Gas (Scope 1)	66,410,634	69,752,547	73%	74%	12,187	12,841
Transport (Scope 3)	946,807	493,987	1%	1%	221	116
Total	**90,464,391**	**93,586,395**	**100%**	**100%**	**17,314**	**18,398**

An intensity metric of $kgCO^2e$ per m^2 has been applied for the annual total emissions. The methodology of the intensity metric calculations is detailed shortly. MHA operations have an intensity of 53.15$kgCO^2e$/kWh (2021: 56.30$KgCO^2e$/kWh) per m^2 occupied floor area.

The consumption during 2021/22 has reduced by 3% compared to 2020/21 with energy efficiency measures implemented over the last two years reducing electricity and gas consumption. Transport consumption has increased following the easing of restrictions on business travel following the pandemic.

Measures ongoing and undertaken in 2021/2022

The ongoing utilisation of Zoom conferencing hardware, which was implemented as a direct consequence of the Covid-19 pandemic continues to allow colleagues to join meetings from anywhere. This has considerably reduced our organisational requirement to travel.

Despite the ongoing difficulties accessing services during the Covid-19 lockdowns we have continued to update lighting with LED replacements, with over 22 sites benefiting from partial or full roll-outs improving light levels and reducing energy usage and carbon whilst also minimising future maintenance. Improvements to heating plant were undertaken through 2021/22 to 16 properties, these included full and partial boiler replacements, new water cylinders and calorifiers which has improved plant efficiency and reduced energy usage on-site. Inverter replacements took place for a Solar PV installation to ensure maximum system output and generation; new inverter lifetimes will ensure the system is working optimally for at least the next 10 years.

MHA have also bolstered already rigorous recycling measures for all wastepaper, plastics and food waste resulting from operations; additional measures were introduced to accommodate the increased level of PPE usage in services.

Measures prioritised for implementation in 2022/2023

- Energy and Environment Strategy – MHA are working towards implementing an Energy and Environment Strategy that ensures ongoing energy and carbon reductions over the coming years in line with the UK's 2050 net zero targets.
- Lighting replacement policy – We will continue to replace lighting in our refurbishment programme with energy efficient LED.
- Renewal of invertors and the cleaning of solar panels and the crown clearing of trees to ensure the full performance of previously installed solar panels are upheld to ensure maximum recovery of the Solar FIT.
- Renewable heat implementation – MHA are investigating renewable heating options for Auchlochan and are currently completing site feasibilities with a view to future implementation.
- All Capital and Revenue investment programme contractors will need to demonstrate their 'green credentials' as part of the procurement process before being awarded capital projects.
- Capital and Revenue programmes via procurement will target local contractors (where feasible) for specific elements of work to limit travel and carbon footprint.
- National contractors will need to demonstrate their strategic shift to electric and/or hybrid fleet vehicles as well as regional office locations that limits travel and carbon footprint.

Reporting Methodology

Scope 1: consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, and grey fleet.

Scope 2: consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 1 and 2 consumption and CO^2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and $kgCO^2e$ emissions factors relevant for reporting year [01/04/2021 – 31/03/2022]:

- **Database 2020, Version 1.0**
  - Estimations undertaken to cover missing billing periods for properties directly invoiced to Methodist Homes were calculated on a kWh/day pro rata basis at meter level. These estimations equated to 7% of reported consumption.
  - Intensity metrics have been calculated utilising the 2021/2022 reportable figures for the following metrics, and $kgCO^2e$ for both individual sources and total emissions were then divided by this figure to determine the $kgCO^2e$ per metric:
    – Gross internal area (m^2) 326,757.

Structure, governance and management

Governing Document

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by its Memorandum and Articles of Association dated 31 March 2011.

Methodist Homes is the parent company of two connected charitable organisations Methodist Homes Housing Association Ltd and MHA Auchlochan Ltd.

The charitable objective of the charity is "the relief of elderly people and other adults in need, particularly (but not limited to) those with mental illness or physical and/or learning disabilities by providing: care and support services; and/or accommodation; and/or any other provision, which may facilitate an improved quality of life for such persons in the United Kingdom".

In furtherance of this objective, MHA provides care to older people through care homes (including residential, dementia and nursing homes) offering 24-hour person-centred care and support for our residents in specially designed accommodation; retirement living settings comprising purpose-built apartments with shared areas for activities and in retirement living with care schemes the option to have additional 24-hour staffing to provide person-centred care and support to meet individual needs; MHA communities which are community-based schemes providing practical and social support to older people living in their own homes, promoting independence and wellbeing.

Organisational Structure

The Board consists of up to fifteen members, one of whom is nominated by the Methodist Church. Board Members decide the strategic aims of the charity and hold management to account in performing executive functions. Decisions are taken in accordance with the instructions laid down in the charity's Delegated Authorities and related policy documents.

The Board has the following committees, all of which have a group-wide remit. The work of each committee in respect of the year is summarised below:

Audit and Risk Committee

- Carried out a self-review of its terms of reference and method of operating to ensure that they are appropriate and relevant to the current financial reporting and governance environment.
- Considered key accounting judgements made by ELT in the 2021 and 2022 financial statements.
- Challenged and supported ELT to consider key risks for MHA, together with mitigation plans. This led to the ongoing review and evaluation of risk registers being embedded through 2021/22 with a summary of key risks maintained by ELT and approved by the Board as a whole.
- Undertook a comprehensive tender process to appoint the external statutory auditors Crowe U.K. LLP.
- Reviewed the work of our external statutory auditors, Crowe U.K. LLP, including their independence and non-audit services provided.

- Reviewed the work of our tax advisors, Deloitte LLP.
- Agreed a programme of work with the Quality Assurance and Internal Audit team and received reports on the audits undertaken as well as the progress of any remedial actions.
- Reviewed the progress on gap analysis between MHA governance practice and best practice set out in the Charity Governance Code.

Finance and Capital Expenditure Committee

- Revised the terms of reference to ensure they covered the full remit of the new committee and obtained approval of the Board.
- Reviewed financial performance, comparing management account actuals to forecast and budget including cash flow and scrutinised the forecasting process.
- Reviewed the financial aspects of the business plan, alongside the longer-term cash needs compared to funding plans.
- Evaluated the annual budget for recommendation to the Board including planned capital expenditure and agreed the programme of work with ELT.
- Reviewed the funding strategy and recommended it to the Board, assessing bank facilities and the adequacy of available funding.
- Reviewed investment policies including our stance on ethical investments, the performance of investments and the investment manager.
- Monitored and reviewed the pension schemes and the performance of the fund managers as well as the asset allocation for the final salary scheme.
- Brought to the Board's attention material financial issues on a timely basis.
- Reviewed that all fundraising activities were ethical and compliant.

Operations Committee

- Reviewed its terms of reference to ensure they covered the wider remit and obtained the approval of the Board.
- Oversaw how MHA worked to maintain and improve quality and how it has addressed, and is learning from, issues of concern raised by internal and external assessments, complaints and unexpected events.
- Oversaw the delivery of improvement plans for those homes and schemes which required improvement.
- Monitored the external environment for our regulated services, working to continually develop our own definition of quality.
- Continued the tracking of health and safety issues, fire safety and infectious disease reporting, as well as coroner inquiries into deaths in our care. There have been a number of complex cases during the year with important lessons for our practice.
- Reviewed the significance for practice of safeguarding incidents for which MHA has a low threshold for reporting. All incidents are reported.
- Ongoing tracking of MHA success in the recruitment and retention of staff as well as the quality of leadership offered by our registered managers.

Nominations Committee

- Determined, on behalf of the Board, the remuneration of ELT, in line with our People Strategy at a fair rate and competitive in our markets.
- Oversaw the delegated responsibilities for ensuring good governance of the charity and identified and proposed new Board Members.
- Oversaw the restructure of Board committees and their membership.
- Appointed two new Trustees to replace those who retired in summer 2021.

The Board delegates authority for day-to-day management to ELT led by the Chief Executive. Whilst ELT may have the title of Director they are not Statutory Directors. References within this report to Directors refer to Board Members with statutory responsibilities.

Charity Governance Code

The Charity's governance is currently broadly aligned with the Charity Governance Code endorsed by the Charity Commission. It also draws on guidance from other appropriate governance codes reflecting the size and complexity of the organisation. For the last eighteen months the Charity has been working to improve governance in areas where it identified that current practice was not in line with best practice set out in the Code. This work is now largely complete and the Charity intends to formally adopt the Charity Governance Code in the 2022/23 financial year.

Election, Appointment and Training of Board Members

Board Members are appointed by the Board through an open recruitment process led by the Nominations Committee. The process follows Charity Commission guidelines in making sure there is an appropriate range of skills, knowledge and experience among its members.

The Chair is eligible to serve for one term of four years. Board Members are eligible to serve for three terms of three years. The maximum term of office for any Board Member is nine years, subject to re-election during that period.

The Church representative is nominated in conjunction with the Secretary of the Conference of the Methodist Church and/or their representative, and reported to the Conference of the Methodist Church.

New Board Members receive full induction which includes our Code of Conduct, constitutional documents, Board Manual, policies and information relevant to the work of the charity. All Board Members visit services and further develop understanding of the work of the organisation as well as appropriate training. A full training programme has been implemented on a rolling basis to ensure all Directors remain up to date with all regulatory regimes that apply to the Charity's work. Insurance has been taken to indemnify Board Members against liability for wrongful acts which was in place throughout the financial year.

Members who served on the Board during the year are shown in the list of officers on page 49.

Remuneration

The remuneration of Executive Directors and other colleagues is reviewed annually. Remuneration levels are benchmarked against the care sector and organisations of a similar size run on a not-for-profit basis, from time to time to ensure we retain our talent and remain competitive. Board members receive no remuneration.

Patrons

We would like to take this opportunity to thank our Patrons, former President of the Methodist Church – Baroness Kathleen Richardson of Calow, OBE, broadcaster and writer Pam Rhodes and Dame Denise Platt, current chair of the Commission for Social Care Inspection. Their support is invaluable in raising the profile of MHA and its work, helping us to reach out to more elderly people in need. Supporting national events and backing high profile appeals helps us generate essential charitable income. The time and contribution given by our Patrons is greatly appreciated.

Connected Companies

During the year to 31 March 2022 Methodist Homes worked closely with two associated charitable organisations:

- Methodist Homes Housing Association Ltd (MHHA) – subsidiary undertaking
- MHA Auchlochan Ltd (MHAA) – subsidiary undertaking

Colleagues

MHA is fortunate in employing colleagues who share our values and provide an exceptional service to older people. We are careful in our recruitment and committed to retaining good colleagues through rewards, training, personal development and career opportunities, flexible benefits and engagement. We are grateful for the contribution and work of all colleagues, who together make a real difference to the lives of older people.

We have a commitment not to discriminate against any person or group on any basis which underpins our policies and actions. We are open to all and actively support those with disabilities giving full and fair consideration at recruitment and support throughout employment. MHA continues to work to reflect the diversity of the local population.

Statement of Board's Responsibilities

The Board Members (who are also directors of Methodist Homes for the purposes of company law) are responsible for preparing the Board of Directors' Report, including the Strategic Report, and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that financial year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) and the Housing Statement of Recommended Practice
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards, comprising FRS 102, 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 will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company'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. 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 Directors are responsible for the maintenance and integrity of 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.

Internal Financial Controls Assurance

The Board is responsible for the Group systems of internal financial control. Such systems can only provide reasonable, not absolute, assurance against material misstatement or loss. The Board and ELT are reviewing the controls around key risks, which will evolve as the sector environment changes.

The Board confirms there is an ongoing process for identifying, evaluating and managing significant risks to the achievement of the Group strategic objectives. It has established a number of procedures, which are designed to provide effective internal financial controls:

- **Control environment and procedures** – the Board has approved ELT delegation document, giving clear management responsibilities in relation to financial control and limits to management discretion. Financial processes are supervised by staff with appropriate experience and qualification
- **Risk Management** – the Board has adopted financial strategies, designed to identify and control significant risks facing the organisation. All significant initiatives and capital investments are subject to formal authorisation procedures
- **Management Information** – the Board approves a rolling plan annually, which incorporates an annual budget and receives regular financial and management reports that identify variances from budget and key financial indicators
- **Monitoring systems** – the Board has an Audit and Risk Committee, which reviews reports from management, external auditors and internal control assessments to provide reasonable assurance that control procedures are in place and being followed. The Committee makes regular reports to the Board.

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2022 and until the date of approval of the financial statements. No weaknesses were found that resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Statement as to Disclosure of Information to Auditors

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the company at the date when this report is approved confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Crowe U.K. LLP were recommended as MHA's auditors during the year following a comprehensive tender process. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

The Board of Directors' Report including the strategic report was approved on 28 July 2022 and signed on its behalf by:

James Reilly
Chair
Epworth House
Stuart Street
Derby
DE1 2EQ

Reference and administrative details

Patrons
Baroness Kathleen Richardson of Calow, OBE
Dame Denise Platt
Pam Rhodes

Board	Term of Office		Committee Membership
	Start	*Finish*	
John Robinson (Chair)	Aug 2017	Sept 2021	Nominations Committee
James Reilly (Chair)	July 2016, appointed Chair Sept 2021		Nominations Committee
Other Board Members			
Hilary Cocker	Aug 2014		Operations & Nominations Committees
Ian Ailles	Nov 2014		Finance and Capital Expenditure Committee
Andrew Cozens	Aug 2015		Operations & Nominations Committees
Bala Gananpragasam	Aug 2015		Operations Committee
Martin Burkitt	Oct 2016		Finance and Capital Expenditure Committee
Ruth Gee	Apr 2019		Operations & Nominations Committees
Lisa Commane	Apr 2019		Finance and Capital Expenditure Committee
Janet Haugh	Apr 2019		Audit and Risk Committee
Keith Hickey	Apr 2019		Audit and Risk Committee
Catherine Biddle	Oct 2021		Finance and Capital Expenditure Committee
Denise Sanderson-Estcourt	Oct 2021		Operations Committee

Executive Leadership Team			
Name	*Appointed*	*Resigned*	*Position*
Anna Marshall-Day	2006		Director of People & Communications
Rev Dr Chris Swift	2017		Director of Chaplaincy & Spirituality
Simon (known as Sam) Monaghan	2018		Chief Executive
Mandy Mottram	2018		Company Secretary & General Counsel
Andrew White	2019		Director of Property
Daniel Ryan	2019		Director of Operations
Victoria Parkinson	2020		Director of Finance and IT
Jonathan Mace	2022		Director of Communities

Company Secretary

Mandy Mottram

Registered Office

Methodist Homes
Epworth House
Stuart Street
Derby
DE1 2EQ

Tel: (01332) 296200
Website: www.mha.org.uk

Charity Registered Number – 1083995
Company Registered in England and Wales Number – 4043124

Professional Advisors

Solicitors

Capsticks Solicitors LLP
1 St George's Road
Wimbledon
London
W19 4DR

External Independent Auditors

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Barclays Bank Plc
Corporate Banking
1 Churchill Place
Canary Wharf
London
E14 5HP

HSBC Plc
70 Pall Mall
London
SW1Y 5EZ

Bankers – continued

AIB Group (UK) Plc
Podium Floor
St. Helens
1 Undershaft
London
EC3A 8AB

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Tax Advisors

Deloitte LLP
Four Brindley Place
Birmingham
B1 2HZ

Independent Auditor's Report to the Members and the Trustees of Methodist Homes

Opinion

We have audited the financial statements of Methodist Homes ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprise The Consolidated Statement of Financial Activities, Group and Company Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2022 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were, CQC Regulations for service providers and managers, taxation legislation, health and safety legislation, employment legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of contract income, recording the impact of CQC regulatory reviews and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading regulatory reports and minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Julia Poulter
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
10 August 2022

MHA's person-centred care recognises each older person as a unique individual.

Consolidated Statement of Financial Activities

For the year ended 31 March 2022

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 (restated) £'000
Income and endowments from:						
Donations and legacies	2	225	3,509	-	3,734	5,214
Charitable activities						
Homes (restated)		190,348	10,996	-	201,344	196,705
Retirement Living (restated)		42,197	880	-	43,077	35,542
MHA Communities		-	2,706	-	2,706	3,139
Other		189	-	-	189	1,846
Total charitable activities	3/6	**232,734**	**14,582**	**-**	**247,316**	**237,232**
Investments	4	22	12	5	39	160
Total		**232,981**	**18,103**	**5**	**251,089**	**242,606**
Expenditure on:						
Raising funds		647	-	-	647	672
Charitable activities						
Homes (restated)		176,332	11,669	-	188,001	188,993
Retirement living (restated)		33,840	1,049	-	34,889	37,786
MHA Communities		-	5,116	-	5,116	5,030
Other		3,260	-	-	3,260	4,043
Total charitable activities	6	**213,432**	**17,834**	**-**	**231,266**	**235,852**
Other	7	1,087	1	2	1,090	916
Total	5	**215,166**	**17,835**	**2**	**233,003**	**237,440**
Net (losses)/gains on investments		(1)	39	(34)	4	45
Net income		**17,814**	**307**	**(31)**	**18,090**	**5,211**
Transfer between funds		**57**	**(57)**	**-**	**-**	**-**
Other recognised (losses)/gains:						
Actuarial (loss)/gain on defined benefit pension schemes	24	(1,586)	-	-	(1,586)	(1,539)
Other – interest rate swaps gains/(losses)	17	4,743	-	-	4,743	1,068
Net movement in funds		**21,028**	**250**	**(31)**	**21,247**	**4,740**
Reconciliation of funds:						
Total funds brought forward (previously stated)	23a	299,793	24,179	1,013	324,985	302,528
Prior year adjustment	18	-	-	-	-	17,717
Total funds brought forward (restated)	23a	299,793	24,179	1,013	324,985	320,245
Total funds carried forward		**320,821**	**24,429**	**982**	**346,232**	**324,985**

All activities in both years are continuing activities.

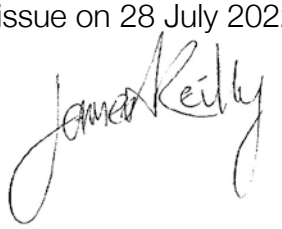
Consolidated Statement of Financial Position

As at 31 March 2022

Company Registered No. 4043124

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 (restated) £'000
Fixed assets						
Intangible fixed assets	11a	1,309	-	-	1,309	894
Tangible fixed assets	12a	401,852	15,585	-	417,437	423,435
Investments	14	192	547	730	1,469	1,360
		403,353	**16,132**	**730**	**420,215**	**425,689**
Current assets						
Debtors	15	17,685	-	-	17,685	13,587
Cash at bank and in hand		63,688	11,290	252	75,230	64,306
Total current assets		**81,373**	**11,290**	**252**	**92,915**	**77,893**
Liabilities						
Creditors: Amounts falling due within one year (restated)	16	(40,931)	(2,993)	-	(43,924)	(38,139)
Net current assets/(liabilities)		**40,442**	**8,297**	**252**	**48,991**	**39,754**
Total assets less current liabilities		**443,795**	**24,429**	**982**	**469,206**	**465,443**
Creditors: Amounts falling due after more than one year (restated)	17	(92,755)	-	-	(92,755)	(99,630)
Provisions for liabilities (restated)	19	(30,219)	-	-	(30,219)	(40,828)
Total net assets before defined benefit pension liability		**320,821**	**24,429**	**982**	**346,232**	**324,985**
Defined benefit pension scheme liability	24	-	-	-	-	-
Total net assets		**320,821**	**24,429**	**982**	**346,232**	**324,985**
Funds						
Endowment funds	21a	-	-	982	982	1,013
Restricted income funds	22a	-	24,429	-	24,429	24,179
Unrestricted income fund: General fund (restated)	23a	320,821	-	-	320,821	299,793
Total Funds	23a	**320,821**	**24,429**	**982**	**346,232**	**324,985**

The financial statements on pages 56 to 95 were approved on behalf of the Board and authorised for issue on 28 July 2022 and signed on its behalf by:



James Reilly
Chair

Statement of Financial Position (Parent Company)

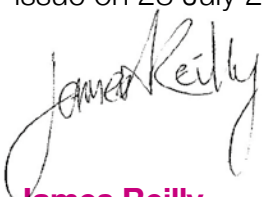
As at 31 March 2022

Company Registered No. 4043124

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Fixed assets						
Intangible fixed assets	11b	1,309	-	-	1,309	894
Tangible fixed assets	12b	311,489	15,585	-	327,074	331,813
Investments	14	191	547	730	1,468	1,360
		312,989	**16,132**	**730**	**329,851**	**334,067**
Current assets						
Debtors	15	39,589	-	-	39,589	35,640
Cash at bank and in hand		50,093	11,250	252	61,595	50,262
Total current assets		**89,682**	**11,250**	**252**	**101,184**	**85,902**
Liabilities						
Creditors: Amounts falling due within one year	16	(38,190)	(2,993)	-	(41,183)	(36,081)
Net current assets		**51,492**	**8,257**	**252**	**60,001**	**49,821**
Total assets less current liabilities		**364,481**	**24,389**	**982**	**389,852**	**383,888**
Creditors: Amounts falling due after more than one year	17	(89,004)	-	-	(89,004)	(95,565)
Provisions for liabilities	19	(19,627)	-	-	(19,627)	(27,594)
Total net assets before defined benefit pension liability		**255,850**	**24,389**	**982**	**281,221**	**260,729**
Defined benefit pension scheme liability	24	-	-	-	-	-
Total net assets		**255,850**	**24,389**	**982**	**281,221**	**260,729**
Funds						
Endowment funds	21b	-	-	982	982	1,013
Restricted income funds	22c	-	24,389	-	24,389	24,128
Merger Reserve	23c	-	-	-	-	(1,566)
Unrestricted income fund: General fund	23c	255,850	-	-	255,850	237,154
Total Funds	23c	**255,850**	**24,389**	**982**	**281,221**	**260,729**

A surplus before gains and losses for year of £17,335,000 (2021: £4,637,000) has been included within these financial statements for the company.

The financial statements on pages 56 to 95 were approved on behalf of the Board and authorised for issue on 28 July 2022 and signed on its behalf by:



James Reilly
Chair

Consolidated Cash Flow Statement

For the year ended 31 March 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
Cash flow from operating activities:					
Net cash inflow by operating activities	25a		**15,100**		**20,851**
Cash flow from investing activities:					
Investment income		39		160	
Purchase of tangible fixed assets		(10,299)		(2,778)	
Purchase of Intangible fixed assets		(965)		-	
Purchase of Investment		(105)		-	
Proceeds from the sale of tangible fixed assets		12,439		5,998	
Net cash generated (outflow) investing activities			**1,109**		**3,380**
Cash flow from financing activities:					
Interest paid and similar charges		(3,373)		(3,490)	
Repayments of borrowings		(1,912)		(2,170)	
Net cash outflow financing activities			**(5,285)**		**(5,660)**
Net change in cash and cash equivalents			**10,924**		**18,571**
Cash and cash equivalents at the beginning of the year			**64,306**		**45,735**
Cash and cash equivalents at the end of the year			**75,230**		**64,306**

Notes to the Financial Statements

For the year ended 31 March 2022

1 Principal Accounting Policies

Statement of Compliance

The financial statements of Methodist Homes have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

General information

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by Memorandum and Articles of Association dated 31 March 2011. It is domiciled and registered in the UK. The address of its registered office is Methodist Homes, Epworth House, Stuart Street, Derby, DE1 2EQ.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historical cost convention, with the exception of owned Freehold Care Homes, Long Leasehold Care Homes and investments which are shown at deemed cost. They have also been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (Charities SORP (FRS102)) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and the Companies Act 2006.

Owned Freehold and Long Leasehold Care Homes are valued at deemed cost as permitted by the transitional arrangements to FRS102. The deemed cost is the historic value or market value at transition. The valuations of land and buildings for Care Homes were made in 2013 by Knight Frank on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice Note 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The method used and significant assumptions applied in estimating the fair values for the Care Homes were by reference to the 'profits method' as this is the basis on which such properties are commonly bought or sold. In undertaking the valuation of the property, Knight Frank made an assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property and purchaser sentiment. Knight Frank then applied these to the properties, taking into account size, location, aspect. Other material factors, such as where planned works were due to take place creating a reduced occupancy, have been factored in.

The properties have been valued separately with the exception of Nethanvale and Lower Johnshill which would be sold as a single asset. As a result the values reported on an individual basis are an apportionment of the value as a whole.

Open Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1 Principal Accounting Policies (continued)

The subject properties are valued having regard to trading potential, having been well maintained and effectively operated, offering high standards of care and meeting the requirements of the relevant regulatory bodies.

The Charity constitutes a public benefit entity as defined by FRS102.

Going concern

The Charity's business activities, its current financial position and factors likely to affect its future development are set out in the Board of Directors' Report. The Charity has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Charity's day-to-day operations. The Charity also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, weekly fee levels, the impact of further waves of Covid-19, rising inflation and the impact of current cost of living crisis. None of the scenarios modelled results in either liquidity shortfalls or covenant breaches at the specified measurement dates; as such MHA is comfortable with its ongoing financial sustainability with no reasonably plausible circumstances on the horizon that undermine that position. MHA has existing loan facilities that include a £70 million loan to March 2025 and a £25 million undrawn RCF to February 2025, both with Barclays, and a £21 million loan with AIB to December 2030.

On this basis, the Board has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The consolidated Group financial statements of Methodist Homes and its subsidiary undertakings are presented using acquisition accounting on a line-by-line basis. Intra-Group profits are eliminated on consolidation. A separate Statement of Financial Activities and Income and Expenditure Account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The performance of the Charity is set out in note 23.

The wholly controlled subsidiaries which are consolidated are:

Methodist Homes Housing Association Ltd – Registered Provider of Social Housing

MHA Auchlochan Ltd – Charity

A subsidiary is an entity controlled by the Parent. The parent Charity can exercise control through trusteeship, which gives a parent Charity the ability to govern the financial and operating policies of the subsidiary. The above two entities are subsidiaries of Methodist Homes by means of various inter-Group agreements. Methodist Homes has the power to appoint and/or remove a majority of the Trustees and thus demonstrate control.

Income recognition

All income is recognised once the Charity has entitlement to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount of income receivable can be measured reliably.

1 Principal Accounting Policies (continued)

Income from Government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donations are recognised when the Charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period. The Charity received substantial amounts of voluntary help from its supporters but no attempt is made to place a financial value on these services and they are not included in these financial statements. Voluntary help covers a range of activities from fundraising to helping with activities in the Homes.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Charitable activities

Fees, charges and rents – Income represents the amounts charged for occupation costs and services provided in the year, and is recognised on an accruals basis.

Retirement housing for sale – Income and expenditure represents amounts relating to individual units sold during the year on long-term lease. A sale is recognised on completion where the contract is unconditional and the risks and rewards of ownership have passed.

Transactions with a guaranteed buy-back commitment are not recognised at the date of completion, but are accounted for as operating leases for the period to when it is considered probable that the property will be bought back (currently considered by the Directors to be nine years from the completion date). This principle applies irrespective of the duration of the buy-back commitment.

The difference between the sale price and the buy-back price is recognised as rental revenue on a straight-line basis over the duration of the buy-back commitment. The property is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over expected useful economic life of the property by the straight-line method, on the basis of the property's cost less its estimated residual value, representing the anticipated resale price on the property market.

Provision is made for the expected value of the buy-back commitment in the future, discounted at the appropriate risk-free rate (being the relevant nine and five year government bond rates depending on the remaining expected life of the individual commitments by property). The carrying value of the provision is reassessed at each financial reporting period end to adjust for transactions during the period, changes in remaining lives of the commitments, and periodic fluctuations in the risk-free rate. The unwinding of the associated discount factor is recognised within interest payable and similar charges.

1 Principal Accounting Policies (continued)

On the buy-back of a property under the guaranteed commitment by the company, any resulting gain or loss is recognised within the Operating Surplus(Deficit) in the period, as is the release of any associated buy-back provision. The remaining unwound discount is released to interest.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Central costs

All staff employed in the central office are employed by Methodist Homes, the office premises are jointly occupied and office services are shared.

Within the financial statements of the group, these expenses are allocated on the basis of time spent on three items:

(i) Charitable activities

These costs relate to services provided centrally and identified as wholly or mainly in support of direct charitable expenditure, together with an appropriate proportion of management and office overheads.

(ii) Expenditure on raising funds

All expenses relating to fundraising, publicity and public relations (except the marketing of accommodation and care services) are charged to this heading. This item bears an appropriate proportion of management and office overheads.

(iii) Governance costs

These costs relate to the corporate management of the organisation itself. They include expenses of Directors' meetings, audit fees, office costs and other corporate management costs.

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and payroll. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 7.

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets to their residual values over their estimated useful lives. Intangible assets are amortised over the following useful economic lives:

- Customer relationships 2 years
- Goodwill 2 years
- Software 3-5 years

1 Principal Accounting Policies (continued)

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Charity are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible fixed assets and depreciation

Land is stated at cost, except where it forms part of a revalued Care Home – in which case it is stated at valuation, and is not depreciated.

Freehold and long leasehold buildings include applicable overhead expenditure and capitalised interest. Interest on loans deemed to be financing a development is capitalised up to the date of practical completion.

Furniture, equipment and motor vehicle are stated at cost less depreciation.

Fixed assets with a cost of more than £500 are capitalised and depreciated. Improvements which enhance the future economic benefits of the property or extend its overall useful life are capitalised and are fully written off over the expected useful life of the property.

The Charity has previously adopted a policy of revaluing freehold and long leasehold Care Homes and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The Charity has adopted the transition exemption under FRS102 paragraph 35.10(d) and elected to use the previous revaluation as deemed cost.

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful life.

Freehold and long leasehold buildings are depreciated over their expected useful life of forty years, or the life of the lease if shorter, on a straight-line basis. Improvements to buildings are depreciated over between five and forty years on a straight-line basis.

Furniture, equipment and motor vehicles are depreciated over between three and 20 years on a straight-line basis dependent upon their component type except for minibuses financed from restricted funds, which are written off in the year of purchase.

Assets in the course of construction are stated at cost and are not depreciated until they are available for use. The assets in the course of construction are recognised where it is probable economic benefit will flow to the Charity and can be reliably measured.

1 Principal Accounting Policies (continued)

Social housing grants

The group's housing developments are financed wholly or partly by Social Housing or other capital grants. Section 24 of FRS102, 'Government grants' permits either the performance model or the accrual model to recognise the Government grants. As required by the Housing SORP (FRS102), housing properties accounted at valuation must recognise Government grants using the performance model and those accounted at cost must recognise Government grants using the accrual model.

The Group accounts for its housing property at cost and recognises Government grants using the performance model. Under this model in line with the Charity SORP (FRS102), grants are recognised in income through the Statement of Financial Activities on entitlement to the funds. This represents a change in accounting policy on prior years when the group accounted for Social housing grants using the accrual method, recognising income on a systematic basis over the expected useful life of the housing property. A prior year adjustment to reflect this change has been included in these accounts. Details of the prior year adjustment can be found in note 18.

On disposal of an asset for which government grants were received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the statement of financial position related to such asset is derecognised as a liability and recognised as revenue in the statement of financial activities.

There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised as income.

Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction value unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated Statement of Financial Activities.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

1 Principal Accounting Policies (continued)

ii) Financial liabilities

Basic financial liabilities, including trade creditors, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their mark-to-market fair value based on current market conditions. Changes in the fair value of derivatives are recognised in "Other recognised gains/(losses)" of the Statement of Financial Activities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Retirement housing stock

Unsold units of retirement housing stock and work in progress at the year end are treated as fixed assets and are therefore valued at the lower of cost and estimated selling price less cost to complete. Cost includes capitalised interest incurred on specific projects during the period of development and any other relevant applicable costs.

Impairment of non-financial assets

Where the carrying values of care/housing properties or retirement housing stock are considered to have suffered a permanent diminution in value, the fall in value is recognised in the Statement of Financial Activities. An impairment review is carried out and appropriate impairment provisions made. In assessing an asset for impairment, the recoverable amount of an asset is determined to be the higher of the fair value less costs to sell the asset and its value in use. The method used to determine the value in use of an asset will depend on whether the asset is primarily held to generate cash as a commercial return or for its service potential to the charity's beneficiaries. Where the service potential measurement can be reliably made, and this exceeds the carrying value of the asset, then no impairment is recognised.

1 Principal Accounting Policies (continued)

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of Charity. Designated funds are unrestricted funds of the Charity which the Directors have decided at their discretion to set aside to use for a specific purpose.

i) Restricted income funds

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity. They represent voluntary income or grants from statutory authorities and fees and charges in MHA Communities Schemes, which have been received for purposes set out in note 22.

The application of these funds is restricted by the terms of a special appeal, the expressed wishes of the donor, the will of the testator, or the terms of the grant.

ii) Endowment funds

These represent money given for a particular purpose and are intended to be permanent with the original capital being maintained and the income and capital growth being utilised.

Pensions

The Group's pension arrangements comprise various defined benefit and defined contribution schemes.

Where the underlying assets and liabilities of the defined benefit schemes can be separately identifiable, the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Actuarial gains and losses for these schemes are included in the Consolidated Statement of Financial Activities.

Current and past service costs, curtailments and settlements are recognised within net incoming resources. Returns on scheme assets and interest on obligations are recognised as other finance income or expenses.

Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme, the amount charged to the Consolidated Statement of Financial Activities represents the contributions payable in the year.

The defined benefit schemes are funded, with the assets held separately from the Group in separate Trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each Statement of Financial Position date. The pension scheme assets are measured at fair value.

The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reducing future contributions or to the extent that the trustees have agreed a refund from the scheme at the Statement of Financial Position date.

A pension scheme liability is recognised to the extent the group has a legal or constructive obligation to settle the liability. For defined contribution schemes contributions are charged to the Consolidated Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

No element of the pension scheme liability or scheme expenses relates to restricted activities of the charity.

1 Principal Accounting Policies (continued)

The Charity participates in a defined benefit scheme, as detailed in note 24, which was closed to new entrants on 31 March 2010. Where it is not possible in the normal course of events to identify the scheme's underlying assets and liabilities belonging to individual participating employers, under accounting standards the accounting charge for the year represents the employer contributions payable. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Employee benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Taxation

The group has charitable status and is therefore not subject to Corporation Tax on its surplus from charitable activities.

The group is registered for VAT. Most of the group's income (residential charges, rents and grants) is exempt for VAT purposes, which significantly restricts the recovery of VAT on expenditure.

Leased assets and obligations

Leases are considered operating leases where the risks and rewards equivalent to ownership have not been passed to the Group. As such, the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Rent-free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS102 (1 April 2013) as per FRS102 para 35.10(p) and continues to credit such lease incentives to the Statement of Financial Activities over the period to the first review date on which the rent is adjusted to market rates.

Critical judgements in applying the accounting policies

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

i) Provisions for liabilities

The Charity has recognised provisions for the repurchase of properties sold as leasehold interests under guaranteed buy-back arrangements, on the basis that the timing of the repurchase is uncertain. Additionally provisions have been recognised in relation to liabilities in respect of exceptional items. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience, professional advice and other reasonable factors.

1 Principal Accounting Policies (continued)

ii) Exceptional items

Judgements are required as to whether items that are material in size, unusual or infrequent in nature should be disclosed as exceptional. Details of these items categorised as exceptional are outlined in note 8.

Future amendments to FRS102

The Charity will adopt any new provisions arising from future developments to FRS102 where relevant. As at the date of approval of the financial statements, the Directors do not consider that any current or proposed amendments will have a material impact on the reported results.

2 Donations and legacies

	2022 Total £'000	2021 Total £'000
Donations	572	1,822
Big Lottery Fund grant	76	192
Legacies receivable	3,086	3,200
	3,734	**5,214**

The estimated value of legacies notified but neither received nor recognised in income is £3,483,000 (2021: £1,511,000).

3 Charitable activities

	2022 Total £'000	2021 Total (restated) £'000
Fees and charges	213,452	204,776
Rents	7,306	7,175
Grants (restated 2021)	2,380	2,660
Government Funding	11,764	15,188
Sale of Housing	10,189	6,804
Miscellaneous property sales (restated 2021)	2,225	629
	247,316	**237,232**

Forms of Government assistance from which the Charity has benefited amounts to £11,764,000 (2021: £15,188,000). The Government assistance consists of £692,000 (2021: £909,000) Government grants for our MHA Communities schemes; £11,659,000 (2021: £12,902,000) infection control support and £105,000 (2021: £2,286,000) from the Government Covid Job Retention Scheme.

4 Investments

	2022 Total £'000	2021 Total £'000
Investment securities – UK	14	13
Bank and deposit interest	25	147
	39	**160**

5 Analysis of expenditure

	Note	Homes £'000	Retirement Living £'000	MHA Communities £'000	Other £'000	2022 Total £'000	2021 Total (restated) £'000
Staff costs		110,150	14,754	3,831	11,562	140,297	144,613
Operational costs/(income):							
Supplies and services		35,293	5,963	661	6,664	48,581	46,303
Repairs and rents		16,920	2,674	201	35	19,830	19,237
Retirement housing cost of sales		-	3,493	-	115	3,608	3,214
Depreciation	12a	7,933	4,871	22	426	13,252	12,695
Amortisation	11a	-	-	-	550	550	155
Finance charges		-	32	-	1	33	12
Bank loan interest		2,865	577	-	33	3,475	3,546
Other (income)/costs		765	181	16	1,634	2,596	1,079
(Profit) on disposals (restated)	18	-	-	-	-	-	-
Exceptional items	8	(308)	-	-	(1)	(309)	5,670
Allocated costs/(income)		14,383	2,344	385	(17,112)	-	-
Governance costs	7	-	-	-	1,090	1,090	916
Total expenditure		**188,001**	**34,889**	**5,116**	**4,997**	**233,003**	**237,440**
Total expenditure 2021 (restated)		**188,496**	**37,654**	**5,030**	**5,631**		**237,440**

Allocated costs represent central overheads. Allocation has been performed based on an assessment of the utilisation of each function by the operating business streams.

6 Summary analysis of expenditure and related income for charitable activities

	Note	Homes £'000	Retirement Living £'000	MHA Communities £'000	Other £'000	2022 Total £'000	2021 Total (restated) £'000
Income from charitable activities							
Fees and charges		189,234	23,758	326	134	213,452	204,776
Rents		37	7,269	-	-	7,306	7,175
Grants (restated)		-	-	2,380	-	2,380	2,660
Government Funding		10,848	861	-	55	11,764	15,188
Sale of Housing		-	10,189	-	-	10,189	6,804
Miscellaneous Property sales (restated)	18	1,225	1,000	-	-	2,225	629
Total income	3	**201,344**	**43,077**	**2,706**	**189**	**247,316**	**237,232**
Expenditure on charitable activities							
Staff costs		(110,150)	(14,754)	(3,831)	(11,057)	(139,792)	(144,156)
Operational costs	18	(63,776)	(17,791)	(900)	(9,316)	(91,783)	(85,397)
Allocated (costs)/income		(14,383)	(2,344)	(385)	17,112	-	-
Exceptional items		308	-	-	1	309	(5,670)
Total		**(188,001)**	**(34,889)**	**(5,116)**	**(3,260)**	**(231,266)**	**(235,223)**
Total surplus/(deficit) from charitable activities 2022		**13,343**	**8,188**	**(2,410)**	**(3,071)**	**16,050**	
Total surplus/(deficit) from charitable activities 2021 (restated)		**7,712**	**(1,223)**	**(1,891)**	**(3,218)**		**1,380**

7 Analysis of governance and support costs

The Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 6) in the year. Refer to the table on the following page for the basis for apportionment and the analysis of support and governance costs.

	Support Costs £'000	Governance Costs £'000	2022 Total £'000	2021 Total £'000	Basis of allocation
Employment costs	-	828	828	575	Staff time
Director expenses	-	7	7	8	Invoiced events
External auditors – audit services:					
Parent	-	186	186	175	Governance
Subsidiaries	-	30	30	30	Governance
Bank covenants	-	5	5	5	Governance
Directors' Insurances	20	-	20	9	Cost
Other costs	-	14	14	123	Governance
Total	**20**	**1,070**	**1,090**	**925**	
Total 2021	**9**	**916**		**925**	

8 Exceptional items

	2022 £'000	2021 £'000
Impairment of assets	1,311	5,170
Impairment reversal of assets	(1,620)	-
Self-provision	-	500
Total costs	**(309)**	**5,670**

The current year exceptional items constitute an impairment of the MHA Richmond care home, announced for closure in February 2022 £1,311,000 and the reversal of the impairment of MHA Foxton Grange care home, which is being held for disposal £1,620,000.

Exceptional items in the previous year constitute costs relating to the impairment of MHA Foxton Grange care home, which was closed in February 2021 £1,903,000, the impairment of the assets of a retirement living site where MHA terminated its management contract and wish to dispose of our remaining assets £3,267,000 and a self provision for insurance following the withdrawl of provision by our insurers £500,000.

9 Operating lease commitments

	2022 Total £'000	2021 Total £'000
Operating leases		
The following lease payments were made during the year in respect of operating leases:		
Land and buildings	12,141	11,866

	2022 Land & Buildings Total £'000	2021 Land & Buildings Total £'000
At 31 March the Group and Charity had commitments under non-cancellable operating leases as follows:		
– expiring in one year or less	12,370	12,014
– expiring in one to two years	12,370	12,014
– expiring in two to five years	37,110	36,042
– expiring in more than five years	208,942	213,778
	270,791	**273,848**

10 Analysis of staff costs and remuneration of key management personnel

	2022 Number	2021 Number
Average monthly number employed		
Care Homes	4,510	4,810
Retirement Living	604	781
MHA Communities	105	123
Office staff	376	347
	5,595	**6,061**

The average number of staff employed represents the full-time equivalent including staff on zero hour contracts. The total number of staff employed on zero hour contracts was 757 (2021: 922). The use of zero hour contracts for care staff allows the employee the flexibility to control their work preferences. The average monthly number of employees was 6,509 (2021: 7,249).

	2022 £'000	2021 £'000
Group staffing costs		
Wages and salaries	127,348	131,382
Social security costs	10,203	10,023
Other pension costs		
- Defined benefit pension costs (note 24)	120	121
- Defined contribution pension costs	3,406	3,660
	141,077	**145,186**

10 Analysis of staff costs and remuneration of key management personnel (continued)

The key management personnel is comprised of the Executive Leadership Team alongside the Directors of the Charity. During the year the total remuneration received by the Executive Leadership Team was £1,108,662 (2021: £1,002,989). The employer's pension contribution for the key management personnel staff was £55,652 (2021: £49,984).

The key management personnel of the Group are all remunerated from the parent Charity. These comprise the Leadership Team listed on page 49 of the financial statements. The total employee benefits of the Executive Leadership Team of the Charity were £Nil (2021: £Nil).

The number of Directors who received reimbursement for the cost of travel to and from meetings was nine (2021: 3). The cost of travel expenses reimbursed was £2,000 (2021: £2,000). During the year an insurance premium of £20,160 (2021: £8,848) was paid to indemnify Directors against liability for wrongful acts. No remuneration or benefits were paid during the year to any Director of the Board. 94 (2021:91) employees earned over £60,000 in the year excluding pension contribution within the following bands:

	2022 Number	2021 Number
Between £60,001 and £70,000	56	56
Between £70,001 and £80,000	20	19
Between £80,001 and £90,000	9	6
Between £90,001 and £100,000	3	2
Between £100,001 and £110,000	-	2
Between £110,001 and £120,000	2	2
Between £120,001 and £130,000	1	1
Between £130,001 and £140,000	2	2
Between £190,001 and £200,000	1	1

172 (2021:173) employees were members of the defined contribution pension scheme.

Included in staff costs are £224,000 (2021: £887,000) of redundancy payments made to employees on termination of employment following a restructure of staff within the Retirement living operations. Previous year costs were as a result of restructures of staff following the Covid-19 pandemic and the closure of a care home. Redundancy costs are accounted for on an accruals basis with no unpaid commitments carried forward at the balance sheet date.

11 Intangible Fixed Assets

11a Intangible Fixed Assets

Group	Customer relationships £'000	Goodwill £'000	Software £'000	Total £'000
Cost				
At 1 April 2021	2,782	379	1,281	4,442
Additions	-	-	27	27
Transfers	-	-	938	938
At 31 March 2022	**2,782**	**379**	**2,246**	**5,407**
Accumulated amortisation				
At 1 April 2021	2,782	379	387	3,548
Amortisation charge	-	-	550	550
At 31 March 2022	**2,782**	**379**	**937**	**4,098**
Net Book Value				
At 31 March 2022	**-**	**-**	**1,309**	**1,309**
At 31 March 2021	-	-	894	894

Amortisation charges of £550,000 have been recognised in other expenditure.

11b Intangible Fixed Assets

Company	Software £'000	Total £'000
Cost		
At 1 April 2021	1,281	1,281
Additions	27	27
Transfers	938	938
At 31 March 2022	**2,246**	**2,246**
Accumulated amortisation		
At 1 April 2021	387	387
Amortisation charge	550	550
At 31 March 2022	**937**	**937**
Net Book Value		
At 31 March 2022	**1,309**	**1,309**
At 31 March 2021	894	894

12 Tangible Fixed Assets

12a Tangible Fixed Assets

Group	Care Homes: Freehold land and buildings at cost £'000	Care Homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost/valuation							
1 April 2021	264,334	37,986	187,396	7,019	32,934	1,790	531,459
Additions during the year	861	-	1,397	-	2,213	6,766	11,237
Completions during the year	669	-	1,157	-	556	(3,320)	(938)
Disposals during the year	-	-	(4,097)	-	-	-	(4,097)
Impairment during the year	(157)	-	-	-	(268)	-	(425)
Transfer between category	-	-	(2,287)	2,517	(230)	-	-
31 March 2022	**265,707**	**37,986**	**183,566**	**9,536**	**35,205**	**5,236**	**537,236**
Accumulated depreciation/impairment							
1 April 2021	44,910	8,453	33,101	1,239	20,321	-	108,024
Charge for the year	5,698	911	4,239	169	2,235	-	13,252
On disposals	-	-	(743)	-	-	-	(743)
Impairment	(642)	-	-	-	(92)	-	(734)
Transfer between category	-	-	(686)	686	-	-	-
31 March 2022	**49,966**	**9,364**	**35,911**	**2,094**	**22,464**	**-**	**119,799**
Net book value							
31 March 2022	**215,741**	**28,622**	**147,655**	**7,442**	**12,741**	**5,236**	**417,437**
31 March 2021	**219,424**	**29,533**	**154,295**	**5,780**	**12,613**	**1,790**	**423,435**

Completions during the year relate to the reclassification of assets in the course of construction upon completion of the relevant project. Any assets in the course of construction, whose nature does not meet the definition of capital expenditure or where the project was aborted, are taken to the Statement of Financial Activities upon project completion. The cost of such projects in the year was £60,000 (2021: £64,000).

The current year impairments relate to the MHA Richmond care home, announced for closure in February 2022 £1,311,000 and the reversal of the impairment of MHA Foxton Grange care home, which is being held for disposal £1,620,000.

The prior year impairments relate to Foxton Grange which was closed in February 2021 £1,903,000 and the impairment of the assets of a retirement living site where MHA wish to dispose of the assets £3,267,000.

12 Tangible Fixed Assets (continued)

Included within our freehold land and buildings above is land of £51,578,000 (2021: £51,587,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2021: £Nil). The cumulative amount of capitalised interest included is £3,917,000 (2021: £3,917,000).

12b Tangible Fixed Assets

Company	Care Homes: Freehold land and buildings at cost £'000	Care Homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost/valuation							
1 April 2021	241,380	37,986	109,851	139	27,635	1,790	418,781
Additions during the year	853	-	515	-	1,598	5,735	8,701
Completions during the year	127	-	911	-	556	(2,526)	(932)
Disposals during the year	-	-	(3,082)	-	-	-	(3,082)
Impairment during the year	(157)	-	-	-	(268)	-	(425)
31 March 2022	**242,203**	**37,986**	**108,195**	**139**	**29,521**	**4,999**	**423,043**
Accumulated depreciation/impairment							
1 April 2021	42,226	8,453	19,124	26	17,139	-	86,968
Charge for the year	5,185	911	2,348	3	1,884	-	10,331
Impairment	(642)	-	-	-	(92)	-	(734)
On disposals	-	-	(596)	-	-	-	(596)
31 March 2022	**46,769**	**9,364**	**20,876**	**29**	**18,931**	**-**	**95,969**
Net book value							
31 March 2022	**195,434**	**28,622**	**87,319**	**110**	**10,590**	**4,999**	**327,074**
31 March 2021	**199,154**	**29,533**	**90,727**	**113**	**10,496**	**1,790**	**331,813**

Included within freehold land and buildings above is land of £44,391,000 (2021: £44,399,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2021: £Nil). The cumulative amount of capitalised interest included is £3,813,000 (2021: £3,813,000).

13 Capital Commitments

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Expenditure contracted, less certified	**2,947**	**624**	**2,893**	**599**

Included within the capital commitments of the Group and Company are contracts relating to the development of sites which are executory contracts in nature as at 31 March 2022. A liability for these items has not been recorded in the financial statements as neither party has yet performed their obligations and the contracts are not onerous.

14 Investments – Group and Company

	2022 Total £'000	2021 Total £'000
1 April 2021	1,360	1,315
Additions during the year	105	-
Net (loss)/gain on revaluation	4	45
31 March 2022	**1,469**	**1,360**
The securities represent:		
Methodist Church Central Finance Board:		
Equity fund units	443	400
Fixed interest fund units	1,026	960
31 March 2022	**1,469**	**1,360**

All investments are carried at their fair value. Investment in equities and fixed interest units are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

15 Debtors

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	9,087	8,276	7,925	7,384
Due from group undertakings	-	-	23,274	23,062
Other debtors	485	791	443	737
Prepayments and accrued income	8,113	4,520	7,947	4,457
	17,685	**13,587**	**39,589**	**35,640**

Amounts receivable from Group undertakings comprise a formal loan of £3,500,000 (2021: £3,500,000) which is interest bearing at a rate of 1% per annum (2021: 1%) unsecured and repayable on demand, and £19,774,000 (2021: £19,562,000) recharges arising from operational activities which is not interest bearing, is unsecured and payable on demand.

16 Creditors: Amounts falling due within one year

	Group		Company	
	2022 £'000	2021 (restated) £'000	2022 £'000	2021 £'000
Loans – principal and interest	1,900	1,780	1,649	1,529
Trade creditors	5,514	4,898	5,512	4,899
Charges and rents in advance	5,241	3,219	5,119	3,112
Deferred Income – buy-back properties	241	424	146	301
Unpaid pension contributions	976	986	961	971
Taxation and social security	5,222	4,826	5,056	4,685
Other creditors (Group only restated 2021)	13,653	12,951	12,955	12,338
Accruals and deferred income	11,177	9,055	9,785	8,246
	43,924	**38,139**	**41,183**	**36,081**

17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2022 £'000	2021 (restated) £'000	2022 £'000	2021 £'000
Derivative financial instruments	195	4,938	195	4,938
Loans:				
- Between one and two years	2,164	2,035	1,909	1,781
- Between three and five years	77,265	76,848	76,589	76,148
- In five years or more	12,835	15,412	10,421	12,771
Less loan arrangement fees	(264)	(396)	(264)	(396)
	92,000	**93,899**	**88,655**	**90,304**
Unamortised grants – deferred income:				
- Between one and two years	-	991	-	-
- Between three and five years	-	2,821	-	-
- In five years or more	-	11,471	-	-
Restated 2021	-	(15,283)	-	-
	-	**-**	**-**	**-**
Deferred Income – buy-back properties:				
- Between one and two years	143	294	52	186
- Between three and five years	286	365	68	103
- In five years or more	131	134	34	34
	560	**793**	**154**	**323**
Total	**92,755**	**99,630**	**89,004**	**95,565**

17 Creditors: Amounts falling due after more than one year (continued)

The loans are secured on certain Care Home and housing properties, representing 51% of the value of Freehold Land and Buildings (2021:51%) with a Net Book Value of £143,356,000 (2021: £145,395,000). The interest rates payable on these loans, plus the short-term loans of £1,900,000 (2021: £1,780,000), are as detailed below, confirming the drawn-down amounts as at 31 March 2022, the interest rate and the respective terms.

Company £'000
£70,000 is payable at LIBOR plus a margin of 2.2% until March 2025
£20,700 is payable at LIBOR plus a margin 0.8% until December 2030
£90,700 **Company total**

Subsidiaries £'000
£1,300 is a variable rate of 0.5% until April 2033
£1,111 is a variable rate of 0.5% until May 2033
£61 is fixed at a rate of 4.5% until 1 January 2024
£1,124 is fixed at a rate of 10.7% until 31 March 2049
£3,596 **Subsidiaries total**
£94,296 **Group total**

Below are the drawn-down amounts as at 31 March 2021, the interest rate and the respective terms.

Company £'000
£70,000 is payable at LIBOR plus a margin of 2.2% until March 2025
£22,361 is payable at LIBOR plus a margin 0.8% until December 2030
£92,361 **Company total**

Subsidiaries £'000
£1,415 is a variable rate of 0.5% until April 2033
£1,210 is a variable rate of 0.5% until May 2033
£88 is fixed at a rate of 4.5% until 1 January 2024
£1,132 is fixed at a rate of 10.7% until 31 March 2049
£3,845 **Subsidiaries total**
£96,206 **Group total**

Of the outstanding loan balance £70,000,000 (2021: £70,000,000) relates to loans that are non-amortising.

17 Creditors: Amounts falling due after more than one year (continued)

The Company has fixed interest rates to guard against future rate movements on £70,000,000 (2021: £70,000,000) of the loan balance through an interest rate swap. The overall cost of the derivative arrangement is fixed at 4.3%. The fair value of the interest swaps as at 31 March 2022 is a £195,000 liability (2021: £4,938,000 liability) representing the cost of exiting this arrangement, which is not currently intended by the company. The recognised gain on cash flow hedges in the year is £4,743,000 (2021: gain of £1,068,000). This reflects the net of the fair value gain on derivatives of £3,545,000 (2021: loss of £1,198,000) and the losses recycled to bank loan interest of £1,346,000 (2021: losses recycled of £1,207,000). The amounts recycled to bank loan interest represent the cash paid on derivatives during the year.

18 Prior year adjustment

A prior year adjustment has been made to reflect a change in accounting policy on the Group's treatment of Social housing grants to recognise grants as income on entitlement in accordance with the Charity SORP (FRS102).

The impact of the adjustment to the accounts is as follows:

	2021
Consolidated Statement of Financial Activities	
Charitable Income – retirement living	(1,021)
	(1,021)
Consolidated Statement of Financial Position	
Creditors: Amounts falling due within one year	991
Creditors: Amounts falling due after more than one year	15,283
Unrestricted Funds	**(16,274)**
Prior year adjustment	**(17,295)**

Profit/loss on miscellaneous property sales has been moved in the prior year from charitable expenditure to charitable income and this has affected the following:

	2021
Consolidated Statement of Financial Activities	
Charitable Income – care homes	497
Charitable Income – retirement living	132
Charitable Expenditure – care homes	(497)
Charitable Expenditure – retirement living	(132)
	-

The impact of the release of the remediation provision in Auchlochan on the prior year is as follows:

	2021
Consolidated Statement of Financial Position	
Provision for liabilities	422
Unrestricted Funds	(422)
	-

19 Provisions for liabilities

	1 April 2021 £'000	Prior year adjustment £'000	1 April 2021 (restated) £'000	Created on new transactions £'000	Charge for year £'000	Increase/ (release) in provision £'000	Utilisation of provision £'000	31 March 2022 £'000
Group								
Guarantee property buy-backs	38,323	-	38,323	1,039	27	-	(9,670)	29,719
Remediation provision	422	(422)	-	-	-	-	-	-
Retirement Living provision	1,915	-	1,915	-	-	(1,915)	-	-
Housing for Sale provision	90	-	90	-	-	(90)	-	-
Public Liability provision	500	-	500	-	-	-	-	500
	41,250	**(422)**	**40,828**	**1,039**	**27**	**(2,005)**	**(9,670)**	**30,219**
Company								
Guarantee property buy-backs	25,089	-	25,089	286	(162)	-	(6,086)	19,127
Retirement Living provision	1,915	-	1,915	-	-	(1,915)	-	-
Housing for Sale provision	90	-	90	-	-	-	(90)	-
Public Liability provision	500	-	500	-	-	-	-	500
	27,594	**-**	**27,594**	**286**	**(162)**	**(1,915)**	**(6,176)**	**19,627**

The guarantee property buy-backs provision arises when MHA enters into transactions to sell the leasehold interest in Retirement Living properties with an option (exercisable by either party) for MHA to repurchase the leasehold at a pre-agreed amount. Buy-back commitments have been estimated to average nine years (2021: nine years). Provisions are discounted at the appropriate risk-free rate. The relevant nine- and five-year Government bond rates have been used depending on the remaining expected life of the individual commitments by property, these being 1.63% and 1.51% respectively (2021: 0.9% and 0.4%). The approximate effects of changes to the discount rate by 1% or a one-year change to the buy-back commitment life has been sensitised and deemed not to have a material effect on the provision.

A prior year adjustment has been included to remove the remediation provision that had been held for ongoing works at Auchlochan village, as it is felt that there is no obligation to make future payments.

The Retirement Living provision related to a possible outflow from a consultation process which was completed in the year with no resultant liabilities and has therefore been released.

19 Provisions for liabilities (continued)

The Housing for Sale provision related to an onerous contract at a retirement living scheme regarding the operational management of the site. MHA have terminated this contract in October 2021 with the balance of the provision at 31 March 2021 being utilised against the cost of operational services to the termination date.

The Public Liability Provision provides for the potential costs of future Covid-19 public liability claims following the withdrawal of provision by our insurers.

20 Share Capital

The company is limited by guarantee and has no share capital.

21 Endowment Funds

21a Endowment funds (current year)

Movement in Funds

Group and Company	1 April 2021 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
H D Clarke Memorial	944	5	(2)	(34)	-	-	913
Redcroft Residential Home	69	-	-	-	-	-	69
	1,013	**5**	**(2)**	**(34)**	**-**	**-**	**982**

21b Endowment funds (prior year)

Movement in Funds

Group and Company	1 April 2020 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2021 £'000
H D Clarke Memorial	952	6	(2)	(12)	-	-	944
Redcroft Residential Home	68	1	-	-	-	-	69
	1,020	**7**	**(2)**	**(12)**	**-**	**-**	**1,013**

22 Restricted income funds

22a Restricted income funds (current year)

Movement in Funds

Group	1 April 2021 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
Care Homes	14,386	11,386	(11,364)	39	-	(40)	14,407
Retirement Living	4,872	883	(1,017)	-	-	19	4,757
Big Lottery Fund grant	-	76	(76)	-	-	-	-
MHA Communities	2,919	5,346	(5,040)	-	-	(75)	3,150
Amenity funds	2,002	412	(338)	-	-	39	2,115
Other	-	-	-	-	-	-	-
	24,179	**18,103**	**(17,835)**	**39**	**-**	**(57)**	**24,429**

22b Restricted income funds (prior year)

Movement in Funds

Group	1 April 2020 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2021 £'000
Care Homes	14,562	15,081	(14,735)	57	(92)	(487)	14,386
Retirement Living	4,910	632	(786)	-	(124)	240	4,872
Big Lottery Fund grant	-	192	(192)	-	-	-	-
MHA Communities	3,048	4,680	(4,838)	-	60	(31)	2,919
Amenity funds	1,815	572	(385)	-	-	-	2,002
Other	-	111	(111)	-	-	-	-
	24,335	**21,268**	**(21,047)**	**57**	**(156)**	**(278)**	**24,179**

22 Restricted income funds (continued)

22c Restricted income funds (current year)

Movement in Funds

Company	1 April 2021 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
Care Homes	14,386	11,033	(11,011)	39	-	(40)	14,407
Retirement Living	4,872	782	(916)	-	-	19	4,757
Big Lottery Fund grant	-	76	(76)	-	-	-	-
MHA Communities	2,920	5,346	(5,040)	-	-	(75)	3,151
Amenity funds	1,950	398	(320)	-	-	46	2,074
Other	-	-	-	-	-	-	-
	24,128	**17,635**	**(17,363)**	**39**	**-**	**(50)**	**24,389**

22d Restricted income funds (prior year)

Movement in Funds

Company	1 April 2020 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2021 £'000
Care Homes	14,562	14,793	(14,447)	57	(92)	(487)	14,386
Retirement Living	4,910	628	(782)	-	(124)	240	4,872
Big Lottery Fund grant	-	192	(192)	-	-	-	-
MHA Communities	3,048	4,681	(4,838)	-	60	(31)	2,920
Amenity funds	1,779	544	(373)	-	-	-	1,950
Other	-	111	(111)	-	-	-	-
	24,299	**20,949**	**(20,743)**	**57**	**(156)**	**(278)**	**24,128**

The Homes and Retirement Living funds relate to amounts donated for use and subsequently used to improve specific Homes or Schemes. The MHA Communities Scheme funds relate to amounts raised by local schemes to fund their day-to-day running costs. Amenity funds relate to amounts raised for the provision of additional benefits for residents and tenants within a specific home or scheme.

Big Lottery Fund Grants of £76,000 (2021: £192,000) were received in the year to support MHA Communities Schemes.

23 Funds

23a Funds (current year)

Group	Total £'000
At 1 April 2021	324,985
Surplus for the year	18,090
Actuarial gain	(1,586)
Deficit on interest rate swaps	4,743
Transfers	-
At 31 March 2022	**346,232**

23b Funds (prior year)

Group	Total £'000
At 1 April 2020 (restated)	320,245
Surplus for the year	5,211
Actuarial gain	(1,539)
Deficit on interest rate swaps	1,068
Transfers	-
At 31 March 2021	**324,985**

23c Funds (current year)

Company	Total £'000
At 1 April 2021	260,729
Surplus for the year	17,335
Actuarial gain	(1,586)
Deficit on interest rate swaps	4,743
Transfers of subsidiary	-
Transfers	-
At 31 March 2022	**281,221**

23d Funds (prior year)

Company	Total £'000
At 1 April 2020	256,563
Surplus/(loss) for the year	4,637
Actuarial gain	(1,539)
Deficit on interest rate swaps	1,068
Transfer of subsidiary	-
Transfers	-
At 31 March 2021	**260,729**

23 Funds (continued)

The company's surplus before donations for the year to 31 March 2022 amounted to £13,611,000 (2021: loss of £539,000). The company's surplus after donations for the year to 31 March 2022 amounted to £17,335,000 (2021: surplus of £4,637,000) from a gross income of £233,677,000 (2021: £228,871,000).

24 Pensions and Similar Obligations

A defined contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 172 (2021: 205) employees. The contribution rate of MHA for the year varied between 3% and 6% depending on the employee's contribution, which is a minimum of 5%.

MHA operates a number of pension schemes:

(i) A defined benefit scheme, which was a funded scheme, with the assets held in separate Trustee administered funds, was closed to new members and future accrual on 31 March 2010.

As per para 28.38 of FRS102, where an entity participates in a defined benefit plan that shares risks between entities under common control it shall obtain information about the plan as a whole measured in accordance with this FRS on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement or stated policy for charging the net defined benefit cost of a defined benefit plan as a whole measured in accordance with this FRS to individual group entities, the entity shall, in its individual financial statements, recognise the net defined benefit cost of a defined benefit plan so charged. If there is no such agreement or policy, the net defined benefit cost of a defined benefit plan shall be recognised in the individual financial statements of the Group entity which is legally responsible for the plan. The other Group entities shall, in their individual financial statements, recognise a cost equal to their contribution payable for the year. Methodist Homes is the sponsoring employer of the defined benefit pension scheme and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual Group entities and therefore the Company has recognised the entire net defined benefit cost and the relevant net defined benefit liability of the defined benefit pension scheme in its individual financial statements.

The FRS102 disclosures below have been produced by TPT Retirement Solutions, the group actuaries using the projected unit method to calculate the Scheme liabilities at 31 March 2022. No adjustments have been made to measure the defined benefit obligation at the reporting date to their valuation.

The financial assumptions used to calculate the Group's scheme liabilities are as follows:

	2022 %pa	2021 %pa	2020 %pa	2019 % pa
Inflation (CPI)	3.3%	2.9%	1.7%	2.3%
Inflation (RPI)	3.6%	3.3%	2.7%	3.3%
Rate of increase in salaries	0.0%	0.0%	3.2%	3.8%
Rate of increase for pensions in payment	2.4%	2.3%	1.5%	1.8%
Rate of increase for deferred pensions	3.6%	3.3%	2.7%	3.3%
Discount rate	2.8%	2.1%	2.3%	2.4%

Pensions accrued before 1 January 2000 for members who joined the scheme before 1 November 1998 are subject to guaranteed fixed increases of 5% (2021: 5%) per annum in deferment and in payment.

24 Pensions and Similar Obligations (continued)

The current mortality assumptions used in the valuation of the pension liabilities were:

Life expectancy	2022 S1PA Year of birth CMI21 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females	2021 S1PA Year of birth CMI20 with a minimum improvement of 1.3% p.a. for males and 1.3% p.a. for females	2020 S1PA Year of birth CMI19 with a minimum improvement of 1.3% p.a. for males and 1.0% p.a. for females	2019 S1PA Year of birth CMI18 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females
The assumed life expectations on retirement age 65 are:				
	2022 Years	**2021 Years**	**2020 Years**	**2019 Years**
Pensioner currently aged 65:				
Male	21.7	21.4	21.9	22.0
Female	24.1	23.4	23.7	23.7
Non-Pensioner currently aged 45:				
Male	23.3	22.7	23.2	23.4
Female	25.6	24.9	24.9	24.9

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the Statement of Financial Position date, whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the long-term rate of return expected at the Statement of Financial Position date were:

	Fair value 2022 £'000	Fair value 2021 £'000
Equities	417	7,020
Government bonds	28,939	16,912
Property	9,142	3,871
Cash	1,442	3,808
Other	11,906	19,477
LDI	14,376	14,159
Total market value of assets	66,222	65,247
Present value of scheme liabilities	(58,279)	(63,766)
Surplus/(deficit) in the scheme	**7,943**	**1,481**
Effect of asset ceiling	**(7,943)**	**(1,481)**
Net pension asset/(liability) under FRS102	**-**	**-**

An asset ceiling has been applied to limit the impact of the surplus on the scheme calculated on an Accounting provision FRS102 basis in line with the advice from TPT Retirement Solutions and the pension scheme rules.

The last formal valuation of the scheme was performed as at 30 September 2018 by a professionally qualified actuary.

24 Pensions and Similar Obligations (continued)

The actuary has confirmed that the existing contribution level can be reduced given the deficit which is forecast to be removed within 10 years.

The Group works directly with TPT Retirement Solutions in relation to the multi-employer pension scheme to ensure compliance with scheme rules. Where an issue is identified, the Group ensures proper understanding and investigation is carried out to meet the Group's obligations, and where these meet the requirements of the relevant accounting standard they are appropriately accounted for.

The Group's pension charge for the year calculated under FRS102 assumptions is included in the financial statements.

Analysis of amounts charged to net incoming resources

	2022 £'000	2021 £'000
Current service cost	**-**	**-**
Expenses	(120)	(121)
Expected return on scheme assets	1,369	1,446
Interest on pension scheme liabilities	(1,321)	(1,341)
Net cost	**(72)**	**(16)**
Interest on effect of asset ceiling	(48)	(105)
Total cost	**(120)**	**(121)**

Analysis of amount recognised as Actuarial gain/(loss)

	2022 £'000	2021 £'000
Actuarial gain/(loss) recognised in the Consolidated Statement of Financial Activities	(1,586)	(1,539)
Employer contribution adjustment	0	0
	(1,586)	**(1,539)**
Total (charge)/credit to Consolidated Statement of Financial Activities	(1,706)	(1,555)
Cumulative actuarial losses	**(13,052)**	**(11,466)**

Statement of Financial Position impact	2022 £'000	2021 £'000
Present value of funded obligations	(58,279)	(63,766)
Fair value of scheme assets	66,222	65,247
Surplus/(deficit) in the scheme at 31 March	**7,943**	**1,481**
Effect of asset ceiling	(7,943)	(1,481)
Net pension asset/(liability) under FRS102	**0**	**0**

Changes in the present value of the defined benefit obligation	2022 £'000	2021 £'000
Opening defined benefit obligation	63,766	59,577
Service cost	0	0
Interest cost	1,321	1,341
Actuarial gain/(loss)	(5,087)	5,395
Net benefits paid	(1,721)	(2,547)
Closing defined benefit obligation	**58,279**	**63,766**

24 Pensions and Similar Obligations (continued)

Changes in fair value of plan assets	2022 £'000	2021 £'000
Opening fair value of plan assets	65,247	63,366
Interest Income	1,369	1,446
Actuarial gain	(259)	1,443
Contributions by employer	1,706	1,660
Net benefits paid	(1,721)	(2,547)
Expenses	(120)	(121)
Closing fair value of plan assets	**66,222**	**65,247**
Return on plan assets	**1,110**	**2,889**

(ii) The previous Growth Plan is a multi-employer-defined benefit scheme which is administered by TPT Retirement Solutions. The actuary has completed a tri-annual valuation as at 30 September 2018 showing a funding level of 74%. Additional contributions of £56,000 (2021: £55,000) were paid during the year.

(iii) The contribution by the Group to the defined benefit scheme paid during the year amounted to £1,706,000 (2021: £1,660,000). Further payments will be made in future years to further reduce the pension deficit shown in the last tri-annual valuation.

(iv) The current growth plan is a multi-employer-defined contribution scheme. Contributions paid during 2021/22 in respect of the defined contribution scheme were £294,000 (2021: £553,000).

(v) During the year all employees were eligible to join the auto-enrolment scheme. The new scheme is compulsory for all employees who have not specifically opted out of the scheme. MHA contributed 3% of pensionable pay for all those included in the scheme from 1 April 2013. The contributions for the year were £3,058,000 (2021: £3,263,000).

25 Notes to the Cash Flow Statement

a) Reconciliation of net income to net cash inflow from operating activities

	2022 £'000	2021 (restated) £'000
Net income	18,090	6,232
Unrealised losses/(gains) on investment	(4)	(45)
Investment income	(39)	(160)
Release of capital grants (restated 2021)	-	-
Interest charge	3,475	3,546
Profit on sale of Retirement Living Housing	(9,085)	5,161
Depreciation charges	13,252	12,695
Amortisation	550	(629)
Impairment of fixed assets	(309)	5,171
Defined benefit scheme pension contributions paid in the year	(1,706)	(1,660)
Defined benefit scheme pension cost charged in the year	120	121
Increase in debtors	(4,098)	1,234
(Decrease)/increase in creditors and provisions (restated 2021)	(5,146)	(10,815)
Net cash provided by operating activities	**15,100**	**20,851**

25 Notes to the Cash Flow Statement (continued)

Movements in debtors and creditors which relate to capital and interest transactions are excluded from the movements in debtors and creditors shown.

Cash and cash equivalents amounting to £252,000 (2021: £250,000) held in endowment funds are not available for use to further charitable activities as they are held for particular purposes and are intended to be permanent.

b) Reconciliation of net cash flow to movement in net debt

	2022 £'000	2021 £'000
Increase in cash and cash equivalents	10,924	18,571
Cash movement in borrowings	5,431	2,036
Change in net funds resulting from cash flows	**16,355**	**20,607**
Change in net funds resulting from non-cash flows	**(3,653)**	**-**
Movement in net debt		
Net debt as at 1 April	(31,372)	(51,979)
Net debt as at 31 March	**(18,670)**	**(31,372)**

c) Analysis of changes in net debt (current year)

	1 April 2021 £'000	Cash flow £'000	Non-cash changes £'000	31 March 2022 £'000
Cash at bank and in hand	64,306	10,924	-	75,230
Loans due within one year	(1,782)	5,431	(5,549)	(1,900)
Loans due after more than one year	(93,896)	-	1,896	(92,000)
	(31,372)	**16,355**	**(3,653)**	**(18,670)**

26 Group Structure

Methodist Homes has the following subsidiary undertakings:

Methodist Homes Housing Association Ltd

Incorporation: Co-operative and Community Benefit Societies Act 2014
Registered Office: Epworth House, Stuart Street, Derby, DE1 2EQ, United Kingdom
Registered Number: LH2343
Principal activity: Charitable provision and management of social housing.

	2022 £'000	2021 £'000
Assets	72,786	72,188
Liabilities	(19,817)	(21,114)
Funds	**52,969**	**51,074**
Incoming resources	7,313	6,940
Resources expended	(5,418)	(5,169)
Movement in funds	**1,895**	**1,771**

26 Group Structure (continued)

MHA Auchlochan Ltd

Incorporation:	Charity Registered Number SCO40155
Company Registered Number:	SC352117
Registered Office:	Auchlochan House, New Trows Road, Lesmahagow, ML11 0JS, United Kingdom
Principal activity:	Charitable provision and management of residential Care Homes.

	2022 £'000	2021 £'000
Assets	33,204	34,898
Liabilities	(36,867)	(38,413)
Funds	(3,663)	(3,515)
Incoming resources	9,043	7,347
Resources expended	(9,191)	(7,523)
Movement in funds	(148)	(176)

The two (2021: two) organisations are deemed to be subsidiaries of Methodist Homes by means of various intra-group agreements.

27 Related party transactions

The group operates a defined benefit scheme where MHA is the sponsoring employer. The contribution by the group to the scheme paid during the year amounted to £1,706,000 (2021: £1,660,000).

During the financial year to 31 March 2022 one (2021: one) member of the Leadership Team and The Board had close family members residing in the company's Care Homes. In both situations arrangements were established and continue to be monitored in accordance with the company's published relatives' policy. The policy stipulates line management oversight of all instances where MHA services are provided to relatives of Board Members and employees. The policy ensures that there is no preference given to the availability or price of MHA's services and also ensures the safeguarding of family members and carers.

Related party transactions with Group undertakings relate to recharges arising from operational activities. Amounts receivable from Group undertakings comprise a formal loan of £3,500,000 (2021: £3,500,000) which is interest bearing at a rate of 1% per annum (2021: 1%) unsecured and repayable on demand, and £19,774,000 (2021: £19,562,000) recharges arising from operational activities which is not interest bearing, is unsecured and payable on demand.

	2022 £'000	2021 £'000
Transactions		
Recharges to Group Undertakings	7,854	6,392
Pension scheme – Defined benefit	1,706	1,660
	9,560	**8,052**

27 Related party transactions (continued)

	2022 £'000	2021 £'000
Balances		
Due from Group Undertakings	23,274	23,062
Pension scheme – Defined benefit	-	-
	23,274	**23,062**

28 Statement of Financial Activities for prior year

	Note(s)	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2021 (restated) £'000
Income and endowments from:					
Donations and legacies	2	2,295	2,919	-	5,214
Charitable activities					
Homes (restated)		182,280	14,425	-	196,705
Retirement Living (restated)		34,893	649	-	35,542
Live at Home		-	3,139	-	3,139
Other		1,735	111	-	1,846
Total charitable activities	3/6	**218,908**	**18,324**	**-**	**237,232**
Investments	4	128	25	7	160
Total		**221,331**	**21,268**	**7**	**242,606**
Expenditure on:					
Raising funds		672	-	-	672
Charitable activities					
Homes (restated)		173,902	15,091	-	188,993
Retirement Living (restated)		36,972	814	-	37,786
Live at Home		-	5,030	-	5,030
Other		3,929	112	2	4,043
Total charitable activities	6	**214,803**	**21,047**	**2**	**235,852**
Other		916	-	-	916
Total	5	**216,391**	**21,047**	**2**	**237,440**
Net gain/(loss) on investments		-	57	(12)	45
Net income		**4,940**	**278**	**(7)**	**5,211**
Transfer between funds		**434**	**(434)**	**-**	**-**

28 Statement of Financial Activities for prior year (continued)

Other recognised gains/(losses):					
Actuarial gains on defined benefit pension schemes	25	(1,539)	-	-	(1,539)
Other losses – interest rate swaps		1,068	-	-	1,068
Net movement in funds		**4,903**	**(156)**	**(7)**	**4,740**
Reconciliation of funds:					
Total funds brought forward (restated)		294,890	24,335	1,020	320,245
Total funds carried forward		**299,793**	**24,179**	**1,013**	**324,985**

29 Contingent assets and liabilities

MHA have been notified by the trustees of the Methodist Homes for the Aged Final Salary Pension Scheme of legal uncertainties over the way in which historic scheme benefit changes have been applied to the scheme. The scheme Trustee's legal advisor has carried out a review of the changes made and is now seeking direction from the high court on the interpretation of the scheme rules and documentation against the benefit changes implemented. The Trustee has carried out a review of all schemes under its administration and concluded that the uncertainties are common amongst the majority of the schemes it administers. The outcome of the high court review is not expected to be known until late 2024. The estimated impact on scheme liabilities if the court rules that the changes have not been appropriately applied is £5.4m.

The group had no other contingent assets or liabilities at 31 March 2022 (2021: same).

Live later life well

©2022
MHA is the trading name of a group of companies.

Methodist Homes is a registered Charity in England & Wales (No.1083995) and Company limited by Guarantee (No. 4043124) with registered office MHA, Epworth House, Stuart Street, Derby DE1 2EQ

MHA Auchlochan is a registered Scottish Charity (No. SC040155) and Company limited by Guarantee (No. SC352117) with registered office Auchlochan House, New Trows Road, Lesmahagow, Lanarkshire ML11 0JS

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METHODIST HOMES

England & Wales - Charity number 1083995

Accounts

METHODIST HOMES REPORT AND FINANCIAL STATEMENTS 31 March 2021

Charity Registered No. 1083995
Company Registered No. 04043124

METHODIST HOMES
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INTRODUCTION TO ANNUAL REVIEW

I am pleased to present Methodist Homes (MHA) Report and Financial Statements for 2020/21.

The last twelve months have been extraordinarily difficult for the whole country coping with the pandemic and none more so than for our residents, members, staff and volunteers who have all been exceptional in rising to the challenges presented by the pandemic. With our Homes and Schemes closed to visitors for most of the year I have not been able to visit any Homes or Schemes in person but I and the other Directors have provided support via telephone and video calls. We have had to adapt a number of our services in the last twelve months in order to be able to continue to provide support to as many older people as we can and our staff and volunteers are to be commended for the level of dedication and caring they have delivered. As we now move into the next phase of living with Covid-19 it is vital that we continue to play our part in seeking a proper settlement for older peoples care so that we can enable them to live later life well.

MHA was founded 78 years ago by the Methodist Church, fulfilling a Christian duty to care for all people no matter their faith or background. Today we serve over 18,300 older people across our 89 Care Homes, 70 Retirement Living communities and 49 MHA Communities Schemes (formerly Live at Home Schemes) supported by 6,947 staff and 3,750 volunteers. Our founders can be proud of MHA's work today except I am sure they would be saying that we should do more! And there is much more to do.

One area which makes MHA's work different from others is the support we give through our Chaplaincy service. Chaplains are available to residents, families and staff in all our Care Homes and Retirement Living Schemes and we have been looking at how we can extend this into our MHA Communities Schemes services, making sure we truly care for the mind, body and spirit of all the people we support. This has been particularly important during this time of national crisis due to the Covid-19 pandemic.

We launched our new five year strategy in 2019 and it is important for the success of this strategy that we continue on a firm financial footing. Although this strategy remains our long term focus we have had to change our immediate focus to deal with the effects that the current pandemic has had on our sector and on our services. These Financial Statements cover a period where we were in the grip of the pandemic for most of the financial year, despite this due to accessing Government and Local Authority funds made available to support the care sector during the pandemic and a successful year for fundraised income we made a net income in 2020/21 of £6.2m (2020: £15.0m). We also ended the year with an improved cash position, largely due to the completion of a number of property sales and the reduction in Capital Expenditure as we couldn't access our services during the lockdowns.

The strategy launched in 2019 set the direction for our services for the next five years and beyond. Coming through Covid-19, our intention remains to ensure that we can continue to deliver quality services across all our services and the Board is committed to ensuring that we are in the best place to take the Charity forward into this next phase once we can be certain the current pandemic is over.

Despite the pandemic we have continued our work to improve the governance of the Charity which has included a commitment to be fully compliant with the Charity Governance Code. I am pleased to say that this work is almost complete and we will be formally adopting the Code in the coming financial year.

John Robinson
Chair of MHA Board

METHODIST HOMES
BOARD OF DIRECTORS' REPORT INCLUDING STRATEGIC REPORT
31 MARCH 2021

The Directors of Methodist Homes (MHA) present their audited report and financial statements for the Group and Company for the year ended 31 March 2021. The Directors confirm that the annual report and financial statements of the Charity comply with current statutory regulations, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2019).

1. STRATEGIC REPORT

Who we are

MHA is an award-winning charity providing care, accommodation and support services for older people throughout England, Scotland and Wales. We are one of the most well-respected care providers in the sector, providing services to older people since we were set up in 1943.

MHA includes the subsidiaries MHA Auchlochan Ltd, our retirement living village in Scotland; and Methodist Homes Housing Association Ltd, our registered social landlord.

As well as residential, specialist dementia and nursing care provision in our care homes we provide community-based services through our Live at Home schemes. During 2020/21 we restructured and rebranded Live at Home into MHA Communities. We also support people to live independently in their own home in our retirement living schemes.

Activities for achieving objectives, now and in the future

MHA's Board and its Executive Leadership Team continue to plan and build a future for the charity so it can deliver its ambition to deliver more and better forms of support and life enhancing services for even greater numbers of older people. In doing this, MHA recognises it is building on the foundations of all that has been achieved in past years and, as has so often been demonstrated in MHA's history, that ambition serves as a challenge and an inspiration.

From February 2020 MHA, along with the rest of the UK and the world, faced into the unprecedented crisis and challenge of Covid-19 - the impact and threat of which continues.

The plans we had for 2020/21, the second year of our OneMHA Strategy, were laid aside, as we sought to respond to the crisis as it hit those most vulnerable to its ravages. After the first wave we put in place our Covid-19 Management and Recovery Programme and, although much was achieved, the second and third lockdowns once again required us to focus our energies on our day to day response to the pandemic. Testing and vaccination programmes alongside support to our residents and their families, our members and colleagues have been our priority.

During 2020/21 our Covid-19 Management and Recovery Programme temporarily replaced our OneMHA Strategy. The focus of the Management and Recovery Programme is:

- Managing the ongoing day to day implications of Covid-19, including testing, vaccinations, visiting, personal protective equipment (PPE) and supporting our people;
- Supporting our residents, tenants and members to maintain strong links with family, friends and community through a range of Covid secure visiting and activities with increased use of digital technology; and
- Supporting our colleagues to recover and move forward post 2020;

Activities for achieving objectives, now and in the future (continued)

- Rebuilding and re-imagining our care and support services, ensuring MHA's financial resilience whilst sustaining and developing our people. The programme comprised of several work-streams, many of which were drawn from the OneMHA strategy:
    - occupancy recovery
    - deliver our refreshed people offer
    - refine our retirement living offer
    - develop our digital MHA Communities offer
    - innovation, research and technology
    - increase the effectiveness and efficiency of central support services
    - sustainable property and services
    - sector reform

As we move into 2021/22, we recognise our Covid-19 Management and Recovery Programme needs to remain our priority, providing all necessary support to our residents, tenants, members and colleagues, whilst ensuring the financial resilience of MHA going forward. This has brought to the fore key elements of our OneMHA Strategy that were already in progress, but now with added priority. Our mission, vision and values hold steady, our strategy given new urgency and focus. We are setting out our route map to not only rebuild after last year, but to refresh and re-imagine how we deliver our care and support services as OneMHA to enable people to live later life well.

Our OneMHA Strategy has the following mission and vision:

> *As a charity, our mission is to enable people to live later life well.*
>
> *By 2024, we will have connected our communities, realising our potential as OneMHA – to increase the reach, impact and quality of care and support we provide to people in later life.*

The OneMHA Strategy builds on MHA's history in serving the needs of older people. The principles that have served MHA and older people so well over the decades remain central. These are that MHA is a caring values and Christian-based organisation. It prioritises, operates and grows with a view to the long term. The quality of its services are of utmost importance and in order to maintain this we strive to be the employer of choice within our sector.

The vision brings together our operations activities, connecting care homes, retirement living and MHA Communities in regions for greater collaboration, knowledge exchange and a stronger local offering to communities.

Aligned with the mission and vision, MHA has revised its values on which the organisation is based. These are:

> *Inspired by our Methodist roots, our values are to:*
> - *Respect every person, treating them with dignity*
> - *Nurture mind, body and spirit*
> - *Inspire the best in each other*

MHA currently supports over 18,300 individuals:

- 3,821 older people living in 89 care homes, either in residential, nursing or specialist dementia care;
- 2,900 older people living independently in a range of purpose-built apartments in 70 retirement living schemes with flexible support and personalised care;

Activities for achieving objectives, now and in the future (continued)

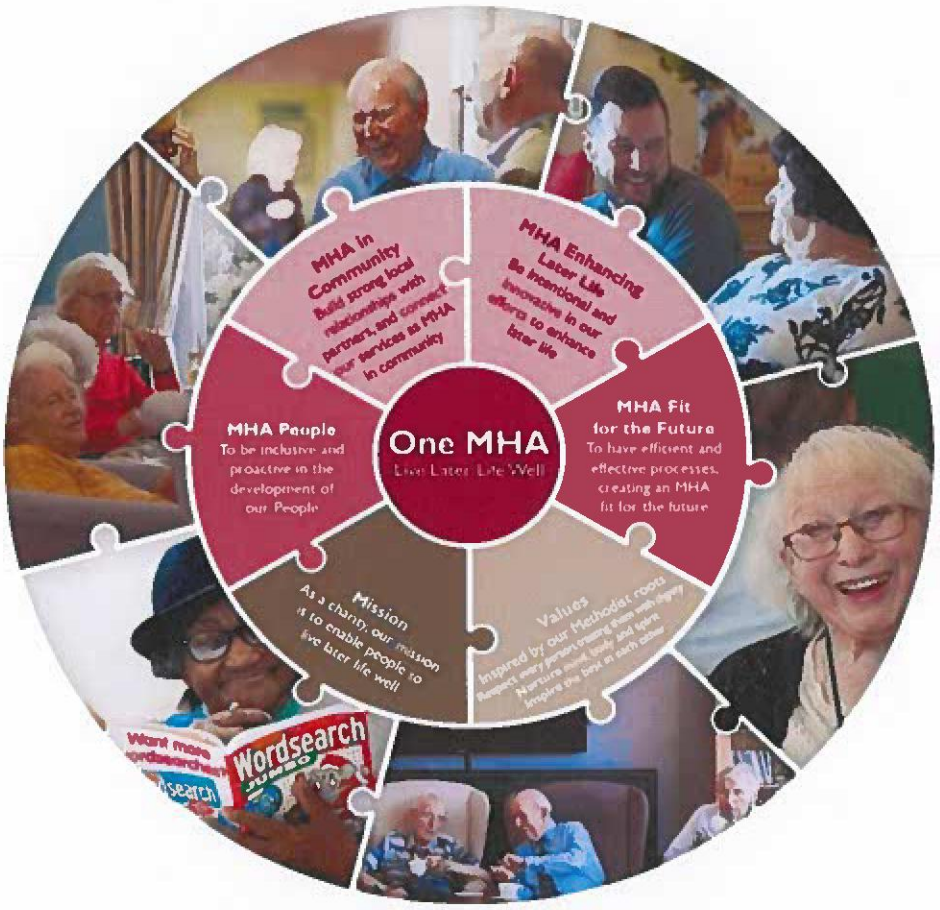
- 11,587 older people supported through 49 community-based MHA Communities services, providing them with services such as digital exercise and activity sessions, befriending services and meal deliveries.

Our services are delivered by 6,947 dedicated staff and enhanced by the commitment of 3,750 volunteers.

Our OneMHA Strategy is underpinned by four strategic objectives – the first two sum up what MHA does while the other two encompass how we will do it:

1. MHA in Community – build strong relationships, connecting our services as MHA in Community
2. MHA Enhancing Later Life – to be intentional and innovative in our efforts to enhance later life
3. MHA Fit for the Future – to have efficient and effective processes, creating an MHA fit for the future
4. MHA People – to be inclusive and proactive in the development of our people

This illustration shows how it all connects:



Activities for achieving objectives, now and in the future (continued)

Underneath the objectives sit a series of work streams to help focus the work of MHA in supporting additional older people through growing our services across more communities.

Work to raise MHA's profile paused during 2020/21 as we focussed on battling the pandemic although our extensive work influencing government on the introduction of routine testing, the Government's approach to vaccination and visiting led to an increase in MHA's profile with Sam Monaghan our Chief Executive Officer (CEO) becoming a regular on many mainstream news outlets such as BBC Radio 4 and The Guardian newspaper. BBC Newsnight also dedicated a programme to MHA and its work during the pandemic. The quality of data that we recorded during the pandemic also led us to feature in a BBC 2 documentary on how data was influencing decisions in the pandemic
Weblinks to these programmes are:
Newsnight - https://www.bbc.co.uk/iplayer/episode/m000jr6j/newsnight-03062020
BBC2 documentary - https://www.bbc.co.uk/iplayer/episode/m000pjr1/lockdown-10-following-the-science.

We built on our first Equality, Diversity and Inclusion Strategy which was launched in 2019 with the introduction of four staff networks to further increase awareness and inclusion in relation to gender, race, sexual orientation and disability.

We measure our success in terms of the number of older people who benefit from our services, our resident satisfaction survey results and the quality of our services, all of which demonstrate how we are providing the right services, and in the right way, to support older people.

By the end of 2020/21, 92% (2019/20: 89%) of care homes and retirement living schemes inspected by the Care Quality Commission in England, the Care Inspectorate Wales and the Care Inspectorate in Scotland were rated as 'good' or 'outstanding' or their equivalent with nine care homes and one retirement living scheme rated as 'outstanding' or equivalent.

To find out more about our work, visit www.mha.org.uk.

Public Benefit

The Board has due regard of the Charity Commission guidance on public benefit, in particular the requirement that public benefit can no longer be presumed but must be demonstrated. We are confident in our role as a charity delivering services to the public and meeting the Charity Commission's public benefit requirements now and into the future.

MHA's person-centred care recognises each resident and member as a unique individual and addresses their own spiritual and physical needs, with both reassurance and support. Our services are open to all, as demonstrated by our care home residents being broadly split 57:43 (2019/20: 59:41) into those that are fully self-funded and those that are partially or fully funded by the Local Authority or the NHS.

Our care homes, retirement living schemes and MHA Communities schemes not only draw from our diverse communities but are diverse themselves. Opportunities are made available for all individuals to develop and practise their faith as they feel appropriate. Whilst our work is inspired by the Christian faith, we have always welcomed people from all religions or belief traditions. We encourage residents to maintain links with their own faith communities should they wish to do so.

For many residents, MHA will provide them with their last home. Our chaplains have a particular role in helping residents and their relatives approach their final years, hopefully with a sense of acceptance, peace and fulfilment.

MHA aims to support and care for people living with dementia with understanding and expertise. We focus on the individual needs of our residents with our person-centred approach and make sure everyone is able to lead a fulfilled and satisfying life, as outlined in our Dementia Strategy.

Public Benefit (continued)

MHA has a robust supplier qualification process when tendering new opportunities and this is also applied to existing suppliers. MHA will exclude suppliers who are unwilling to adopt legal obligations and the ethical position MHA has.

Critical supply chains remain within construction and temporary labour and we actively monitor suppliers in these, as all, categories. We continue to invest in robust technologies to support tendering, contract and supplier management and will use these technologies to help in our efforts to manage, educate and support our suppliers so that together we can drive out modern slavery from our supply chains.

MHA is fully committed to equality. We pay men and women equally for the same role.
The gender pay gap shows the difference in average pay between all men and women in the workforce. MHA's analysis is very positive with a very small gap.

MHA's gender pay gap details are:

- The mean average gender pay gap is 5%;
- The median average gender pay gap is 1%;
- The mean average gender bonus gap is (33%);
- The median average gender bonus gap is (65%);
- 3% of male colleagues received a bonus;
- 4% of female colleagues received a bonus.

Men are slightly under-represented in the two lowest quartiles and slightly over-represented in the upper quartiles. MHA employ significantly more women than men, almost a 1:6 ratio which results in reasonably significant fluctuations from year to year.

MHA has a good record of commitment to equality and development of our people which we have augmented by the introduction of four staff networks to further awareness and inclusion in relation to gender, race, sexual orientation and disability.

Furthermore, MHA pays the Real Living Wage for all as a minimum which will continue to have a positive impact of our gender pay gap going forward.

Fundraising

Our fundraising income streams are varied which has helped to ensure a level of stability and generated a successful fundraising performance in 2020/21. MHA fundraise in a fair and responsible way and we aim for the highest standards in all its fundraising activities. We are registered with the Fundraising Regulator and are committed to complying with our fundraising promise as we have during the year. All donations are used to support the life-enhancing work that MHA provides for older people.

MHA takes a range of approaches to our public fundraising, looking to engage supporters and the general public as much as possible to raise funds. We also engage colleagues, encouraging and inspiring them to fundraise on behalf of MHA.

MHA has a number of supporters who fundraise on behalf of MHA. These include members of our Methodist Church Representatives scheme who organise MHA Sunday and other activities in their Districts, Circuits and Churches on behalf of MHA. A number of homes, retirement living sites and MHA Communities groups have their own 'friends of' and supporter groups who fundraise on behalf of, and with, their local service.

Fundraising (continued)

We use a selection of third party agencies to support us in our fundraising. None of these deliver face to face fundraising, rather they provide back-office support for technological solutions including online and text giving and donation handling; we monitor the activities of those working on our behalf through regular meetings. No consultants have directly been involved in fundraising this year.

As generally across the sector, our community and events fundraising activities were severely impacted by Covid-19, however trusts and foundations responded favourably to our requests for support in this difficult time as did our generous individual givers. This resulted in our overall income target being exceeded.

During the Covid-19 restrictions, fundraisers picked new and unusual ways of raising funds to help us support older people; with trusts and foundations supportive of our applications. Companies donated personal protective equipment (PPE) for staff and supported their local community-based schemes; with relatives and local communities supporting our homes with gifts to know they were not forgotten.

While MHA Sunday, one of our biggest fundraisers was hampered by the closure of churches during spring and summer, a special online service to mark the day was appreciated. Of particular note was support for MHA from the Methodist Church, which not only kept us in their prayers but also featured interviews with senior members of MHA in their regular podcasts.

We continue to work on reviewing and developing our policies to ensure they are in line with the Fundraising Regulator. The fundraising team are well versed in the code of fundraising practice and provide support to other colleagues to cascade their knowledge.

During 2020 we had one instance where a letter was sent to MHA Communities members which breached both GDPR requirements and our fundraising from vulnerable people policy. We self-referred to the Independent Complaints Officer (ICO) who were happy with the actions we took. Following the incident we changed our processes and reviewed communications sent to members, to ensure they do not include a fundraising ask where we do not have consent.

In addition to the complaints received about the fundraising communication to MHA Communities members detailed above, there have been a total of three complaints received either by the fundraising team or regarding fundraising. These have been considered and responded to by the relevant team with those comments being considered in our review of our Methodist Church Representatives scheme.

With regard to the vulnerable people policy we reviewed all those who had made donations and returned those donations to the small number who were identified as vulnerable. Support was given to scheme managers to ensure all standing orders were cancelled. Training on the fundraising from vulnerable people policy has been developed and undertaken by the fundraising team and will be extended to other relevant colleagues during the year.

During 2020 we also conducted a review of our Methodist Church Representatives Scheme with a view to further understanding the needs and information requirements of those supporters. This review has now been completed and a revamped scheme has been developed and will be rolled out. Direct support for all of these representatives is given through the community fundraising team and those who fundraise on behalf of specific MHA sites are also supported by that individual service who have access to the fundraising team for support and guidance.

We are extremely grateful to our supporters, fundraisers and volunteers whose generous contributions enable us to enhance our ability to enable people to live later life well. Throughout the pandemic, the support for MHA and its services has been heart-warming and incredible.

Significant Activities

The significant charitable activities undertaken by MHA are:

i. Care homes

MHA runs 89 residential, dementia and nursing care homes offering 24-hour person-centred care and support for 3,821 residents in specially designed accommodation.

You can read more about these services at www.mha.org.uk/care-homes.

ii. Retirement living

Our retirement living settings comprise of purpose built apartments, each with individual kitchen, bathroom, bedroom and living areas for independence and privacy; coupled with shared areas for activities, social events and friendship to promote well-being. The manager organises cleaning and maintenance of the building and communal gardens and is also on hand to provide help and assistance when needed.

iii. Retirement living with care

This is the same provision as retirement living but with the addition of 24-hour staffing to provide person-centred care and support to meet individual needs, including specialist dementia care.

Both retirement living and retirement living with care apartments are available for sale, rent and part-purchase (options vary between developments).

MHA operates 70 retirement living or retirement living with care schemes supporting 2,900 older people to live independently with flexible support and personalised care.

You can read more about these services at www.mha.org.uk/retirement-apartments.

iv. MHA Communities

These 49 community-based schemes provide practical and social support to 11,587 older people living in their own homes, promoting independence and wellbeing through clubs, activities, and information and signposting services. Our response during Covid-19 has meant that these services have increasingly been delivered digitally.

You can read more about these services at www.mha.org.uk/communities.

MHA is grateful for the support and commitment of its 3,750 volunteers. Our volunteers help to significantly improve the quality of life for people living within our services. During the Covid-19 pandemic this support has been vital to enable face to face activities such as befriending visits to continue either digitally or on the telephone.

To find out more about MHA, visit www.mha.org.uk.

2020/21 Achievements and Performance

From February 2020 MHA, along with the rest of the UK and the world, faced into the unprecedented crisis and challenge of Covid-19 - the impact and threat of which continues. The plans we had for 2020/21, the second year of our OneMHA Strategy, were laid aside, as we sought to respond to the crisis as it hit those most vulnerable to its ravages.

We made sure our homes and schemes were as updated and informed as possible, always following Government guidelines and advice. Strategically we began following the approach adopted by public bodies when responding to major incidents, establishing a Gold command structure to ensure effective communication and responsive action planning. Gold would consider how we needed to respond across every part of MHA. At Silver command meetings, we would hear updates from across the organisation of how it was being affected and how strategy was being turned into action.

We developed our sector-leading data dashboard to record cases of infection across our services of residents and staff, deaths, levels of personal protective equipment (PPE) expanding as the months rolled on to include testing of staff and residents.

Care homes and retirement living schemes adapted to support contact between residents and their loved ones and our MHA Communities no longer able to provide face to face services, developed telephone befriending and food delivery services combined with garden gate conversations to ensure members weren't left isolated.

Care Homes

Our care home teams rose magnificently to the challenge of keeping our residents active and engaged throughout 2020. Zoom and Skype calls became the norm for many residents. Homes embraced social media, using their Facebook pages to keep people updated, and helping to showcase the many different activities happening across MHA's 89 care homes.

For our residents living with dementia, a fundraising appeal helped buy robotic cats for a number of homes, providing comfort for people. Homes fundraised for large, interactive tablets which not only help residents stay in touch with families more easily but also provides a myriad of activities for them to enjoy.

We introduced our Essential Family Carer for residents whose health was really suffering from lack of contact with family and friends, and indoor and specially-designed pod visits commenced, albeit behind screens with no contact.

Retirement Living

Our retirement living residents live independently in their home while enjoying the support and companionship offered by their individual schemes. The first lockdown in March 2020 meant many of them had to shield due to their vulnerability and communal lounges and facilities had to close. But this is where MHA's wellbeing service came into its own.

Residents felt supported with staff making sure prescriptions were collected, daily calls made to check they were ok and shopping picked up for them. While residents weren't able to meet for meals in our bistros, the bistros brought meals to our residents in their own homes.

MHA's chaplaincy service supported residents, staff, families and friends spiritually throughout the year and helped lead MHA's Memorial Day in September to remember those we had lost.

2020/21 Achievements and Performance (continued)

MHA Communities

MHA Live at Home schemes continued to provide vital services for older people living independently in their own home to help alleviate loneliness and isolation. Each week, thousands of older people would meet up for activities as varied as cheer leading to sessions helping them master technology, to trips out to craft sessions. For many, these groups were a lifeline. But these all had to be paused when lockdown descended with many members having to shield due to their age and health. The focus became meeting their immediate needs.

From that initial response, the service started to look at how it could support people going forward and their focus went to:

- making regular contact with members for wellbeing checks and befriending calls
- developing online activities and helping members to access these
- carrying out doorstep deliveries of food, goodie bags and activity packs to help keep minds active
- turning attention to social distanced walks when guidance allowed, outdoor exercise groups and befriending visits in gardens

In the summer of 2020, a wholesale review of the offer provided by MHA was carried out and in early autumn MHA Live at Home became MHA Communities. The most exciting development was the introduction of MHA Digital Communities which will build into a live and on-demand online programme of different activities along with the necessary support to get members online.

One of the best ways of highlighting the impact of MHA Communities during 2020 is to take a look at Hampshire, where 2,110 members are receiving support, a rise of more than 250 members since lockdown started in March. The following activities have been delivered during 2020;

- Between April and September, the schemes helped members with 6,640 food parcels and collected and delivered 895 prescriptions to shielding older people; and from July to September, delivered 398 afternoon teas, cold lunches and cakes;
- Almost 900 older people in Hampshire have been receiving befriending services with many more linked through the buddy and telephone trees to make sure they remain connected. Volunteer befrienders have commented that the work they are doing is helping them with their own isolation during lockdowns and family members have stated that it alleviates their fears for relatives;
- Already 75 members a week are taking part in Zoom activities ranging from singing for wellbeing, Tai Chi classes, cheer leading and quizzes with 100 more taking part in group chats;
- Members receive a monthly activity pack, including craft supplies and instructions. In addition, schemes also deliver books, DVDs and jigsaws from their lending libraries.

The key is that all members are supported at an early stage if they start to develop any problems or issues, enabling schemes to signpost them to low level interventions if necessary.

Making our voice heard

Our work on lobbying and influencing key people in Government became key to the way we approached our response to the pandemic. But it was not just for MHA that we spoke out. It was for the whole of our sector. We worked to make our voice heard, not just by ourselves but through our trade bodies like Care England, the National Care Forum (NCF) and the Associated Retirement Community Operators (ARCO).

2020/21 Achievements and Performance (continued)

Early on we recognised that testing was key to knowing how widespread cases were in our care homes. But where we knew homes had an outbreak, testing was sporadic and difficult to access in the early days of the outbreak.

Through media interviews with programmes such as Radio 4's Today and PM, discussions with officials in the Department for Health and Social Care (DHSC) and working with our trade organisations, we fought for this recognition. And in May we were successful in joining the pilot for whole home testing. But we didn't give up the battle, continuing to press the Government until it announced routine whole home testing for staff and residents.

We also fought for enough personal protective equipment (PPE) to be made available for care home staff after we recognised it was being held for frontline NHS personnel, arguing our need was as great as theirs. And we won that argument, again after numerous media interviews and discussions with the DHSC.

In June 2020, BBC 2's Newsnight dedicated a programme to how MHA had been affected so far by the pandemic, hearing from care home managers and workers and our directors. The Guardian ran numerous stories with comments from MHA's Chief Executive Sam Monaghan and their podcast interviewed MHA Westbury Grange care home manager Julie Roche about her experiences, following up the initial summer broadcast with interviews in December.

Our work in developing a dedicated dashboard to data on how Covid-19 was affecting MHA's services was featured in a BBC 2 documentary, *Lockdown 1.0 - following the science.*

MHA is a member of the working group of the All Party Parliamentary Group on Adult Social Care. We have given evidence to the Health and Social Care Select Committee inquiries on workforce burnout and resilience in the NHS and social care and on social care - funding and workforce.

In addition, we have met with MPs who have MHA homes and schemes in their constituencies and strengthened links with groups such as Independent Age and John's Campaign. MHA became involved with a number of national groups with the Department for Health and Social care, including testing and the rollout of vaccinations. We will continue to speak out and battle for the voice of our residents and members to be heard as policy changes and decisions are announced and made.

Our People

As an employer, MHA needs to make sure it continues to attract a high calibre of person with the right attributes and values to care for our residents and members. To enable MHA to do that, the Board agreed to pay the Real Living Wage for all colleagues in 2018 and continues to do so as a minimum for all staff. We believe that improving pay and benefits enables us to continue to attract and retain a committed team of colleagues for the benefit of residents within our homes and schemes. We know that the quality of care and residents' wellbeing is positively impacted when we are able to provide continuity of carers.

Throughout the Covid-19 pandemic we followed our OneMHA ethos to implement a number of wellbeing initiatives to support all our colleagues, including volunteers. Our people are incredibly important to us and we knew it was important to protect them and look after them through this difficult and unprecedented time. We saw this as an opportunity to utilise the skills and knowledge available across MHA to include our internal Chaplains, People Development team and the ELT whilst also thinking about how our existing external partner organisations could support us.

2020/21 Achievements and Performance (continued)

The wellbeing initiatives implemented included:

- **Manager wellbeing webinars** developed to support managers and give them an opportunity to explore and share the early challenges that they were facing through COVID-19;
- **Online wellbeing toolkit** providing access to a wealth of self-help guides and tools, accessible for all colleagues, alongside wellbeing webinars developed and delivered by the People Development team;
- **Executive leader wellbeing calls** offering support with regular calls to our managers to keep in touch with the issues our people were facing and to develop our offering to ensure the right support was in place;
- **Communication** by our executive leaders with regular zoom meetings for all MHA staff alongside weekly emails to provide clarity on the situation across the organisation;
- **Wellbeing survey** launched in June 2020 to provide invaluable feedback about the challenges that our colleagues were facing, which supported us in further development of our COVID-19 wellbeing strategy;
- **Group counselling sessions** were provided with an external counsellor to provide virtual reflective sessions for up to six colleagues at a time;
- **Volunteers wellbeing** was supported through a wellbeing newsletter and the extension of our Employee Assistance Programme to volunteers
- **Chaplaincy** support was extended with a 24/7 phone line for both colleagues and our resident's relatives;
- **Virtual Lounge** was set up to support our people to be more connected and combat feelings of loneliness and isolation.

We introduced mymha (employee self-service) empowering our people to access and own their own data and mhapeople (managers' self-service) to give managers ownership of recruitment and team information. We also reviewed and refreshed our people offer, standardising both our pension schemes and remuneration offer.

Other achievements in the year

Despite the Covid-19 pandemic, the quality of MHA's services continued to be high throughout the year with one more 'outstanding' inspection report bringing the total number of top rated homes and extra care housing services run by MHA to ten.

In total 92% (2019/20: 89%) of MHA's services inspected by the Care Quality Commission in England, the Care Inspectorate Wales and the Care Inspectorate in Scotland are rated as 'good' or 'outstanding', - one of the highest in the sector.

MHA was once again named as a Top 20 care provider by carehome.co.uk with many of our homes featuring in their regional top 20 care homes. This year MHA carried out its own resident and family/friends satisfaction survey. This found that, despite the pandemic and its challenges, 92% of residents were satisfied with the overall service provided by MHA along with 94% of family and friends.

We embraced remote working in response to the pandemic, increasingly collaborating online and becoming a more digitally connected organisation. We also increased the efficiency of our Central Support Services, restructuring and reshaping the way we work to provide better services to our sites.

MHA launched a corporate approach to risk management which is now actively owned and monitored across all areas of the charity. This is expanded on in the Risk Management section that follows.

2020/21 Achievements and Performance (continued)

Sadly in February 2021 we announced the closure of MHA's Foxton Grange care home in Leicester. This was not as a result of the pandemic but due to it being a small, specialist dementia and nursing home, the continued financial losses of which were becoming too much for MHA to bear.

MHA continues to work closely with the Associated Retirement Care Operators (ARCO) – of which we are a founding member – to improve the clarity and quality of materials provided to prospective residents in our retirement housing. We are delighted that all our schemes assessed so far against the ARCO consumer code are compliant.

You can read more about MHA's work at www.mha.org.uk or by following us at www.facebook.com/MethodistHomes and on Twitter @MethodistHomes. In addition, many of our homes and schemes have their own Facebook and Twitter accounts.

Future Plans

As we move into 2021/22, we recognise that our Covid-19 Management and Recovery Programme need to remain our priority, providing all necessary support to our residents, members and colleagues, whilst ensuring the financial resilience of MHA going forward. This has brought to the fore key elements of our OneMHA Strategy that were already in progress, but now with added priority. Our mission, vision and values hold steady, our strategy given new urgency and focus. We are setting out our route map to not only rebuild after last year, but to refresh and re-imagine how we deliver our care and support services as OneMHA to enable people to live later life well.

Our strategic objectives for 2021/22 are summarised below, with the thread of our Covid Recovery Programme weaving through them:

- Care Homes occupancy recovery
- Implement our refreshed People offer to enhance the recruitment, support and retention of our workforce
- Implement our redesigned Retirement Living offer, comprising a more efficient operating model with a focus on housing with care and support
- Develop and expand our Digital Communities offer to extend our reach, alongside re-establishing face to face activities
- Transform our homes and schemes through innovation and research partnerships, using technology and practice-based evidence to enhance the quantity and quality of care and support
- Collaborate with Government and key stakeholders for Social Care Reform, focussing upon: workforce remuneration and development; funding and financial regulation; and improved collaboration between health and social care.

A suite of Key Performance Indicators have been developed to measure the success of the delivery of our strategic objectives in 2021/22; these will be reported to Board regularly.

As the external environment changes and the economic impact of Covid-19 is felt, alongside an inevitable shift in public attention, we expect 2021/22 to be another challenging year in fundraising. The focus will continue on improving processes to deliver effective fundraising; delivering effective support to colleagues across MHA; focusing on the supporter experience and looking to reach potential supporters to share our impact and harness their support.

Future Plans (continued)

Fundraised monies already support older people to live later life well by supporting the delivery of MHA Communities as well as our Chaplaincy and music therapy provision. Our Fundraised income in 2021/22 will enable us to support MHA Communities return to face-to-face services and by doing so, expand their reach.

We will fundraise for Dementia specific products such as robotic cats that have such a positive impact on our residents. We are also aiming to improve the outdoor spaces in our services and in some instances introduce sensory gardens, again for the benefit of dementia residents, by doing so we will facilitate greater 'Green Care' in our services.

Financial Review

The Statement of Financial Activities shows total incoming resources of £242,998,000 (2020: £251,238,000), a 3% decrease on the previous financial year which is largely a result of decreased charitable activities within the care homes following the impact of the Covid-19 pandemic. Despite our best efforts and with great regret, we have experienced a reduction in occupancy in line with the sector as a whole. It will take time to build occupancy back up to the levels we consistently achieved prior to the pandemic; this is one of our strategic objectives this year.

These financial statements include the financial benefits of accessing Government and Local Authority funds made available to support the care sector during the pandemic mainly via the Infection Control Fund (ICF). A total of £12,902,000 (2020: nil) has been received during the financial year to support infection control, testing, visiting and staff absences due to Covid-19. We have also benefitted to a lesser extent £2,286,000 (2020: nil) from the Furlough scheme and from the Government provision of free Protective Personal Equipment (PPE). These monies are accounted for within Charitable income.

Key Performance Indicators for the group		
	2020/21	**2019/20**
	Actual £'000	**Actual £'000**
Total income	242,998	251,238
Operating costs excluding exceptional costs	231,141	235,646
Exceptional costs	5,670	518
Surplus for the year (after investment gains and losses)	6,232	15,044
Service users capacity	**Number**	**Number**
Care Homes	4,840	4,876
Number of Retirement Living Properties	2,829	2,829
Community services	11,587	12,220
Occupancy		
Care Homes	78%	92%
Retirement Living	90%	91%
Cost of fundraising to voluntary income	13%	17%

Financial Review (continued)

2020 has been a difficult year for charities and the fundraising sector, which makes us even more grateful for the generous donations that we have received during the year of £5,214,000 (2020: £4,219,000) which have contributed towards:

- providing chaplaincy services in all our residential services
- providing music therapy in our dementia care services
- underpinning MHA Communities services
- contributing towards the capital costs of our existing services

Despite our reduction in incoming resources, we have delivered a surplus in the year £6,232,000 (2020: £15,044,000), which will be reinvested to support older people to live later life well.

The net increase in funds of £5,761,000 is added to the total balances brought forward of £302,528,000.

We are fortunate to have a strong balance sheet, as reflected in these statutory accounts. We have enough liquidity to support our activities during our forecast period and should we need more working capital, we have access to £25m of rolling credit facilities which have not yet been drawn on.

The Directors consider the market value at 31 March 2021 of the freehold and leasehold land and buildings to be in excess of the costs or valuation as stated in note 13 to the financial statements, based on independent valuations.

Exceptional items in the current year constitute an impairment of the care home, Foxton Grange which was closed in February 2021 £1,903,000; the impairment of the assets of a retirement living site where MHA wish to dispose of assets £3,267,000 and a self-provision for insurance following the withdrawal of provision by insurers'.

Exceptional items in the previous year constitute costs relating to the termination of a project to implement a new housing management system of £295,000 and the write off of £223,000 relating to the Deferred Tax asset transferred following the hive-up of assets from the Silk Group which is no longer recoverable.

Reserves Policy

The Board of Directors has undertaken their annual review of the minimum level of reserves which should be maintained within the Group, which remains as a minimum of 3 months operational expenditure.

Our reserves policy seeks to ensure that reserves are maintained at a level that enables MHA to manage financial risk, allowing us to maintain and improve the future standards of service and care offered to our service users over the medium to long term and ensuring that financial commitments can be met as they fall due.

Our reserves policy takes in to consideration the nature of our most costly activity, operating our services, which require us to commit expenditure over the medium to long term on for example, working capital requirements, maintenance and improvement of our property portfolio and other contingencies, whilst also recognising that as a fundraising charity we are subject to the effects of short-term volatility of income.

Reserves Policy (continued)

The Board considers that minimum unrestricted reserves of cash and investments of approximately £59,000,000 (2020: £59,000,000 restated) are needed to cover such items; and to enable the Group to continue to operate to meet its charitable objectives. Actual unrestricted cash reserves were £53,992,000 (2020: £35,035,000). The level of financial reserves equates to just over 2.5 months of operational expenditure which is below the reserves policy requirement; reserves are able to be bolstered by a £25m undrawn revolving cash facility (RCF) that we have in place with Barclays Bank. Management and Board expect that reserves will return to an acceptable level, in line with the reserves policy within the next 24 months.

The financial reserves provide an important financial buffer in the current climate of heightened uncertainty where we have seen a considerable reduction in charitable income in the year and anticipate that reduction, although reducing, to continue for at least the next 12 months.

Since MHA is still confident that it can meet the required pension contributions from projected future income without significantly impacting on its planned level of charitable activity, it continues to calculate its 'free' or general reserves without setting aside designated reserves to cover the pension liability.

The Directors are satisfied that there are sufficient reserves to meet pension liabilities arising from the MHA defined benefit scheme, which was closed to new entrants on 31 March 2010.

Treasury Management Policy

The policy covering treasury management functions incorporates the different types of funds held. These are:

- General funds to provide working capital in line with the reserves policy;
- Restricted funds (excluding MHA Communities and service specific Amenity Funds);
- Permanent endowment funds.

Investment Management Policy

The management of investments is delegated to the Central Finance Board. Performance of investments is reviewed annually by the Board and is judged to be satisfactory. Investments are held in equities, fixed interest deposits and cash totalling £1,360,000 (2020 £1,315,000) at the balance sheet date.

Principal Funding Sources

MHA has drawn loan facilities with the Allied Irish Bank, balance at 31 March 2021 being £22,361,000 and Barclays Bank Plc balance at 31 March 2021 being £70,000,000. In addition there is a £25,000,000 RCF with Barclays Bank plc which has not been drawn down.

Methodist Homes Housing Association Ltd has a loan facility with the Nationwide Building Society the balance at 31 March 2021 being £2,625,000, and a loan facility with Capita totalling £1,132,000 as at 31 March 2021.

Fixed asset additions of £5,440,000 were financed mainly by existing reserves. This expenditure enables us to redevelop existing properties to maintain existing standards and meet new standards where relevant.

As part of care home operations, MHA operates 28 (2020: 28) leased homes, which have been established via sale and lease back arrangements.

Going Concern

Financial sustainability is a critical issue for the social care sector, Covid-19 has magnified that risk and unfortunately, despite our strong financial position at the beginning of the pandemic, MHA has not been immune to that risk. Occupancy has being monitored constantly yet, despite our best efforts and with great regret we have seen our occupancy reduce over the course of the pandemic with higher mortality rates than we have experienced historically. On this basis and in light of external analysis forecasting a long term occupancy issue, one of the key areas of focus for the organisation is on mitigating actions to sustain the ongoing financial sustainability of the organisation. These include:

- Occupancy recovery
- Reducing costs where feasible without reducing quality
- Increasing the effectiveness and efficiency of the organisation
- Sector reform

MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, weekly fee levels, levels of government funding and the possible impact of further waves of Covid-19. None of the scenarios modelled result in either liquidity shortfalls or covenant breaches at the specified measurement dates. As such MHA is comfortable with its ongoing financial sustainability with no reasonably plausible circumstances on the horizon that undermine that position.

MHA has existing loan facilities that include a £70 million loan to March 2025 and a £25 million undrawn RCF to February 2023, both with Barclays, and a £22 million loan with AIB to December 2030.

Based on our financial scenario modelling and latest forecasts, ELT and the Board feel it remains appropriate to continue to prepare the financial statements on a going concern basis.

Risk Management

The Board retains overall responsibility for risk management and decides the level of risk it is prepared to tolerate. The Board promotes a culture of prudence with resources.

In light of the emerging risks posed by Covid-19, and a desire to strengthen the organisations' risk management processes, a full review of MHA's risk registers was completed during 2019/20. This review sought to assess and document risk from a strategic and operational viewpoint. This work identified six key strategic risks, which are overseen by the Board and reviewed on an ongoing basis by ELT.

Risk management is exercised across MHA through the functional heads of department, ELT, relevant Board Committees and the Board. ELT carry out monthly reviews of key operational risks, and half yearly reviews of strategic risks for their areas; whilst Board complete six monthly reviews of strategic risk.

Risk Management (continued)

The key risks identified as likely to affect the Group's ability to meet its objectives include:

- The financial pressures caused by the Covid-19 pandemic and the ongoing impact of state funding available in the care and housing sector. Local Authority funding continues to be at a level significantly below that which is required to deliver the quality of care for older people that MHA seeks to deliver; particularly against a backdrop of rising costs, exacerbated by the additional costs caused by the Covid-19 pandemic. Management monitors the levels of funding on a monthly basis and report these to the Board, who take appropriate commercial and pricing decisions to protect the Charity.

- The annual Budget is recommended by the Finance and Capital Expenditure Committee to the Board and monitored regularly by the ELT. Financial performance is reported to the Finance and Capital Expenditure Committee for further scrutiny. Key areas of risk that impact the Group's operations include the management of working capital and MHA has a policy of maintaining cash reserves to mitigate this risk. The Group takes a risk-averse approach to the effect of interest rates on its borrowings and has entered into appropriate hedging.

- Reputational risk – quality management is a high priority for MHA. We have an internal system of risk monitoring that focuses on key factors that might indicate potential quality concerns, which are then investigated; alongside this there is a programme of regular quality focused audits across all our regulated settings.The Board, relevant Board Committees and ELT are regularly appraised of the results of this monitoring and associated actions. A poor reputation can undermine confidence of supporters and lenders.

- The resilience and capacity of MHA's people has been tested through the Covid-19 pandemic, which has the potential to exacerbate longstanding pressures on our workforce. The ongoing national shortage of nurses alongside restrictions on recruitment from abroad will continue; and recruitment for non-nursing positions remains competitive.

- MHA continues to pay the Real Living Wage as a minimum (as approved by the Board through the annual pay review process), and has offered substantial wellbeing support to the workforce throughout the Covid-19 pandemic (as recognised by Skills for Care). Opportunities offered by the Apprenticeship Levy continue to be explored; and progress against the recruitment strategy and key indicators regarding performance are monitored at an ELT and Board level.

- Change management - MHA operates within a dynamic sector and has adopted an integrated approach to managing cultural, process and systems change. The framework that this team operates within has been refined in the year, and governance around key strategic projects strengthened by the inclusion of an Internal Audit review of these fundamental projects to ensure benefit realisation.

- The identification and use of innovative technology to support our residents, tenants and members is a key area which MHA monitors; to ensure that appropriate risk management is in place around new technologies, but also to ensure that where appropriate new technology is identified and put in place. A strategic review of IT and digital services has been launched, alongside a data strategy review to ensure that MHA's approach to technological advances is co-ordinated and fit for the future.

Risk Management (continued)

- MHA, alongside adult social care providers, continues to operate in a challenging external environment. Whilst Government support to the sector during the Covid-19 pandemic has been welcome; the longer term future state of social care has not yet been addressed. This impacts on many of the risks identified above, and MHA has sought to highlight concerns to, and work alongside, the UK Government to develop meaningful solutions to these issues. Outside of specific sector issues; the 'individual charitable donor' market continues to face scrutiny and criticism which has led to further regulation and increased donor suspicion.

Directors Duties

The Directors of MHA, as those of all UK companies, must act in accordance with a general set of rules. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of all of its stakeholders as a whole, and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, residents and others;
- the impact of the company's operations on the community and environment; and
- the desirability of the company maintaining a reputation for high standards of business conduct.

As part of their induction, Directors are briefed on their duties and they can access professional advice on these either through the Company Secretary, or if they judge necessary through independent professional advisors.

As is typical in charities and large organisations, the Director's fulfil their duties partly through a governance framework that delegates day-to-day decision-making to an Executive Leadership Team. Further details can be found in the Governance Report on pages 25 to 29.

The following summarise how the Directors' fulfil their duties:

- **Our People** - Our employees are fundamental to the delivery of our OneMHA strategy, one objective of which is to be inclusive and proactive in the development of our people. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. Communication and consultation takes place with employees across the organisation and at all levels with a variety of communication and feedback tools being used to ensure that employee views are taken into account when decisions are made that are likely to impact them.
- **Business Relationships** - MHA applies robust qualification processes for suppliers and excludes any suppliers from the tendering processes who do not comply with the legal and ethical standards that MHA demand. MHA has developed excellent relationships with suppliers in all key supply chain areas with formalised supply contracts and utilisation of technology to facilitate the tendering, contract and management of supplies.
- **Community and Environment** - Through the OneMHA strategy, MHA has the objective to build strong relationships with partners and connect our services as MHA in community. The Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable our people to support the communities around us.

Energy and Emissions Consumption

We take our impact on the global climate seriously and in 2021/22 we will develop our strategy to reduce our carbon and energy admissions. More will be published on this next year. MHA are committed to year on year improvements in our operational energy efficiency. As such, a register of available energy efficiency measures has been compiled, with a view to determining and implementing these measures in the next 5 years in line with the strategy being developed.

All our sites have a good level of energy awareness. This is either in the use of installed efficient equipment (such as LED lighting or modern hearing boilers), optimised controls for lighting and plant rooms or the initiatives of individuals such as managers and maintenance colleagues.

Electricity is used in all services and accounts for 25% of the total energy consumption. Use is predominantly for lighting and small domestic appliances, with major users varying from service to service, but including kitchen appliances, laundry and hair salons.

Natural gas consumption accounts for 74% of the total energy consumption, with most of our homes using this for heating and hot water, laundry and cooking.

Transport accounts for 1% of the total energy consumption covering the minibuses that some of our services use and a small number of company cars, as the majority of employees use their own vehicles for business use. Data for this grey fleet has been derived from mileage, sourced from the expense claims of individual colleagues.

The following is a summary of the energy usage, associated emissions, energy efficiency actions and energy performance for Methodist Homes, under the government policy Streamlined Energy & Carbon Reporting (SECR), as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Energy Category	2020/21 Consumption (kWh)	2019/20 Consumption (kWh)	2020/21 %	2019/20 %	2020/21 Emissions (tCO2e)	2019/20 Emissions (tCO2e)
Electricity (Scope 2)	23,339,861	26,546,906	25%	26%	5,441	6,786
Gas (Scope 1)	69,752,547	75,346,959	74%	73%	12,841	14,045
Transport (Scope 1)	493,087	1,477,065	1%	1%	116	353
Total	93,585,495	**103,370,930**	**100%**	**100%**	**18,398**	**21,184**

An intensity metric of $kgCO_2e$ per m^2 has been applied for the annual total emissions. The methodology of the intensity metric calculations are detailed below. Methodist Homes operations have an intensity metric of 56.30kgCO2e/kWh (2020: 64.83KgCO2e/kWh) per m2 occupied floor area.

The consumption during 2020/21 has reduced by 9% compared to 2019/20 with energy efficiency measures implemented over the last two years reducing electricity and gas consumption. Transport consumption has reduced as a direct consequence of restrictions on business travel during the pandemic.

Energy and Emissions Consumption (continued)

Measures ongoing and undertaken in 2020/2021

An initiative as a consequence of Covid-19 has been the introduction of Zoom conferencing hardware, which has been installed on all IT hardware allowing colleagues to join meetings from anywhere; this has considerably reduced our organisational requirement to travel.

Despite the difficulties accessing services during the Covid-19 lockdowns we have also continued to update lighting with LED replacements, with over 22 sites benefitting from partial or full roll outs improving light levels and reducing energy usage and carbon whilst also minimising future maintenance. Improvements to heating plant were undertaken through 2020/21 to 31 properties, these included full and partial boiler replacements, new water cylinders and calorifiers which has improved plant efficiency and reduced energy usage on site. Inverter replacements took place for a Solar PV installation to ensure maximum system output and generation; new inverter lifetimes will ensure the system is working optimally for at least the next 10 years.

MHA have also bolstered already rigorous recycling measures for all wastepaper, plastics and food waste resulting from operations; additional measures were introduced to accommodate the increased level of PPE usage in services.

Measures prioritised for implementation in 2021/2022

- Energy and Environment Strategy - MHA are working towards implementing an Energy and Environment strategy that ensures ongoing energy and carbon reductions over the coming years in line with the UK's 2050 net zero targets.
- Lighting replacement policy – We will continue to replace lighting in our refurbishment programme with energy efficient LED.
- Renewal of invertors and the cleaning of solar panels and the crown cleaning of trees to ensure the full performance of previously installed solar panels are upheld to ensure maximum recovery of the Solar FIT.
- Renewable heat implementation - MHA are investigating renewable heating options for Auchlochan and are currently completing site feasibilities with a view to future implementation.
- All capital and Revenue investment programme contractors will need to demonstrate their 'green credentials' as part of the procurement process before being awarded capital projects.
- Capital and Revenue programmes via procurement will target local contractors (where feasible) for specific elements of work to limit travel and carbon footprint.
- National contractors will need to demonstrate their strategic shift to electric and/or hybrid fleet vehicles as well as regional office locations that limits travel and carbon footprint.

Reporting Methodology

Scope 1: consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, and grey fleet.

Scope 2: consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day to day business operations.

Energy and Emissions Consumption (continued)

Reporting Methodology (continued)

Scope 1 and 2 consumption and CO_2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and $kgCO_2e$ emissions factors relevant for reporting year [01/04/2020 – 31/03/2021]:

- Database 2020, Version 1.0
- Estimations undertaken to cover missing billing periods for properties directly invoiced to Methodist Homes were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 12% of reported consumption.
- Intensity metrics have been calculated utilising the 2020/2021 reportable figures for the following metrics, and kgCO2e for both individual sources and total emissions were then divided by this figure to determine the kgCO2e per metric:
    - Gross internal area (m^2) **326,757**

2. STRUCTURE, GOVERNANCE and MANAGEMENT

Governing Document

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by its Memorandum and Articles of Association dated 31 March 2011.

Methodist Homes is the parent company of two connected charitable organisations Methodist Homes Housing Association Ltd and MHA Auchlochan Ltd.

Organisational Structure

The Board consists of up to fifteen Board Members, one of whom is nominated by the Methodist Church. Board Members decide the strategic aims of the Charity and hold Management to account in performing executive functions. Decisions are taken in accordance with the instructions laid down in the Charity's Delegated Authorities and related policy documents.

The Board has the following committees, all of which have a group-wide remit. The work of each committee in respect of the year is summarised below:

Audit and Risk Committee

- Undertook a self-review of its terms of reference and method of operating to ensure that they are appropriate and relevant to the current financial reporting and governance environment;
- Considered key accounting judgements made by the Executive Leadership Team in the 2020 and 2021 financial statements;
- Challenged and supported the Executive Leadership Team to consider key risks for MHA, together with mitigation plans. This led to the development of a summary of key risks by the Executive Leadership Team which has now also been approved by the Board as a whole;
- Reviewed the work of our external statutory auditors, PricewaterhouseCoopers LLP, including their independence and non-audit services provided;
- Reviewed the work of our tax advisors, Deloitte LLP;
- Agreed a programme of work with the new Quality Assurance and Internal Audit team established during the year and received reports on the audits undertaken;
- Reviewed the progress on gap analysis between MHA governance practise and best practice set out in the Charity Governance Code.

Finance and Capital Expenditure Committee

- Revised the terms of reference to ensure they covered the full remit of the new committee and obtained approval of the Board;
- Reviewed financial performance, comparing management account actuals to forecast and budget including cash flow; scrutinised the forecasting process;
- Reviewed the financial aspects of the business plan, alongside the longer term cash needs compared to funding plans;
- Evaluated the annual budget for recommendation to the Board including planned capital expenditure and agreed the programme of work with the Executive Leadership Team;

Finance and Capital Expenditure Committee (continued)

- Reviewed the funding strategy and recommended it to the Board, assessing bank facilities and the adequacy of available funding;
- Reviewed investment policies including our stance on ethical investments, the performance of investments and the investment managers;
- Monitored and reviewed the pension schemes and the performance of the fund managers as well as the asset allocation for the final salary scheme;
- Brought to the Boards' attention material financial issues on a timely basis;
- Reviewed fundraising activities.

Operations Committee

- Reviewed its terms of reference to ensure they covered the wider remit and obtained the approval of the Board;
- Oversaw how MHA worked to maintain and improve quality; how it has addressed and is learning from issues of concern raised by internal and external assessments, complaints and unexpected events;
- Oversaw the delivery of improvement plans for those homes and schemes which required improvement;
- Monitored the external environment for our regulated services; working to continually develop our own definition of quality;
- Continued the tracking of health and safety issues, fire safety and infectious disease reporting, as well as coroner inquiries into deaths in our care. There have been a number of complex cases during the year with important lessons for our practice;
- Reviewed the significance for practice of safeguarding incidents for which MHA has a low threshold for reporting. All incidents are reported;
- Ongoing tracking of MHA success in the recruitment and retention of staff as well as the quality of leadership offered by our registered managers.

Nominations Committee

- Determined, on behalf of the Board, the remuneration of the Executive Leadership Team, in line with our People Strategy at a fair rate and competitive in our markets;
- Oversaw the delegated responsibilities for ensuring good governance of the Charity and identified and proposed new Board Members;
- Oversaw the restructure of Board committees and their membership;
- Authorised the recruitment of two new Trustees to replace those retiring in summer 2021.

The Board delegates authority for day-to-day management to the Executive Leadership Team. Whilst the Executive Leadership Team may have the title of Director they are not Statutory Directors. References within this report to Directors refer to Board Members with statutory responsibilities. Board Members receive no remuneration.

Charity Governance Code

The Charity's governance is currently broadly aligned with the Charity Governance Code endorsed by the Charity Commission. It also draws on guidance from other appropriate governance codes reflecting the size and complexity of the organisation. For the last eighteen months the Charity has been working to improve governance in areas where it identified that current practice was not in line with best practice set out in the Code. This work is now largely complete and the Charity intends to formally adopt the Charity Governance Code in the 2021/22 financial year.

Election, Appointment and Training of Board Members

Board Members are appointed by the Board through an open recruitment process led by the Nominations Committee and it follows Charity Commission guidelines in making sure there is an appropriate range of skills, knowledge and experience among its members.

The Chair is eligible to serve for one term of four years. Board Members are eligible to serve for three terms of three years. The maximum term of office for any Board Member is nine years, subject to re-election during that period.

The Church Nominee is nominated in conjunction with the General Secretary of the Methodist Church and/or their representative, and reported to the Conference of the Methodist Church.

New Board Members receive full induction which includes our Code of Conduct, constitutional documents, Board Manual, policies and information relevant to the work of the Charity. All Board Members visit services and further develop understanding of the work of the organisation as well as appropriate training. A full training programme has been implemented on a rolling basis to ensure all Directors remain up to date with all regulatory regimes that apply to the Charity's work. Insurance has been taken to indemnify Board Members against liability for wrongful acts which was in place throughout the financial year.

Members who served on the Board during the year are shown in the list of officers on page 30.

Patrons

We would like to take this opportunity to thank our Patrons - Baroness Kathleen Richardson of Calow, OBE; broadcaster and writer Pam Rhodes and Dame Denise Platt. Their support is invaluable in raising the profile of MHA and its work, helping it to reach out to more elderly people in need. Supporting national events and backing high profile appeals helps us generate essential charitable income. The time and contribution given by our Patrons is greatly appreciated.

Connected Companies

During the year to 31 March 2021 Methodist Homes worked closely with two associated charitable organisations:

Methodist Homes Housing Association Ltd (MHHA) - subsidiary undertaking

MHA Auchlochan Ltd (MHAA) - subsidiary undertaking

Colleagues

MHA is fortunate in employing colleagues who share our values and provide an exceptional service to older people. We are careful in our recruitment and committed to retaining good colleagues through rewards, training, personal development and career opportunities, flexible benefits and engagement. We are grateful for the contribution and work of all colleagues, who together, make a real difference to the lives of older people.

We have a commitment not to discriminate against any person or group on any basis which underpins our policies and actions. We are open to all and actively support those with disabilities giving full and fair consideration at recruitment and support throughout employment. MHA continues to work to reflect the diversity of the local population.

Statement of Board's Responsibilities

The Board Members (who are also directors of Methodist Homes for the purposes of company law) are responsible for preparing the Board of Directors' Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that financial year. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) and the Housing Statement of Recommended Practice;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company'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. 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 Directors are responsible for the maintenance and integrity of 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.

Internal Financial Controls Assurance

The Board is responsible for the Group systems of internal financial control. Such systems can only provide reasonable, not absolute, assurance against material misstatement or loss. The Board and Executive Leadership Team are reviewing the controls around key risks, which will evolve as the sector environment changes.

The Board confirms there is an ongoing process for identifying, evaluating and managing significant risks to the achievement of the Group strategic objectives. It has established a number of procedures, which are designed to provide effective internal financial controls:

- Control environment and procedures - the Board has approved the Executive Leadership Team delegation document, giving clear management responsibilities in relation to financial control and limits to management discretion. Financial processes are supervised by staff with appropriate experience and qualification;

Internal Financial Controls Assurance (continued)

- Risk Management - the Board has adopted financial strategies, designed to identify and control significant risks facing the organisation. All significant initiatives and capital investments are subject to formal authorisation procedures;
- Management Information - the Board approves a rolling plan annually, which incorporates an annual budget and receives regular financial and management reports that identify variances from budget and key financial indicators;
- Monitoring systems - the Board has an Audit and Risk Committee, which reviews reports from management, external auditors and internal control assessments to provide reasonable assurance that control procedures are in place and being followed. The Committee makes regular reports to the Board.

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2021 and until the date of approval of the financial statements. No weaknesses were found that resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Statement as to Disclosure of Information to Auditors

In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are Directors of the company at the date when this report is approved confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware; and
(b) he/she 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.

Independent Auditors

Crowe U.K. LLP were recommended as MHA's auditors during the year following a comprehensive tender process. A resolution concerning their appointment will be proposed at the Annual General Meeting.

The report of the board including the Strategic Report was approved on 28th July 2021 and signed on its behalf by:

John Robinson

Chair
Epworth House,
Stuart Street
Derby
DE1 2EQ

METHODIST HOMES
BOARD, OFFICERS AND ADVISORS
31 MARCH 2021

Reference and administrative details

Patrons

Baroness Kathleen Richardson of Calow, OBE
Dame Denise Platt
Pam Rhodes

Board	Term of Office Start	Finish	Committee Membership
John Robinson (Chair)	Aug 2017		Nominations Committee

Other Board Members

Hilary Cocker	Aug 2014	Operations & Nominations Committees
Ian Ailles	Nov 2014	Finance and Capital Expenditure Committee
Andrew Cozens	Aug 2015	Operations & Nominations Committees
Bala Gananpragasam	Aug 2015	Operations Committee
James Reilly	July 2016	Operations & Audit and Risk Committees
Martin Burkitt	Oct 2016	Audit and Risk Committee & Finance and Capital Expenditure Committee
Ruth Gee	Apr 2019	Operations & Nominations Committees
Lisa Commane	Apr 2019	Finance and Capital Expenditure Committee
Janet Haugh	Apr 2019	Audit and Risk Committee
Keith Hickey	Apr 2019	Audit and Risk Committee

Executive Leadership Team

Name	Appointed	Resigned	Position
Anna Marshall-Day	2006		Director of People & Corporate Services
Rev. Dr Chris Swift	2017		Director of Chaplaincy & Spirituality
Simon Monaghan	2018		Chief Executive
Mandy Mottram	2018		Company Secretary & General Counsel
Andrew White	2019		Director of Property
Daniel Ryan	2019		Director of Operations
Victoria Parkinson	2020		Director of Finance

METHODIST HOMES
BOARD, OFFICERS AND ADVISORS
31 MARCH 2021

Company Secretary

Mandy Mottram

Registered Office

Methodist Homes
Epworth House
Stuart Street
Derby
DE1 2EQ

Tel: (01332) 296200
Website: www.mha.org.uk

Charity Registered Number – 1083995

Company Registered in England and Wales Number - 4043124

Professional Advisors

Solicitors	Capsticks Solicitors LLP 1 St George's Road Wimbledon London W19 4DR	
External Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Chamberlain Square Birmingham B3 3AX	
Bankers	Barclays Bank Plc Corporate Banking 1, Churchill Place Canary Wharf London E14 5HP	HSBC Plc 70 Pall Mall London SW1Y 5EZ
	AIB Group (UK) Plc Podium Floor St. Helens 1 Undershaft London EC3A 8AB	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW
Tax Advisors	Deloitte LLP Four Brindley Place Birmingham B1 2HZ	

Independent auditors' report to the members of Methodist Homes

Report on the audit of the financial statements

Opinion

In our opinion, Methodist Homes' group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, and cash flows and of the group's cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and parent company statement of financial position as at 31 March 2021; the consolidated statement of financial activities (incorporating an income and expenditure statement), , the consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material

misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Board of Directors' Report including Strategic Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Board of Directors' Report including Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and Board of Directors' Report including Strategic Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in Board of Directors' Report including Strategic Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the *Statement of Board' Responsibilities*, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and parent charitable company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group and parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and charitable company/industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws and regulations, health and safety regulation and taxation legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Accounting standards (FRS102), Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2019), Housing SORP 2018: Statement of Recommended Practice for social housing providers (Housing SORP (FRS 102)), Co-operative and Community Benefit Societies Act 2014, Housing and Regeneration Act 2008, Schedule 1 to the Housing Act 1996, Housing (Scotland) Act 2010, Accounting Direction for private registered providers of social housing 2019, Accounting Requirements for Social Landlords Registered in Wales: General Determination 2015, Determination of Accounting Requirement 2019, The Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of The Charities Accounts (Scotland) Regulations 2006 (as amended) and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, expenses or cash and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed included:

- enquiry of management and those charged with governance around actual and potential frauds, litigations or claims against or by the company; reviewing financial statement disclosures and testing supporting documentation to assess compliance with applicable laws and regulations;
- evaluating management's controls designed to prevent and detect fraudulent financial reporting;
- auditing the risk of management override of controls, through testing journal entries by adopting a risk-based approach for appropriateness and testing significant accounting estimates and judgements to identify potential management bias;

- evaluating the business rationale and accounting for significant or unusual transactions outside the normal course of business, in particular to those relating to claims under the Job Retention Scheme and Infection Control Fund;
- auditing the risk of fraud in revenue recognition by identifying and testing journals with unusual revenue account combinations;
- performing unpredictable audit procedures; and
- reviewing minutes of meetings of the MHA Board.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Andrew Hammond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
28 July 2021

METHODIST HOMES
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31st March 2021

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
Income and endowments from:						
Donations and legacies	2.a	2,295	2,919	-	5,214	4,219
Charitable activities						
Homes		181,783	14,425	-	196,208	200,853
Retirement Living		35,782	649	-	36,431	41,533
MHA Communities		-	3,139	-	3,139	3,266
Other		1,735	111	-	1,846	1,082
Total charitable activities	3.a/6.a	219,300	18,324	-	237,624	246,734
Investments	4.a	128	25	7	160	285
Total		221,723	21,268	7	242,998	251,238
Expenditure on:						
Raising funds		672	-	-	672	714
Charitable activities						
Homes		173,405	15,091	-	188,496	188,182
Retirement living		36,840	814	-	37,654	38,853
MHA Communities		-	5,030	-	5,030	5,915
Other		3,929	112	2	4,043	1,931
Total charitable activities	6.a	214,174	21,047	2	235,223	234,881
Other	7.a	916	-	-	916	569
Total	5.a	215,762	21,047	2	236,811	236,164
Net (losses)/gains on investments	11.a	-	57	(12)	45	(30)
Net income		5,961	278	(7)	6,232	15,044
Transfer between funds		434	(434)	-	-	-
Other recognised (losses)/gains:						
Actuarial (loss)/gain on defined benefit pension schemes	25.	(1,539)	-	-	(1,539)	1,965
Other – interest rate swaps gains/(losses)	18.	1,068	-	-	1,068	(1,371)
Net movement in funds		5,924	(156)	(7)	5,761	15,638
Reconciliation of funds:						
Total funds brought forward	24.a	277,173	24,335	1,020	302,528	286,890
Total funds carried forward		283,097	24,179	1,013	308,289	302,528

All activities in both years are continuing activities.

METHODIST HOMES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st March 2021
Company Registered No. 4043124

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
Fixed assets						
Intangible fixed assets	12.a	894	-	-	894	265
Tangible fixed assets	13.a	407,488	15,947	-	423,435	447,719
Investments	15.a	90	507	763	1,360	1,315
		408,472	16,454	763	425,689	449,299
Current assets						
Debtors	16.	13,587	-	-	13,587	14,821
Cash at bank and in hand		53,992	10,064	250	64,306	45,735
Total current assets		67,579	10,064	250	77,893	60,556
Liabilities						
Creditors: Amounts falling due within one year	17.	(36,791)	(2,339)	-	(39,130)	(43,056)
Net current assets/(liabilities)		30,788	7,725	250	38,763	17,500
Total assets less current liabilities		439,260	24,179	1,013	464,452	466,799
Creditors: Amounts falling due after more than one year	18.	(114,913)	-	-	(114,913)	(119,135)
Provisions for liabilities	19.a	(41,250)	-	-	(41,250)	(45,136)
Total net assets before defined benefit pension liability		283,097	24,179	1,013	308,289	302,528
Defined benefit pension scheme liability	25.	-	-	-	-	-
Total net assets		283,097	24,179	1,013	308,289	302,528
Funds						
Endowment funds	22.a	-	-	1,013	1,013	1,020
Restricted income funds	23.a	-	24,179	-	24,179	24,335
Unrestricted income fund: General fund	24.a	283,097	-	-	283,097	277,173
Total Funds	24.a	283,097	24,179	1,013	308,289	302,528

The financial statements on pages 35 to 88 were approved on behalf of the Board and authorised for issue on 28th July 2021 and signed on its behalf by:

John Robinson – Chair

METHODIST HOMES
STATEMENT OF FINANCIAL POSITION (PARENT COMPANY)
As at 31st March 2021
Company Registration No. 4043124

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021 £'000	Total 2020 £'000
Fixed assets						
Intangible fixed assets	12.c	894	-	-	894	265
Tangible fixed assets	13.c	315,866	15,947	-	331,813	353,941
Investments	15.a	90	507	763	1,360	1,315
		316,850	16,454	763	334,067	355,521
Current assets						
Debtors	16.	35,640	-	-	35,640	35,339
Cash at bank and in hand		39,999	10,013	250	50,262	35,099
Total current assets		75,639	10,013	250	85,902	70,438
Liabilities						
Creditors: Amounts falling due within one year	17.	(33,742)	(2,339)	-	(36,081)	(39,842)
Net current assets		41,897	7,674	250	49,821	30,596
Total assets less current liabilities		358,747	24,128	1,013	383,888	386,117
Creditors: Amounts falling due after more than one year	18.	(95,565)	-	-	(95,565)	(98,498)
Provisions for liabilities	19.a	(27,594)	-	-	(27,594)	(31,056)
Total net assets before defined benefit pension liability		235,588	24,128	1,013	260,729	256,563
Defined benefit pension scheme liability	25.	-	-	-	-	-
Total net assets		235,588	24,128	1,013	260,729	256,563
Funds						
Endowment funds	22.a	-	-	1,013	1,013	1,020
Restricted income funds	23.c	-	24,128	-	24,128	24,299
Merger Reserve	24.c	(1,566)	-	-	(1,566)	(3,132)
Unrestricted income fund: General fund	24.c	237,154	-	-	237,154	234,376
Total Funds	24.c	235,588	24,128	1,013	260,729	256,563

A surplus for year of £4,637,000 (2020: £13,183,000) has been included within these financial statements for the company.

The financial statements on pages 35 to 88 were approved on behalf of the Board and authorised for issue on 28th July 2021 and signed on its behalf by:

John Robinson – Chair

METHODIST HOMES
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31st March 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Cash flow from operating activities:					
Net cash inflow by operating activities	26a		20,851		18,552
Cash flow from investing activities:					
Investment income		160		285	
Purchase of tangible fixed assets		(2,778)		(18,850)	
Purchase of Intangible fixed assets		-		-	
Purchase of Investment		-		(29)	
Proceeds from the sale of tangible fixed assets		5,998		11,499	
Net cash generated (outflow) investing activities			3,380		(7,095)
Cash flow from financing activities:					
Interest paid and similar charges		(3,490)		(3,578)	
Repayments of borrowings		(2,170)		(3,755)	
Net cash outflow financing activities			(5,660)		(7,333)
Net change in cash and cash equivalents			18,571		4,124
Cash and cash equivalents at the beginning of the year			45,735		41,611
Cash and cash equivalents at the end of the year			64,306		45,735

1. Principal Accounting Policies

Statement of Compliance

The financial statements of Methodist Homes have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

General information

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by Memorandum and Articles of Association dated 31 March 2011. It is domiciled and registered in the UK. The address of its registered office is Methodist Homes, Epworth House, Stuart Street, Derby, DE1 2EQ.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared under the historical cost convention, with the exception of owned Freehold Care Homes, Long Leasehold Care Homes and investments which are shown at deemed cost. They have also been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (Charities SORP (FRS102)) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019) and the Companies Act 2006 except for the treatment of MHHA Social Housing Grants. These would normally be shown through the Statement of Financial Activities as Restricted Funds. MHA has chosen to maintain the Housing Association treatment of recognising grants under accrual model which is a departure from the Charity SORP (FRS102), but is in line with the Companies Act 2006 and the Statement of Recommended Practice "Accounting by Registered Housing Providers" which is adopted by MHHA. The Directors believe this is the appropriate policy to use within the consolidated financial statements.

Owned Freehold and Long Leasehold Care Homes are valued at deemed cost as permitted by the transitional arrangements to FRS102. The deemed cost is the historic value or market value at transition. The valuations of land and buildings for Care Homes were made in 2013 by Knight Frank on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice Note 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The method used and significant assumptions applied in estimating the fair values for the Care Homes were by reference to the 'profits method' as this is the basis on which such properties are commonly bought or sold. In undertaking the valuation of the property, Knight Frank made an assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property and purchaser sentiment. Knight Frank then applied these to the properties, taking into account size, location, aspect. Other material factors, such as where planned works were due to take place creating a reduced occupancy, have been factored in.

The properties have been valued separately with the exception of Nethanvale and Lower Johnshill which would be sold as a single asset. As a result the values reported on an individual basis are an apportionment of the value as a whole.

Open Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1. Principal Accounting Policies (continued)

Basis of preparation (continued)

The subject properties are valued having regard to trading potential, having been well maintained and effectively operated, offering high standards of care and meeting the requirements of the relevant regulatory bodies.

The Charity constitutes a public benefit entity as defined by FRS102.

Going concern

The Charity's business activities, its current financial position and factors likely to affect its future development are set out in the Board of Directors' Report. The Charity has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Charity's day to day operations. The Charity also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels, of occupancy, weekly fee levels, levels of government funding and the impact of a third wave of Covid-19. None of the scenarios modelled result in either liquidity shortfalls or covenant breaches at the specified measurement dates; as such MHA is comfortable with its ongoing financial sustainability with no reasonably plausible circumstances on the horizon that undermine that position. MHA has existing loan facilities that include a £70 million loan to March 2025 and a £25 million undrawn RCF to February 2023, both with Barclays, and a £22 million loan with AIB to December 2030.

On this basis, the Board has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The consolidated Group financial statements of Methodist Homes and its subsidiary undertakings are presented using acquisition accounting on a line by line basis. Intra-Group profits are eliminated on consolidation. A separate Statement of Financial Activities and Income and Expenditure Account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The performance of the Charity is set out in note 24.

The wholly controlled subsidiaries which are consolidated are:

Methodist Homes Housing Association Ltd- Registered Provider of Social Housing

MHA Auchlochan Ltd – Charity

1. Principal Accounting Policies (continued)

Basis of consolidation (continued)

A subsidiary is an entity controlled by the Parent. The parent Charity can exercise control through trusteeship, which gives a parent Charity the ability to govern the financial and operating policies of the subsidiary. The above two entities are subsidiaries of Methodist Homes by means of various inter-Group agreements. Methodist Homes has the power to appoint and/or remove a majority of the Trustees and thus demonstrate control.

Income recognition

All income is recognised once the Charity has entitlement to the income, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donations are recognised when the Charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period. The Charity received substantial amounts of voluntary help from its supporters but no attempt is made to place a financial value on these services and they are not included in these financial statements. Voluntary help covers a range of activities from fundraising to helping with activities in the Homes.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the

Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Charitable activities

Fees, charges and rents – Income represents the amounts charged for occupation costs and services provided in the year, and is recognised on an accruals basis.

Retirement housing for sale – Income and expenditure represents amounts relating to individual units sold during the year on long-term lease. A sale is recognised on completion where the contract is unconditional and the risks and rewards of ownership have passed.

Transactions with a guaranteed buyback commitment are not recognised at the date of completion, but are accounted for as operating leases for the period to when it is considered probable that the property will be bought back (currently considered by the Directors to be nine years from the completion date). This principle applies irrespective of the duration of the buyback commitment.

1. Principal Accounting Policies (continued)

Charitable activities (continued)

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The property is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over expected useful economic life of the property by the straight-line method, on the basis of the property's cost less its estimated residual value, representing the anticipated resale price on the property market.

Provision is made for the expected value of the buyback commitment in the future, discounted at the appropriate risk-free rate (being the relevant nine and five year government bond rates depending on the remaining expected life of the individual commitments by property). The carrying value of the provision is re-assessed at each financial reporting period end to adjust for transactions during the period, changes in remaining lives of the commitments, and periodic fluctuations in the risk free rate. The unwinding of the associated discount factor is recognised within interest payable and similar charges.

On the buyback of a property under the guaranteed commitment by the company, any resulting gain or loss is recognised within the Operating Surplus / (Deficit) in the period, as is the release of any associated buyback provision. The remaining unwound discount is released to interest.

Expenditure recognition

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Central costs

All staff employed in the central office are employed by Methodist Homes, the office premises are jointly occupied and office services are shared.

Within the financial statements of the group, these expenses are allocated on the basis of time spent on three items:

(i) Charitable activities

These costs relate to services provided centrally and identified as wholly or mainly in support of direct charitable expenditure, together with an appropriate proportion of management and office overheads.

(ii) Costs of generating funds

All expenses relating to fund-raising, publicity and public relations (except the marketing of accommodation and care services) are charged to this heading. This item bears an appropriate proportion of management and office overheads.

(iii) Governance costs

These costs relate to the corporate management of the organisation itself. They include expenses of Directors' meetings, audit fees, office costs and other corporate management costs.

1. Principal Accounting Policies (continued)

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and payroll. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 7.

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets to their residual values over their estimated useful lives. Intangible assets are amortised over the following useful economic lives:

- Customer relationships 2 years
- Goodwill 2 years
- Software 3-5 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Charity are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible fixed assets and depreciation

Land is stated at cost, except where it forms part of a revalued Care Home – in which case it is stated at valuation, and is not depreciated.

Freehold and long leasehold buildings include applicable overhead expenditure and capitalised interest. Interest on loans deemed to be financing a development is capitalised up to the date of practical completion.

Furniture, equipment and motor vehicle are stated at cost less depreciation.

Fixed assets with a cost of more than £500 are capitalised and depreciated. Improvements which enhance the future economic benefits of the property or extend its overall useful life are capitalised and are fully written off over the expected useful life of the property.

1. Principal Accounting Policies (continued)

Tangible fixed assets and depreciation (continued)

The Charity has previously adopted a policy of revaluing freehold and long leasehold Care Homes and they were stated at their revalued amount less any subsequent depreciation and accumulated impairment losses. The Charity has adopted the transition exemption under FRS102 paragraph 35.10(d) and elected to use the previous revaluation as deemed cost.

Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful life.

Freehold and long leasehold buildings are depreciated over their expected useful life of forty years, or the life of the lease if shorter, on a straight-line basis. Improvements to buildings are depreciated over between five and forty years on a straight line basis.

Furniture, equipment and motor vehicles are depreciated over between three and twenty years on a straight line basis dependent upon their component type except for minibuses financed from restricted funds, which are written off in the year of purchase.

Assets in the course of construction are stated at cost and are not depreciated until they are available for use. The assets in the course of construction are recognised where it is probable economic benefit will flow to the Charity and can be reliably measured.

Social housing grants

The group's housing developments are financed wholly or partly by Social Housing or other capital grants. Section 24 of FRS102,'Government grants' permits either the performance model or the accrual model to recognise the government grants. As required by the Housing SORP (FRS102), housing properties accounted at valuation must recognise government grants using the performance model and those accounted at cost must recognise government grants using the accrual model.

The Group accounts for its housing property at cost and recognises government grants using the accrual model. Under this model, grants are recognised in income on a systematic basis over the expected useful life of the housing property structure (not land and structure), even if the fair value of the grant exceeds the carrying value of the structure in the financial statements, or over the useful life of the housing property structure and its individual components (excluding land) on a pro rata basis.

On disposal of an asset for which government grants were received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the statement of financial position related to such asset is derecognised as a liability and recognised as revenue in the statement of financial activities.

There are no unfulfilled conditions or other contingencies attaching to the government grants that have been recognised as income.

Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction value unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

1. Principal Accounting Policies (continued)

Financial instruments (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated Statement of Financial Activities.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including trade creditors, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their mark-to-market fair value based on current market conditions. Changes in the fair value of derivatives are recognised in "Other recognised gains/(losses)" of the Statement of Financial Activities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1. Principal Accounting Policies (continued)

Retirement housing stock

Unsold units of retirement housing stock and work in progress at the yearend are treated as fixed assets and are therefore valued at the lower of cost and estimated selling price less cost to complete. Cost includes capitalised interest incurred on specific projects during the period of development and any other relevant applicable costs.

Impairment of non-financial assets

Where the carrying values of care/housing properties or retirement housing stock are considered to have suffered a permanent diminution in value, the fall in value is recognised in the Statement of Financial Activities. An impairment review is carried out and appropriate impairment provisions made. In assessing an asset for impairment, the recoverable amount of an asset is determined to be the higher of the fair value less costs to sell the asset and its value in use. The method used to determine the value in use of an asset will depend on whether the asset is primarily held to generate cash as a commercial return or for its service potential to the charity's beneficiaries. Where the service potential measurement can be reliably made, and this exceeds the carrying value of the asset, then no impairment is recognised.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's) that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life which is estimated to be two years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the statement of financial position date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

1. Principal Accounting Policies (continued)

Investments (continued)

The main form of financial risk faced by the Charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired during the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

At the transfer of a subsidiary's trade and assets to the company the net assets of that investment are retained in investments and the balance transferred to a merger reserve. The merger reserve is transferred to the general fund in line with the expected utilisation of the assets transferred to the company.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of Charity. Designated funds are unrestricted funds of the Charity which the Directors have decided at their discretion to set aside to use for a specific purpose.

i) Restricted income funds

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity. They represent voluntary income or grants from statutory authorities and fees and charges in MHA Communities Schemes, which have been received for purposes set out in note 23.

The application of these funds is restricted by the terms of a special appeal, the expressed wishes of the donor, the will of the testator, or the terms of the grant.

ii) Endowment funds

These represent money given for a particular purpose and are intended to be permanent with the original capital being maintained and the income and capital growth being utilised.

Pensions

The Group's pension arrangements comprise various defined benefit and defined contribution schemes.

Where the underlying assets and liabilities of the defined benefit schemes can be separately identifiable, the Group recognises in full the schemes' surpluses or deficits on the Statement of Financial Position. Actuarial gains and losses for these schemes are included in the Consolidated Statement of Financial Activities.

Current and past service costs, curtailments and settlements are recognised within net incoming resources. Returns on scheme assets and interest on obligations are recognised as other finance income or expenses.

Where it is not possible to separately identify the share of the underlying assets and liabilities of a defined benefit scheme, the amount charged to the Consolidated Statement of Financial Activities represents the contributions payable in the year.

1. Principal Accounting Policies (continued)

Pensions (continued)

The defined benefit schemes are funded, with the assets held separately from the Group in separate Trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each Statement of Financial Position date. The pension scheme assets are measured at fair value.

The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the Statement of Financial Position only to the extent that the surplus may be recovered by reducing future contributions or to the extent that the trustees have agreed a refund from the scheme at the Statement of Financial Position date.

A pension scheme liability is recognised to the extent the group has a legal or constructive obligation to settle the liability. For defined contribution schemes contributions are charged to the Consolidated Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

No element of the pension scheme liability or scheme expenses relate to restricted activities of the charity.

The Charity participates in a defined benefit scheme, as detailed in note 25, which was closed to new entrants on 31 March 2010. Where it is not possible in the normal course of events to identify the schemes underlying assets and liabilities belonging to individual participating employers, under accounting standards the accounting charge for the year represents the employer contributions payable. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Taxation

The group has charitable status and is therefore not subject to Corporation Tax on its surplus from charitable activities.

The group is registered for VAT. Most of the group's income (residential charges, rents and grants) is exempt for VAT purposes, which significantly restricts the recovery of VAT on expenditure.

Liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

Leased assets and obligations

Leases are considered operating leases where the risks and rewards equivalent to ownership have not been passed to the Group. As such, the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term or, if shorter, the period ending when prevailing market rentals will become payable.

1. Principal Accounting Policies (continued)

Leased assets and obligations (continued)

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS102 (1 April 2013) as per FRS102 para 35.10(p) and continues to credit such lease incentives to the Statement of Financial Activities over the period to the first review date on which the rent is adjusted to market rates.

Critical judgements in applying the accounting policies

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

i) Provisions for liabilities

The Charity has recognised provisions for the re-purchase of properties sold as leasehold interests under guaranteed buy-back arrangements, on the basis that the timing of the re-purchase is uncertain. Additionally provisions have been recognised in relation to liabilities in respect of exceptional items. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience, professional advice and other reasonable factors.

ii) Exceptional items

Judgements are required as to whether items that are material in size, unusual or infrequent in nature should be disclosed as exceptional. Details of these items categorised as exceptional are outlined in note 8.

Future amendments to FRS102

The Charity will adopt any new provisions arising from future developments to FRS102 where relevant. As at the date of approval of the financial statements, the Directors do not consider that any current or proposed amendments will have a material impact on the reported results.

2. Donations and legacies

2.a Donations and legacies (current year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2021 Total £'000	2020 Total £'000
Donations	138	1,684	-	1,822	1,344
Big Lottery Fund grant	-	192	-	192	211
Legacies receivable	2,157	1,043	-	3,200	2,664
	2,295	2,919	-	5,214	4,219

2.b Donations and legacies (prior year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 Total £'000	2019 Total £'000
Donations	477	867	-	1,344	1,834
Big Lottery Fund grant	-	211	-	211	191
Legacies receivable	1,099	1,565	-	2,664	3,046
	1,576	2,643	-	4,219	5,071

3. Charitable activities

3.a Charitable activities (current year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2021 Total £'000	2020 Total £'000
Fees and charges	204,268	508	-	204,776	223,554
Rents	7,175	-	-	7,175	7,420
Grants	1,053	2,628	-	3,681	3,141
Government Funding	-	15,188	-	15,188	-
Sale of Housing	6,804	-	-	6,804	12,619
	219,300	18,324	-	237,624	246,734

3.b Charitable activities (prior year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 Total £'000	2019 Total £'000
Fees and charges	222,174	1,380	-	223,554	210,153
Rents	7,420	-	-	7,420	7,358
Grants	1,056	2,085	-	3,141	2,436
Consultancy income	-	-	-	-	55
Sale of Housing	12,619	-	-	12,619	20,525
	243,269	3,465	-	246,734	240,527

3. Charitable activities (continued)

Forms of government assistance from which the Charity has benefitted amounts to £15,188,000 (2020: £414,000). The government assistance consists of £909,000 government grants for our MHA Communities schemes; £12,902,000 infection control support and £2,286,000 from the government Covid Job Retention Scheme.

4. Investments

4.a Investments (current year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2021 Total £'000	2020 Total £'000
Investment securities – UK	-	6	7	13	18
Bank and deposit interest	128	19	-	147	267
	128	25	7	160	285

4.b Investments (prior year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 Total £'000	2019 Total £'000
Investment securities – UK	-	11	7	18	16
Bank and deposit interest	257	9	1	267	145
	257	20	8	285	161

5. Analysis of expenditure

5.a Analysis of expenditure (current year)

	Note	Homes £'000	Retirement Living £'000	MHA Communities £'000	Other £'000	2021 Total £'000	2020 Total £'000
Staff costs		113,635	15,112	3,606	12,260	144,613	143,180
Operational costs/(income):							
Supplies and services		34,373	6,214	833	4,883	46,303	46,997
Repairs and rents		16,150	2,797	246	44	19,237	19,404
Retirement housing cost of sales		-	3,088	-	126	3,214	5,820
Depreciation	13.a	7,649	4,717	11	318	12,695	13,725
Amortisation	12.a	-	-	-	155	155	166
Finance charges		-	10	-	2	12	1,286
Bank loan interest		2,925	587	-	34	3,546	3,730
Other (income)/costs		458	19	-	602	1,079	1,557
(Profit) on disposals		(497)	(132)	-	-	(629)	(788)
Exceptional items	8	1,901	3,269	-	500	5,670	518
Allocated costs/(income)		11,902	1,973	334	(14,209)	-	-
Governance costs	7.a	-	-	-	916	916	569
Total expenditure		188,496	37,654	5,030	5,631	236,811	236,164

5. Analysis of expenditure (continued)

5.a Analysis of expenditure (current year) (continued)

5.b Analysis of expenditure (prior year)

	Note	Homes £'000	Retirement Living £'000	MHA Communities £'000	Other £'000	2020 Total £'000	2019 Total £'000
Staff costs		114,113	15,094	3,661	10,312	143,180	135,006
Operational costs/(income):							
Supplies and services		33,369	6,412	1,570	5,646	46,997	50,743
Repairs and rents		16,340	2,548	288	228	19,404	19,234
Retirement housing cost of sales		-	5,686	-	134	5,820	8,949
Depreciation	13.b	8,228	4,836	6	655	13,725	13,490
Amortisation	12.b	-	-	-	166	166	1,218
Finance charges		-	1,285	-	1	1,286	2,296
Bank loan interest		3,068	627	-	35	3,730	3,786
Other (income)/costs		528	88	2	939	1,557	2,433
(Profit) on disposals		(779)	(9)	-	-	(788)	(3,925)
Exceptional items	8	-	-	-	518	518	2,174
Allocated costs/(income)		13,315	2,286	388	(15,989)	-	-
Governance costs	7.b	-	-	-	569	569	576
Total expenditure		188,182	38,853	5,915	3,214	236,164	235,980

Allocated costs represent central overheads. Allocation has been performed based on an assessment of the utilisation of each function by the operating business streams.

6. Summary analysis of expenditure and related income for charitable activities

6.a Summary analysis of expenditure and related income for charitable activities (current year)

	Note	Homes	Retirement Living	MHA Communities	Other	2021 Total	2020 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities							
Fees and charges		181,865	21,863	369	679	204,776	223,554
Rents		54	7,121	-	-	7,175	7,420
Grants		-	-	2,660	1,021	3,681	3,141
Government Funding		14,289	643	110	146	15,188	-
Sale of Housing		-	6,804	-	-	6,804	12,619
Total income	3.a	196,208	36,431	3,139	1,846	237,624	246,734
Expenditure on charitable activities							
Staff costs		(113,635)	(15,112)	(3,606)	(11,803)	(144,156)	(142,401)
Operational costs		(61,058)	(17,300)	(1,090)	(5,949)	(85,397)	(91,962)
Allocated (costs)/income		(11,902)	(1,973)	(334)	14,209	-	-
Exceptional items		(1,901)	(3,269)	-	(500)	(5,670)	(518)
Total		(188,496)	(37,654)	(5,030)	(4,043)	(235,223)	(234,881)
Total surplus/(deficit) from charitable activities 2021		7,712	(1,223)	(1,891)	(2,197)	2,401	
Total surplus/(deficit) from charitable activities 2020		12,671	2,680	(2,649)	(849)		11,853

6.b Summary analysis of expenditure and related income for charitable activities (prior year)

	Note	Homes	Retirement Living	MHA Communities	Other	2020 Total	2019 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities							
Fees and charges		200,788	21,559	1,165	42	223,554	210,153
Rents		65	7,355	-	-	7,420	7,358
Grants		-	-	2,101	1,040	3,141	2,436
Consultancy income		-	-	-	-	-	55
Sale of Housing		-	12,619	-	-	12,619	20,525
Total income	3.b	200,853	41,533	3,266	1,082	246,734	240,527
Expenditure on charitable activities							
Staff costs		(114,113)	(15,094)	(3,661)	(9,533)	(142,401)	(134,681)
Operational costs		(60,754)	(21,473)	(1,866)	(7,869)	(91,962)	(98,052)
Allocated (costs)/income		(13,315)	(2,286)	(388)	15,989	-	-
Exceptional items		-	-	-	(518)	(518)	(2,174)
Total		(188,182)	(38,853)	(5,915)	(1,931)	(234,881)	(234,907)
Total surplus/(deficit) from charitable activities 2020		12,671	2,680	(2,649)	(849)	11,853	
Total surplus/(deficit) from charitable activities 2019		9,554	5,063	(3,135)	(5,862)		5,620

7. Analysis of governance and support costs

The Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 6) in the year. Refer to the table on the following page for the basis for apportionment and the analysis of support and governance costs.

7. Analysis of governance and support costs (continued)

7.a Analysis of governance and support costs (current year)

	Support Costs £'000	Governance Costs £'000	2021 Total £'000	2020 Total £'000	Basis of allocation
Employment costs	-	575	575	287	Staff time
Director expenses	-	8	8	10	Invoiced events
External auditors – audit services:					
Parent	-	175	175	148	Governance
Subsidiaries	-	30	30	30	Governance
Bank covenants	-	5	5	6	Governance
Directors Insurances	9	-	9	9	Cost
Other costs	-	123	123	88	Governance
Total	9	916	925	578	

7.b Analysis of governance and support costs (prior year)

	Support Costs £'000	Governance Costs £'000	2020 Total £'000	2019 Total £'000	Basis of allocation
Employment costs	-	287	287	218	Staff time
Director expenses	-	10	10	17	Invoiced events
External auditors – audit services:					
Parent	-	148	148	112	Governance
Subsidiaries	-	30	30	85	Governance
Bank covenants	-	6	6	6	Governance
Directors Insurances	9	-	9	9	Cost
Other costs	-	88	88	138	Governance
Total	9	569	578	585	

8. Exceptional items

	2021 £'000	2020 £'000
Impairment of assets	5,170	-
Change programme and admin costs	-	295
Silk Deferred Tax Asset	-	223
Self-provision	500	-
Total costs	5,670	518

8. Exceptional Items (continued)

The current year exceptional items constitute an impairment of the care home, Foxton Grange which was closed in February 2021 £1,903,000, the impairment of the assets of a retirement living site where MHA wish to dispose of assets between the book value of £2,000,000, impairing the assets by £3,267,000; and a self-provision for insurance following the withdrawal of provision by our insurers' £500,000.

The prior year exceptional items constitute £295,000 costs relating to the termination of new housing management system project and £223,000 deferred tax asset transferred following the hive-up of assets from the Silk Group which was no longer recoverable.

9. Operating lease commitments

	2021 Total £'000	2020 Total £'000
Operating leases		
The following lease payments were made during the year in respect of operating leases:		
Land and buildings	11,866	11,820

	2021 Land & Buildings Total £'000	2020 Land & Buildings Total £'000
At 31 March the Group and Charity had commitments under non-cancellable operating leases as follows:		
- expiring in one year or less	12,014	11,607
- expiring in one to two years	12,014	11,607
- expiring in two to five years	36,042	34,821
- expiring in more than five years	213,778	218,709
	273,848	276,744

10. Analysis of staff costs and remuneration of key management personnel

	2021 Number	2020 Number
Average monthly number employed		
Care Homes	4,810	4,796
Retirement Living	781	798
MHA Communities	123	133
Office staff	347	289
	6,061	6,016

10. Analysis of staff costs and remuneration of key management personnel (continued)

The average number of staff employed represents the full time equivalent including staff on zero hour contracts. The total number of staff employed on zero hour contracts was 922 (2020: 1,038). The use of zero hour contracts for care staff allows the employee the flexibility to control their work preferences.

	2021 £'000	2020 £'000
Group staffing costs		
Wages and salaries	131,382	129,617
Social security costs	10,023	9,878
Other pension costs		
- Defined benefit pension costs (note 26)	121	242
- Defined contribution pension costs	3,660	3,731
	145,186	143,468

The key management personnel is comprised of the Executive Leadership Team alongside the Directors of the Charity. During the year the total remuneration received by the Executive Leadership Team was £1,002,989 (2020: £992,000). The employer's pension contribution for the key management personnel staff was £49,984 (2020: £57,000).

The key management personnel of the Group are all remunerated from the parent Charity. These comprise the Leadership Team listed on page 30 of the financial statements. The total employee benefits of the Executive Leadership Team of the Charity were £Nil (2020: £Nil).

The number of Directors who received reimbursement for the cost of travel to and from meetings was 3 (2020: 7). The cost of travel expenses reimbursed was £2,000 (2020: £5,000). During the year an insurance premium of £8,848 (2020: £9,000) was paid to indemnify Directors against liability for wrongful acts. No remuneration or benefits were paid during the year to any Director of the Board. 91 (2020:87) employees earned over £60,000 in the year excluding pension contribution within the following bands:

	2021 Number	2020 Number
Between £60,001 and £70,000	56	45
Between £70,001 and £80,000	19	29
Between £80,001 and £90,000	6	4
Between £90,001 and £100,000	2	2
Between £100,001 and £110,000	2	1
Between £110,001 and £120,000	2	2
Between £120,001 and £130,000	1	2
Between £130,001 and £140,000	2	1
Between £140,001 and £150,000	-	-
Between £150,001 and £160,000	-	-
Between £160,001 and £170,000	-	-
Between £170,001 and £180,001	-	-
Between £180,001 and £190,000	-	-
Between £190,001 and £200,000	1	-
Between £200,001 and £210,000	-	1
Between £210,001 and £220,000	-	-

10. Analysis of staff costs and remuneration of key management personnel (continued)

173 (2020:87) employees were members of the defined contribution pension scheme.

Included in staff costs are £887,000 of redundancy payments made to employees on termination of employment following a restructure of staff as a result of the Covid-19 pandemic and the closure of a care home. Redundancy costs are accounted for on an accruals basis with no unpaid commitments carried forward at the balance sheet date.

11. Net (losses)/gains on investment

11.a Net (losses)/gains on investments (current year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2021 Total £'000	2020 Total £'000
Unrealised (losses)/gains	-	57	(12)	45	(30)
	-	57	(12)	45	(30)

11.b Net gains/(losses) on investments (prior year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 Total £'000	2019 Total £'000
Unrealised gains/(losses)	(1)	(47)	18	(30)	36
	(1)	(47)	18	(30)	36

12. Intangible Fixed Assets

12.a Intangible Fixed Assets (current year)

Group	Customer relationships	Goodwill	Software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2020	2,782	379	497	3,658
Transfer of expenditure between category	-	-	784	784
At 31 March 2021	**2,782**	**379**	**1,281**	**4,442**
Accumulated amortisation				
At 1 April 2020	2,782	379	232	3,393
Amortisation charge	-	-	155	155
At 31 March 2021	**2,782**	**379**	**387**	**3,548**
Net Book Value				
At 31 March 2021	-	-	**894**	**894**
At 31 March 2020	-	-	265	265

12. Intangible Fixed Assets (continued)

Amortisation charges of £155,000 have been recognised in other expenditure.

12.b Intangible Fixed Assets (prior year)

Group	Customer relationships	Goodwill	Software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2019	2,782	379	497	3,658
At 31 March 2020	**2,782**	**379**	**497**	**3,658**
Accumulated amortisation				
At 1 April 2019	2,782	379	66	3,227
Amortisation charge	-	-	166	166
At 31 March 2019	**2,782**	**379**	**232**	**3,393**
Net Book Value				
At 31 March 2020	**-**	**-**	**265**	**265**
At 31 March 2019	-	-	431	431

12. Intangible Fixed Assets (continued)

12.c Intangible Fixed Assets (current year)

Company		Software	Total
		£'000	£'000
Cost			
At 1 April 2020		497	497
Transfer of expenditure between category	784	784	
At 31 March 2021		**1,281**	**1,281**
Accumulated amortisation			
At 1 April 2020		232	232
Amortisation charge		155	155
At 31 March 2021		**387**	**387**
Net Book Value			
At 31 March 2021		**894**	**894**
At 31 March 2020		265	265

12.d Intangible Fixed Assets (prior year)

Company	Software	Total
	£'000	£'000
Cost		
At 1 April 2019	497	497
At 31 March 2020	**497**	**497**
Accumulated amortisation		
At 1 April 2019	66	66
Amortisation charge	166	166
At 31 March 2020	**232**	**232**
Net Book Value		
At 31 March 2020	**265**	**265**
At 31 March 2019	431	431

13. Tangible Fixed Assets

13.a Tangible Fixed Assets (current year)

Group	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost / valuation							
1 April 2020	266,544	37,671	189,508	7,019	32,191	11,018	543,951
Additions during the year	1,153	-	1,512	-	449	2,326	5,440
Completions during the year	6,315	-	3,971	-	568	(11,553)	(699)
Disposals during the year	(7,337)	-	(4,241)	-	(120)	-	(11,698)
Impairment during the year	(2,027)	-	(3,354)	-	(154)	-	(5,535)
Transfer between category	(314)	315	-	-	-	(1)	-
31 March 2021	**264,334**	**37,986**	**187,396**	**7,019**	**32,934**	**1,790**	**531,459**
Accumulated depreciation / impairment							
1 April 2020	39,739	7,528	29,460	1,071	18,434	-	96,232
Charge for the year	5,527	906	4,077	168	2,017	-	12,695
On disposals	(116)	-	(349)	-	(74)	-	(539)
Impairment	(221)	-	(87)	-	(56)	-	(364)
Transfer between category	(19)	19	-	-	-	-	-
31 March 2021	**44,910**	**8,453**	**33,101**	**1,239**	**20,321**	**-**	**108,024**
Net book value							
31 March 2021	219,424	29,533	154,295	5,780	12,613	1,790	423,435
31 March 2020	226,805	30,143	160,048	5,948	13,757	11,018	447,719

13. Tangible Fixed Assets (continued)

13.b Tangible Fixed Assets (prior year)

Group	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost / valuation							
1 April 2019	275,046	37,672	179,790	9,832	30,610	675	533,625
Additions during the year	1,825	-	3,334	-	1,026	10,710	16,895
Completions during the year	-	-	-	-	(8)	-	(8)
Disposals during the year	-	-	(6,189)	-	(77)	-	(6,266)
Impairment during the year	-	-	-	-	-	(295)	(295)
Transfer between category / company	(16,191)	9,303	6,468	572	(76)	(76)	-
31 March 2020	**260,680**	**46,975**	**183,403**	**10,404**	**31,475**	**11,014**	**543,951**
Restatement	5,864	(9,304)	6,105	(3,385)	716	4	-
31 March 2020 restated	**266,544**	**37,671**	**189,508**	**7,019**	**32,191**	**11,018**	**543,951**
Accumulated depreciation / impairment							
1 April 2019	35,847	6,627	23,989	903	15,770	-	83,136
Charge for the year	5,569	864	4,077	166	3,049	-	13,725
Impairment	-	-	-	-	-	-	-
On disposals	-	-	(529)	-	(77)	-	(606)
Transfer between category / company	(624)	626	(51)	28	(2)	-	(23)
31 March 2020	**40,792**	**8,117**	**27,486**	**1,097**	**18,740**	**-**	**96,232**
Restatement	(1,053)	(589)	1,974	(26)	(306)	-	-
31 March 2020 restated	**39,739**	**7,528**	**29,460**	**1,071**	**18,434**	**-**	**96,232**
Net book value							
31 March 2020	**219,888**	**38,858**	**155,917**	**9,307**	**12,735**	**11,014**	**447,719**
Restatement	6,917	(8,715)	4,131	(3,359)	1,022	4	-
31 March 2020 restated	**226,805**	**30,143**	**160,048**	**5,948**	**13,757**	**11,018**	**447,719**
31 March 2019	239,199	31,045	155,801	8,929	14,840	675	450,489

13. Tangible Fixed Assets (continued)

Completions during the year relate to the reclassification of assets in the course of construction upon completion of the relevant project. Any assets in the course of construction, whose nature does not meet the definition of capital expenditure or where the project was aborted, are taken to the Statement of Financial Activities upon project completion. The cost of such projects in the year was £64,000 (2020: £295,000).

The current year impairments relate to Foxton Grange which was closed in February 2021 £1,903,000; the impairment of the assets of a retirement living site where MHA wish to dispose of the assets £3,267,000;

The prior year impairments relate to a write off of costs relating to the termination of a project. Further detail can be found in note 8.

During the year ended 31 March 2021, the Directors determined that certain asset transfers made in the prior period should be reassessed to achieve a more appropriate classification and the prior period closing balances for fixed asset cost, accumulated depreciation and net book value by category have been restated for this reassessment. FRS 102 requires the accounts to be corrected for the earliest period that is practicable which per the movement schedule is 1 April 2019. Due to the initial reclassification exercise taking place during the year-ended 31 March 2020, it is not considered practicable to restate the 1 April 2019 balances and as such, a restatement has been made to the 31 March 2020 amounts only. The restatement has impacted the fixed asset cost and accumulated depreciation within a number of categories of assets, as presented in the movement schedule above. There was no impact to the total cost, total accumulated depreciation or total net book value for fixed assets as a result of this change.

The net book value at 31 March 2021 represents fixed assets used for:

Group	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Direct charitable purposes:							
Homes	219,424	29,533	-	-	9,921	808	259,686
Retirement Living	-	-	150,552	5,780	2,131	28	158,491
Support offices	-	-	3,743	-	561	954	5,258
	219,424	**29,533**	**154,295**	**5,780**	**12,613**	**1,790**	**423,435**

Included within our freehold land and buildings above is land of £51,587,000 (2020: £58,286,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2020: £Nil). The cumulative amount of capitalised interest included is £3,917,000 (2020: £3,917,000).

Included within freehold land and buildings is £nil (2020: £nil) of assets in the course of construction.

13. Tangible Fixed Assets (continued)

The net book value at 31 March 2020 represents fixed assets used for:

Group	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Direct charitable purposes:							
Homes	226,805	30,143	-	-	11,152	5,974	274,074
Retirement Living	-	-	157,561	5,948	2,238	2,775	168,522
Support offices	-	-	2,487	-	367	2,269	5,123
	226,805	**30,143**	**160,048**	**5,948**	**13,757**	**11,018**	**447,719**

13. Tangible Fixed Assets (continued)

13.c Tangible Fixed Assets (current year)

Company	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost / valuation							
1 April 2020	244,386	37,671	114,114	139	27,104	8,482	431,896
Additions during the year	1,089	-	949	-	292	2,148	4,478
Completions during the year	5,583	-	2,044	-	513	(8,839)	(699)
Disposals during the year	(7,337)	-	(3,902)	-	(120)	-	(11,359)
Impairment during the year	(2,027)	-	(3,354)	-	(154)	-	(5,535)
Transfer between category / company	(314)	315	-	-	-	(1)	-
31 March 2021	**241,380**	**37,986**	**109,851**	**139**	**27,635**	**1,790**	**418,781**
Accumulated depreciation / impairment							
1 April 2020	37,542	7,528	17,273	23	15,589	-	77,955
Charge for the year	5,040	906	2,235	3	1,680	-	9,864
Impairment	(221)	-	(87)	-	(56)	-	(364)
On disposals	(116)	-	(297)	-	(74)	-	(487)
Transfer between category / company	(19)	19	-	-	-	-	-
31 March 2021	**42,226**	**8,453**	**19,124**	**26**	**17,139**	**-**	**86,968**
Net book value							
31 March 2021	**199,154**	**29,533**	**90,727**	**113**	**10,496**	**1,790**	**331,813**
31 March 2020	206,844	30,143	96,841	116	11,515	8,482	353,941

13. Tangible Fixed Assets (continued)

13.d Tangible Fixed Assets (prior year)

Company	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost / valuation							
1 April 2019	246,021	37,672	110,192	2,952	25,698	599	423,134
Additions during the year	1,745	-	2,492	-	904	8,178	13,319
Completions during the year	-	-	-	-	(8)	-	(8)
Disposals during the year	-	-	(4,226)	-	(23)	-	(4,249)
Impairment during the year	-	-	-	-	-	(295)	(295)
Transfer between category / company	(9,243)	9,303	(557)	572	(80)	-	(5)
31 March 2020	**238,523**	**46,975**	**107,901**	**3,524**	**26,491**	**8,482**	**431,896**
Restatement	5,863	(9,304)	6,213	(3,385)	613	-	-
31 March 2020 restated	**244,386**	**37,671**	**114,114**	**139**	**27,104**	**8,482**	**431,896**
Accumulated depreciation / impairment							
1 April 2019	32,743	6,627	14,889	21	13,283	-	67,563
Charge for the year	5,093	864	2,221	-	2,637	-	10,815
Impairment	-	-	-	-	-	-	-
On disposals	-	-	(374)	-	(24)	-	(398)
Transfer between category / company	(624)	626	(53)	28	(2)	-	(25)
31 March 2020	**37,212**	**8,117**	**16,683**	**49**	**15,894**	**-**	**77,955**
Restatement	330	(589)	590	(26)	(305)	-	-
31 March 2020 restated	**37,542**	**7,528**	**17,273**	**23**	**15,589**	**-**	**77,955**
Net book value							
31 March 2020	**201,311**	**38,858**	**91,218**	**3,475**	**10,597**	**8,482**	**353,941**
Restatement	5,533	(8,715)	5,623	(3,359)	918	-	-
31 March 2020 restated	**206,844**	**30,143**	**96,841**	**116**	**11,515**	**8,482**	**353,941**
31 March 2019	213,278	31,045	95,303	2,931	12,415	599	355,571

13. Tangible Fixed Assets (continued)

As part of a new system implementation for the management of fixed assets a detailed review and classification exercise was undertaken resulting in reclassification of assets between categories shown in Transfer between category/company.

The net book value at 31 March 2021 represents fixed assets for:

Company	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Direct charitable purposes:							
Homes	199,154	29,533	-	-	9,625	808	239,120
Retirement Living	-	-	86,984	113	310	28	87,435
Support offices	-	-	3,743	-	561	954	5,258
	199,154	29,533	90,727	113	10,496	1,790	331,813

Included within freehold land and buildings above is land of £44,399,000 (2020: £51,098,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2020: £Nil). The cumulative amount of capitalised interest included is £3,813,000 (2020: £3,813,000).

Included within our freehold land and buildings is £nil (2020: £nil) of assets in the course of construction.

13. Tangible Fixed Assets (continued)

The net book value at 31 March 2020 represents fixed assets for:

Company	Care Homes: Freehold land and buildings at valuation £'000	Care Homes: Leasehold land and buildings at valuation £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Direct charitable purposes:							
Homes	206,844	30,143	-	-	10.858	5,311	253,156
Retirement Living	-	-	94,354	116	290	902	95,662
Support offices	-	-	2,487	-	367	2,269	5,123
	206,844	30,143	96,841	116	11,515	8,482	353,941

14. Capital Commitments

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Expenditure contracted, less certified	624	2,443	599	2,245

Included within the capital commitments of the Group and Company are contracts relating to the development of sites which are executory contracts in nature as at 31 March 2021. A liability for these items has not been recorded in the financial statements as neither party has yet performed their obligations and the contracts are not onerous.

15. Investments

15.a Investments - Group and Company (current year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2021 Total £'000	2020 Total £'000
1 April 2020	88	451	776	1,315	1,316
Additions during the year	-	-	-	-	29
Net (loss)/gain on revaluation	-	57	(12)	45	(30)
31 March 2021	88	508	764	1,360	1,315
The securities represent:					
Methodist Church Central Finance Board:					
Equity fund units	-	400	-	400	342
Fixed interest fund units	88	108	764	960	973
31 March 2021	88	508	764	1,360	1,315

15.b Investments - Group and Company (prior year)

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 Total £'000	2019 Total £'000
1 April 2019	59	499	758	1,316	1,180
Additions during the year	29	-	-	29	100
Net gain/(loss) on revaluation	-	(48)	18	(30)	36
31 March 2020	88	451	776	1,315	1,316
The securities represent:					
Methodist Church Central Finance Board:					
Equity fund units	-	342	-	342	392
Fixed interest fund units	88	109	776	973	924
31 March 2020	88	451	776	1,315	1,316

All investments are carried at their fair value. Investment in equities and fixed interest units are all traded in quoted public markets, primarily the London Stock Exchange. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

16. Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	8,276	7,003	7,384	6,458
Due from group undertakings	-	-	23,062	21,104
Other debtors	791	583	737	549
Prepayments and accrued income	4,520	7,235	4,457	7,228
	13,587	14,821	35,640	35,339

Amounts receivable from Group undertakings comprise a formal loan of £3,500,000 (2020: £3,500,000) which is interest bearing at a rate of 1% per annum (2020: 1%) unsecured and repayable on demand, and £19,562,000 (2020: £17,604,000) recharges arising from operational activities which is not interest bearing, is unsecured and payable on demand.

17. Creditors: Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans – principal and interest	1,780	2,035	1,529	1,789
Trade creditors	4,898	3,754	4,899	3,752
Charges and rents in advance	3,219	5,622	3,112	5,473
Deferred Income – buy back properties	424	610	301	457
Unpaid pension contributions	986	1,111	971	1,086
Taxation and social security	4,826	4,525	4,685	4,396
Other creditors	13,942	13,277	12,338	11,673
Accruals and deferred income	9,055	12,122	8,246	11,216
	39,130	43,056	36,081	39,842

18. Creditors: Amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Derivative financial instruments	4,938	6,006	4,938	6,006
Loans:				
- Between one and two years	2,035	1,909	1,781	1,661
- Between three and five years	76,848	6,450	76,148	5,735
- In five years or more	15,412	87,849	12,771	84,965
Less loan arrangement fees	(396)	(527)	(396)	(527)
	93,899	95,681	90,304	91,834
Unamortised grants – deferred income:				
- Between one and two years	991	991	-	-
- Between three and five years	2,821	2,894	-	-
- In five years or more	11,471	12,389	-	-
	15,283	16,274	-	-
Deferred Income – buy back properties:				
- Between one and two years	294	483	186	354
- Between three and five years	365	551	103	281
- In five years or more	134	140	34	23
	793	1,174	323	658
Total	114,913	119,135	95,565	98,498

The loans are secured on certain Care Home and housing properties, representing 51% of the value of Freehold Land and Buildings (2020:51%) with a Net Book Value of £145,395,000 (2020: £149,493,000). The interest rates payable on these loans, plus the short-term loans of £1,780,000 (2020: £2,035,000), are as detailed below, confirming the drawn down amounts as at 31 March 2021, the interest rate and the respective terms.

Company £'000

- £70,000 is payable at LIBOR plus a margin of 2.2% until March 2025
- £22,361 is payable at LIBOR plus a margin 0.8% until December 2030

£92,361 **Company total**

Subsidiaries £'000

- £1,415 is a variable rate of 0.5% until April 2033.
- £1,210 is a variable rate of 0.5% until May 2033.
- £88 is fixed at a rate of 4.5% until 1 January 2024
- £1,132 is fixed at a rate of 10.7% until 31 March 2049

£3,845 **Subsidiaries total**

£96,206 **Group total**

18. Creditors: Amounts falling due after more than one year (continued)

Below are the drawn down amounts as at 31 March 2020, the interest rate and the respective terms.

Company £'000

- £70,000 is payable at LIBOR plus a margin of 2.2% until March 2025
- £24,282 is payable at LIBOR plus a margin 0.8% until December 2030

£94,282 **Company total**

Subsidiaries £'000

- £2,840 is payable at LIBOR plus a margin of 0.5% until 31 December 2021
- £116 is fixed at a rate of 4.5% until 1 March 2023
- £1,138 is fixed at a rate of 10.7% until 31 March 2049

£4,094 **Subsidiaries total**
£98,376 **Group total**

Of the outstanding loan balance £70,000,000 (2020: £70,000,000) relates to loans that are non-amortising.

The Company has fixed interest rates to guard against future rate movements on £70,000,000 (2020: £70,000,000) of the loan balance through an interest rate swap. The overall cost of the derivative arrangement is fixed at 4.3%. The fair value of the interest swaps as at 31st March 2021 is a £4,938,000 liability (2020: £6,006,000 liability) representing the cost of exiting this arrangement, which is not currently intended by the company. The recognised gain on cash flow hedges in the year is £1,068,000 (2020: loss of £1,371,000). This reflects the net of the fair value loss on derivatives of £1,198,000 (2020: loss of £2,266,000) and the losses recycled to bank loan interest of £1,207,000 (2020: losses recycled of £895,000). The amounts recycled to bank loan interest represent the cash paid on derivatives during the year.

19. Provisions for Liabilities

19.a Provisions for liabilities (current year)

	1 April 2020 £'000	Created on new transactions £'000	Charge for year £'000	Increase/ (release) in provision £'000	Utilisation of provision £'000	31 March 2021 £'000
Group						
Guarantee property buy-backs	42,203	1,719	10	-	(5,609)	38,323
Remediation provision	422	-	-	-	-	422
Retirement Living provision	1,728	-	-	187	-	1,915
Housing for Sale provision	783	-	-	(520)	(173)	90
Public Liability provision	-	500	-	-	-	500
	45,136	2,219	10	(333)	(5,782)	41,250
Company						
Guarantee property buy-backs	28,545	478	(36)	-	(3,898)	25,089
Retirement Living provision	1,728	-	-	187	-	1,915
Housing for Sale provision	783	-	-	(520)	(173)	90
Public Liability provision	-	500	-	-	-	500
	31,056	978	(36)	(333)	(4,071)	27,594

19.b Provisions for liabilities (prior year)

	1 April 2019 £'000	Created on new transactions £'000	Charge for year £'000	Increase/ (release) in provision £'000	Utilisation of provision £'000	31 March 2020 £'000
Group						
Guarantee property buy-backs	46,170	1,671	1,280	-	(6,918)	42,203
Remediation provision	422	-	-	-	-	422
Retirement Living provision	1,276	-	-	452	-	1,728
Housing for Sale provision	833	-	-	-	(50)	783
	48,701	1,671	1,280	452	(6,968)	45,136
Company						
Guarantee property buy-backs	32,426	129	784	-	(4,794)	28,545
Retirement Living provision	1,276	-	-	452	-	1,728
Housing for Sale provision	833	-	-	-	(50)	783
	34,535	129	784	452	(4,844)	31,056

The guarantee property buy-backs provision arises when MHA enters into transactions to sell the leasehold interest in Retirement Living properties with an option (exercisable by either party) for MHA to re-purchase the leasehold at a pre-agreed amount. Buy-back commitments have been estimated to average nine years (2020: nine years). Provisions are discounted at the appropriate risk free rate. The relevant nine and five year government bond rates have been used depending on the remaining expected life of the individual commitments by property, these being 0.9% and 0.4% respectively (2020: 0.3% and 0.2%). The approximate effects of changes to the discount rate by 1% or a one year change to the buy-back commitment life has been sensitised and deemed not to have a material effect on the provision.

The remediation provision relates to ongoing works at Auchlochan village for planned refurbishment. It is expected to be settled in the next 12 months.

The Retirement Living provision relates to a possible outflow from a consultation process and is expected to be settled in the next 12 months.

The Housing for Sale provision relates to two onerous contracts at a retirement living scheme. The first relates to an onerous contract regarding the operational management of the site. During 2020/21 MHA have terminated this contract with effect from October 2021, the balance remaining at 31st March 2021 relates to the cost of operational services to that termination date. The second related to the purchase price of 'Put Option' properties that MHA bought in line with the contractual agreement where the purchase price of those properties was estimated to exceed the likely net sale proceeds. This transaction was completed in May 2019 when MHA took ownership of 14 apartments. This element of the provision has been released following a wider review of the valuation of the site and the subsequent impairment that has been booked in the current year.

The Public Liability Provision provides for the potential costs of future Covid-19 public liability claims following the withdrawal of provision by our insurers.

20. Financial instruments

Group

The Group has the following financial instruments:

	Note(s)	2021 £'000	2020 £'000
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	16	8,276	7,003
Other debtors and accrued income		130	2,684
		8,406	9,687
Financial assets measured at fair value through statement of financial activities:			
Investment in securities	15	1,360	1,315
Financial liabilities measured at amortised cost:			
Trade creditors	17	(4,898)	(3,754)
Accruals		(6,347)	(9,446)
Loans (including interest)	17/18	(95,679)	(97,716)
Other creditors		(14,699)	(13,725)
		(121,623)	(124,641)
Financial liabilities measured at fair value through statement of financial activities:			
Derivative financial instruments	18	(4,938)	(6,006)

Company

The Company has the following financial instruments:

	Note(s)	2021 £'000	2020 £'000
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	16	7,384	6,458
Due from Group members	16	23,062	21,104
Other debtors and accrued income		25	2,645
		30,471	30,207
Financial assets measured at fair value through statement of financial activities:			
Investment in securities	15	1,360	1,315
Financial liabilities measured at amortised cost:			
Trade creditors	17	(4,899)	(3,752)
Due to Group undertakings	17	-	-
Accruals		(5,850)	(8,892)
Loans (including interest)	17/18	(91,833)	(93,623)
Other creditors		(13,688)	(12,730)
		(116,270)	(118,997)
Financial liabilities measured at fair value through statement of financial activities:			
Derivative financial instruments	18	(4,938)	(6,006)

20. Financial instruments (continued)

Derivative financial instruments

The Group has entered into interest rate swaps to mitigate the risk from future rate movement. The fair value of the interest rate swaps as at 31 March 2021 is £4,938,000 (2020: £6,006,000). The fair values of the assets and liabilities held at fair value through the Statement of Financial Activities at the Statement of Financial Position date are determined using quoted prices. Where quoted prices are not available for derivatives the fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates. These instruments are included within cash flow hedge relationships.

21. Share Capital

The company is limited by guarantee and has no share capital.

22. Endowment Funds

22.a Endowment funds (current year)

	Movement in Funds						
Group and Company	1 April 2020 £'000	Incoming £'000	Outgoing £'000	(Losses)/gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2021 £'000
H D Clarke Memorial	952	6	(2)	(12)	-	-	944
Redcroft Residential Home	68	1	-	-	-	-	69
	1,020	7	(2)	(12)	-	-	1,013

22.b Endowment funds (prior year)

	Movement in Funds						
Group and Company	1 April 2019 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2020 £'000
H D Clarke Memorial	928	7	(1)	18	-	-	952
Redcroft Residential Home	67	1	-	-	-	-	68
	995	8	(1)	18	-	-	1,020

23. Restricted income funds

23.a Restricted income funds (current year)

Movement in Funds

Group

	1 April 2020 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2021 £'000
Care Homes	14,562	15,081	(14,735)	57	(92)	(487)	14,386
Retirement Living	4,910	632	(786)	-	(124)	240	4,872
Big Lottery Fund grant	-	192	(192)	-	-	-	-
MHA Communities	3,048	4,680	(4,838)	-	60	(31)	2,919
Amenity funds	1,815	572	(385)	-	-	-	2,002
Other	-	111	(111)	-	-	-	-
	24,335	21,268	(21,047)	57	(156)	(278)	24,179

23.b Restricted income funds (prior year)

Movement in Funds

Group

	1 April 2019 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2020 £'000
Care Homes	15,379	219	(990)	(47)	-	1	14,562
Retirement Living	5,050	-	(141)	-	-	1	4,910
Big Lottery Fund grant	-	211	(211)	-	-	-	-
MHA Communities	2,190	5,022	(4,164)	-	(6)	6	3,048
Amenity funds	1,658	676	(525)	-	6	-	1,815
	24,277	6,128	(6,031)	(47)	-	8	24,335

23. Restricted income funds (continued)

23.c Restricted income funds (current year)

Movement in Funds

Company

	1 April 2020	Incoming	Outgoing	Gains on investment assets	Transfers between restricted funds	Transfers between restricted and unrestricted funds	31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Care Homes	14,562	14,793	(14,447)	57	(92)	(487)	14,386
Retirement Living	4,910	628	(782)	-	(124)	240	4,872
Big Lottery Fund grant	-	192	(192)	-	-	-	-
MHA Communities	3,048	4,681	(4,838)	-	60	(31)	2,920
Amenity funds	1,779	544	(373)	-	-	-	1,950
Other	-	111	(111)	-	-	-	-
	24,299	20,949	(20,743)	57	(156)	(278)	24,128

23.d Restricted income funds (prior year)

Movement in Funds

Company

	1 April 2019	Incoming	Outgoing	Gains on investment assets	Transfers between restricted funds	Transfers between restricted and unrestricted funds	31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Care Homes	15,379	219	(990)	(47)	-	1	14,562
Retirement Living	5,050	-	(141)	-	-	1	4,910
Big Lottery Fund grant	-	211	(211)	-	-	-	-
MHA Communities	2,190	5,022	(4,164)	-	(6)	6	3,048
Amenity funds	1,652	647	(493)	-	6	(33)	1,779
	24,271	6,099	(5,999)	(47)	-	(25)	24,299

The Homes and Retirement Living funds relate to amounts donated for use and subsequently used to improve specific Homes or Schemes. The MHA Communities Scheme funds relate to amounts raised by local schemes to fund their day to day running costs. Amenity funds relate to amounts raised for the provision of additional benefits for residents and tenants within a specific Home or Scheme.

Big Lottery Fund Grants of £192,000 (2020: £211,000) were received in the year to support MHA Communities Schemes.

24. Funds

24.a Funds (current year)

	Restricted Income Funds	Endowment Funds	Unrestricted Income Fund	Total
	£'000	£'000	£'000	£'000
Group				
At 1 April 2020	24,335	1,020	277,173	302,528
Surplus for the year	278	(7)	5,961	6,232
Actuarial gain	-	-	(1,539)	(1,539)
Deficit on interest rate swaps	-	-	1,068	1,068
Transfers	(434)	-	434	-
At 31 March 2021	24,179	1,013	283,097	308,289

24.b Funds (prior year)

	Restricted Income Funds	Endowment Funds	Unrestricted Income Fund	Total
	£'000	£'000	£'000	£'000
Group				
At 1 April 2019	24,277	995	261,618	286,890
Surplus for the year	50	25	14,969	15,044
Actuarial gain	-	-	1,965	1,965
Deficit on interest rate swaps	-	-	(1,371)	(1,371)
Transfers	8	-	(8)	-
At 31 March 2020	24,335	1,020	277,173	302,528

24.c Funds (current year)

	Restricted Income Funds	Endowment Funds	Merger Reserve	Unrestricted Income Fund	Total
	£'000	£'000	£'000	£'000	£'000
Company					
At 1 April 2020	24,299	1,020	(3,132)	234,376	256,563
Surplus for the year	263	(7)	-	4,381	4,637
Actuarial gain	-	-	-	(1,539)	(1,539)
Deficit on interest rate swaps	-	-	-	1,068	1,068
Transfers of subsidiary	-	-	1,566	(1,566)	-
Transfers	(434)	-	-	434	-
At 31 March 2021	24,128	1,013	(1,566)	237,154	260,729

24. Funds (continued)

24.d Funds (prior year)

	Restricted Income Funds	Endowment Funds	Merger Reserve	Unrestricted Income Fund	Total
	£'000	£'000	£'000	£'000	£'000
Company					
At 1 April 2019	24,271	995	(4,698)	222,218	242,786
Surplus/(loss) for the year	53	25	-	13,105	13,183
Actuarial gain	-	-	-	1,965	1,965
Deficit on interest rate swaps	-	-	-	(1,371)	(1,371)
Transfer of subsidiary	-	-	1,566	(1,566)	-
Transfers	(25)	-	-	25	-
At 31 March 2020	24,299	1,020	(3,132)	234,376	256,563

The company's loss before donations for the year to 31 March 2021 amounted to £539,000 (2020: profit of £9,200,000). The company's surplus after donations for the year to 31 March 2021 amounted to £4,637,000 (2020: surplus of £13,183,000) from a gross income of £228,871,000 (2020: £234,878,000).

25. Pensions and Similar Obligations

A defined contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 205 (2020: 320) employees. The contribution rate of MHA for the year varied between 3% and 6% depending on the employee's contribution, which is a minimum of 5%.

MHA operates a number of pension schemes;

(i) A defined benefit scheme, which was a funded scheme, with the assets held in separate Trustee administered funds, was closed to new members and future accrual on 31 March 2010.

As per para 28.38 of FRS102, where an entity participates in a defined benefit plan that shares risks between entities under common control it shall obtain information about the plan as a whole measured in accordance with this FRS on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement or stated policy for charging the net defined benefit cost of a defined benefit plan as a whole measured in accordance with this FRS to individual group entities, the entity shall, in its individual financial statements, recognise the net defined benefit cost of a defined benefit plan so charged. If there is no such agreement or policy, the net defined benefit cost of a defined benefit plan shall be recognised in the individual financial statements of the Group entity which is legally responsible for the plan. The other Group entities shall, in their individual financial statements, recognise a cost equal to their contribution payable for the year. Methodist Homes is the sponsoring employer of the defined benefit pension scheme and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual Group entities and therefore the Company has recognised the entire net defined benefit cost and the relevant net defined benefit liability of the defined benefit pension scheme in its individual financial statements.

The FRS102 disclosures below have been produced by TPT Retirement Solutions, the group actuaries using the projected unit method to calculate the Scheme liabilities at 31 March 2021. No adjustments have been made to measure the defined benefit obligation at the reporting date to their valuation.

25. Pensions and Similar Obligations (continued)

The financial assumptions used to calculate the Group's scheme liabilities are as follows:

	2021	2020	2019	2018
	%pa	%pa	% pa	% pa
Inflation (CPI)	2.9%	1.7%	2.3%	2.2%
Inflation (RPI)	3.3%	2.7%	3.3%	3.2%
Rate of increase in salaries	0.0%	3.2%	3.8%	4.2%
Rate of increase for pensions in payment	2.3%	1.5%	1.8%	1.7%
Rate of increase for deferred pensions	3.3%	2.7%	3.3%	3.2%
Discount rate	2.1%	2.3%	2.4%	2.6%

Pensions accrued before 1 January 2000 for members who joined the scheme before 1 November 1998 are subject to guaranteed fixed increases of 5% (2020: 5%) per annum in deferment and in payment.
The current mortality assumptions used in the valuation of the pension liabilities were:

	2021	2020	2019	2018
Life expectancy	S1PA Year of birth CMI20 with a minimum improvement of 1.3% p.a. for males and 1.3% p.a. for females	S1PA Year of birth CMI19 with a minimum improvement of 1.3% p.a. for males and 1.0% p.a. for females	S1PA Year of birth CMI18 with a minimum improvement of 1.3% p.a. for males and 1.0% p.a. for females	S1PA Year of birth CMI16 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females

The assumed life expectations on retirement age 65 are:

	2021	2020	2019	2018
Pensioner currently aged 65:	Years	Years	Years	Years
Male	21.4	21.9	22.0	22.4
Female	23.4	23.7	23.7	24.0
Non-Pensioner currently aged 45:				
Male	22.7	23.2	23.4	23.8
Female	24.9	24.9	24.9	25.3

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the Statement of Financial Position date, whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

25. Pensions and Similar Obligations (continued)

The fair value of assets in the scheme, the present value of the liabilities in the scheme and the long-term rate of return expected at the Statement of Financial Position date were:

	Fair value 2021 £'000	Fair value 2020 £'000
Equities	7,020	6,668
Government bonds	34,274	33,729
Property	1,510	3,140
Other	22,443	19,829
Total market value of assets	65,247	63,366
Present value of scheme liabilities	(63,766)	(59,577)
Surplus/(deficit) in the scheme	1,481	3,789
Effect of asset ceiling	(1,481)	(3,789)
Net pension asset/(liability) under FRS102	-	-

An asset ceiling has been applied to limit the impact of the surplus on the scheme calculated on an Accounting provision FRS102 basis in line with the advice from TPT Retirement Solutions and the pension scheme rules.

The last formal valuation of the scheme was performed as at 30 September 2018 by a professionally qualified actuary.

The actuary has confirmed that the existing contribution level can be reduced given the deficit which is forecast to be removed within 10 years.

The Group works directly with TPT Retirement Solutions in relation to the multi-employer pension scheme to ensure compliance with scheme rules. Where an issue is identified, the Group ensures proper understanding and investigation is carried out to meet the Group's obligations, and where these meet the requirements of the relevant accounting standard they are appropriately accounted for.

The Group's pension charge for the year calculated under FRS102 assumptions is included in the financial statements.

Analysis of amounts charged to net incoming resources

	2021 £'000	2020 £'000
Expenses	(121)	(177)
Expected return on scheme assets	1,446	1,353
Interest on pension scheme liabilities	(1,341)	(1,418)
Net cost	(16)	(242)
Interest on effect of asset ceiling	(105)	-
Total cost	(121)	(242)

25. Pensions and Similar Obligations (continued)

Analysis of amount recognised as Actuarial gain/(loss)

	2021 £'000	2020 £'000
Actuarial (loss)/gain recognised in the Consolidated Statement of Financial Activities	(1,539)	1,965
Total (charge)/credit to Consolidated Statement of Financial Activities	(1,555)	1,723
Cumulative actuarial losses	(11,466)	(9,927)

Statement of Financial Position impact	2021 £'000	2020 £'000
Present value of funded obligations	(63,766)	(59,577)
Fair value of scheme assets	65,247	63,366
Surplus/(deficit) in the scheme at 31 March	1,481	3,789
Effect of asset ceiling	(1,481)	(3,789)
Net pension asset/(liability) under FRS102	-	-

Changes in the present value of the defined benefit obligation	2021 £'000	2020 £'000
Opening defined benefit obligation	59,577	59,946
Interest cost	1,341	1,418
Actuarial (gain)/loss	5,395	(39)
Net benefits paid	(2,547)	(1,748)
Closing defined benefit obligation	63,766	59,577

Changes in fair value of plan assets	2021 £'000	2020 £'000
Opening fair value of plan assets	63,366	56,431
Interest Income	1,446	1,353
Actuarial gain	1,443	5,715
Contributions by employer	1,660	1,792
Net benefits paid	(2,547)	(1,748)
Expenses	(121)	(177)
Closing fair value of plan assets	65,247	63,366
Return on plan assets	2,889	7,068

25. Pensions and Similar Obligations (continued)

(ii) The previous Growth Plan is a multi-employer defined benefit scheme which is administered by TPT Retirement Solutions. The actuary has completed a tri-annual valuation as at 30 September 2018 showing a funding level of 74%. Additional contributions of £55,000 (2020: £76,000) were paid during the year.

(iii) The contribution by the Group to the defined benefit scheme paid during the year amounted to £1,660,000 (2020: £1,792,000). Further payments will be made in future years to further reduce the pension deficit shown in the last tri-annual valuation.

(iv) The current growth plan is a multi-employer defined contribution scheme. Contributions paid during 2020/21 in respect of the defined contribution scheme were £553,000 (2020: £603,000).

(v) During the year all employees were eligible to join the auto-enrolment scheme. The new scheme is compulsory for all employees who have not specifically opted out of the scheme. MHA contributed 3% of pensionable pay for all those included in the scheme from 1 April 2013. The contributions for the year were £3,263,000 (2020: £2,686,000).

26. Notes to the Cash Flow Statement

a) Reconciliation of net income to net cash inflow from operating activities

	2021	2020
	£'000	£'000
Net income	6,232	15,044
Unrealised losses/(gains) on investment	(45)	30
Investment income	(160)	(285)
Release of capital grants	(991)	(1,021)
Interest charge	3,546	3,730
Profit on sale of Retirement Living Housing	5,161	(5,862)
Depreciation charges	12,695	13,725
Amortisation	(629)	166
Impairment of fixed assets	5,171	295
Defined benefit scheme pension contributions paid in the year	(1,660)	(1,792)
Defined benefit scheme pension cost charged in the year	121	242
Increase in debtors	1,234	(359)
(Decrease)/increase in creditors and provisions	(9,824)	(5,361)
Net cash provided by operating activities	20,851	18,552

Movements in debtors and creditors which relate to capital and interest transactions are excluded from the movements in debtors and creditors shown.

Cash and cash equivalents amounting to £250,000 (2020: £244,000) held in endowment funds are not available for use to further charitable activities as they are held for particular purposes and are intended to be permanent.

26. Notes to the Cash Flow Statement (continued)

b) Reconciliation of net cash flow to movement in net debt

	2021	2020
	£'000	£'000
Increase in cash and cash equivalents	18,571	4,124
Cash movement in borrowings	2,036	3,756
Change in net funds resulting from cash flows	20,607	7,880
Change in net funds resulting from non-cash flows	-	(132)
Movement in net debt		
Net debt as at 1 April	(51,979)	(59,727)
Net debt as at 31 March	(31,372)	(51,979)

c) i) Analysis of changes in net debt (current year)

	1 April 2020	Cash flow	Non-cash changes	31 March 2021
	£'000	£'000	£'000	£'000
Cash at bank and in hand	45,735	18,571	-	64,306
Loans due within one year	(2,035)	2,036	(1,783)	(1,782)
Loans due after more than one year	(95,679)	-	1,783	(93,896)
	(51,979)	20,607	-	(31,372)

c) ii) Analysis of changes in net debt (prior year)

	1 April 2019	Cash flow	Non-cash changes	31 March 2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	41,611	4,124	-	45,735
Loans due within one year	(2,241)	2,034	(1,828)	(2,035)
Loans due after more than one year	(99,097)	1,722	1,696	(95,679)
	(59,727)	7,880	(132)	(51,979)

27. Group Structure

Methodist Homes has the following subsidiary undertakings:

Methodist Homes Housing Association Ltd

Incorporation:	Co-operative and Community Benefit Societies Act 2014
Registered Office:	Epworth House, Stuart Street, Derby, DE1 2EQ, United Kingdom
Registered Number:	LH2343
Principal activity:	Charitable provision and management of social housing.

	2021	2020
	£'000	£'000
Assets	72,188	71,808
Liabilities	(21,114)	(22,505)
Funds	51,074	49,303
Incoming resources	6,940	6,618
Resources expended	(5,169)	(5,170)
Movement in funds	1,771	1,448

MHA Auchlochan Ltd

Incorporation:	Charity Registered Number SCO40155
Company Registered Number:	SC352117
Registered Office:	Auchlochan House, New Trows Road, Lesmahagow, ML11 0JS, United Kingdom
Principal activity:	Charitable provision and management of residential Care Homes.

	2021	2020
	£'000	£'000
Assets	34,898	33,288
Liabilities	(38,413)	(36,627)
Funds	(3,515)	(3,339)
Incoming resources	7,347	9,801
Resources expended	(7,523)	(9,383)
Movement in funds	(176)	418

The two (2020: two) organisations are deemed to be subsidiaries of Methodist Homes by means of various intragroup agreements.

28. Related party transactions

The Charity has taken advantage of the exemption conferred by paragraph 33.1A of FRS102, 'related party transactions', that transactions with wholly controlled subsidiaries do not need to be disclosed.

The contribution by the Group to the defined benefit scheme paid during the year amounted to £1,660,000 (2020: £1,769,254).

During the financial year to 31 March 2021 one (2020: one) members of the Leadership Team and The Board had close family members residing in the company's Care Homes. In both situations arrangements were established and continue to be monitored in accordance with the company's published relatives' policy. The policy stipulates line management oversight of all instances where MHA services are provided to relatives of Board Members and employees. The policy ensures that there is no preference given to the availability or price of MHA's services and also ensures the safeguarding of family members and carers.

The related party transactions are as follows:

	2021 £'000	2020 £'000
Transactions		
Pension scheme – Defined benefit	1,660	1,769
	1,660	1,769

	2021 £'000	2020 £'000
Balances		
Pension scheme – Defined benefit	-	-
	-	-

29. Statement of Financial Activities for prior year

	Note(s)	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2020 £'000
Income and endowments from:					
Donations and legacies	2	1,576	2,643	-	4,219
Charitable activities					
Homes		200,673	180	-	200,853
Retirement Living		41,498	35	-	41,533
Live at Home		16	3,250	-	3,266
Other		1,082	-	-	1,082
Total charitable activities	3/6	243,269	3,465	-	246,734
Investments	4	257	20	8	285
Total		245,102	6,128	8	251,238
Expenditure on:					
Raising funds		714	-	-	714
Charitable activities					
Homes		186,733	1,449	-	188,182
Retirement Living		38,633	220	-	38,853
Live at Home		1,556	4,359	-	5,915
Other		1,927	3	1	1,931
Total charitable activities	6	228,849	6,031	1	234,881
Other		569	-	-	569
Total	5	230,132	6,031	1	236,164
Net (losses) on investments	11	(1)	(47)	18	(30)
Net income		14,969	50	25	15,044
Transfer between funds		(8)	8	-	-
Other recognised gains/(losses):					
Actuarial gains on defined benefit pension schemes	25	1,965	-	-	1,965
Other losses – interest rate swaps		(1,371)	-	-	(1,371)
Net movement in funds		15,555	58	25	15,638
Reconciliation of funds:					
Total funds brought forward		261,618	24,277	995	286,890
Total funds carried forward		277,173	24,335	1,020	302,528