



# **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

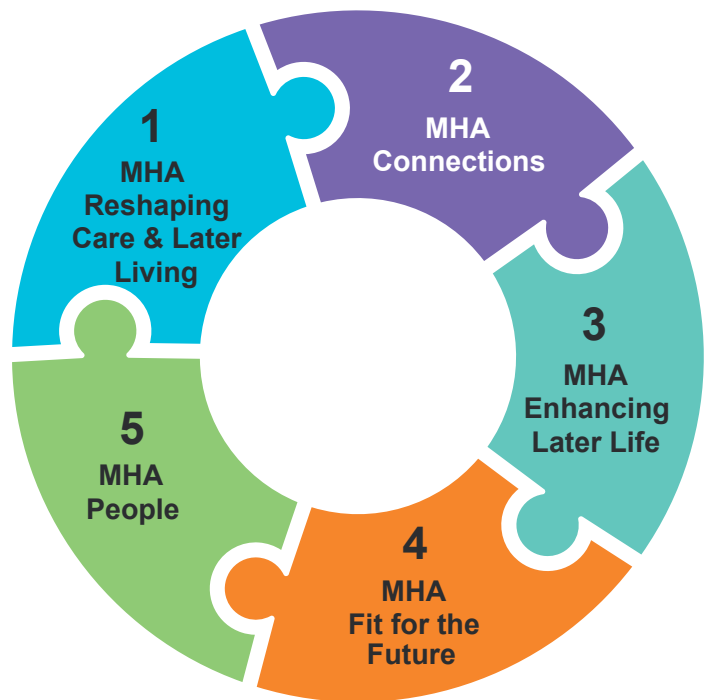
## Our Business Plan 2024/25 - end of One MHA Strategy 2022/25

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**

## 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 in 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!



## 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.



## 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 as 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

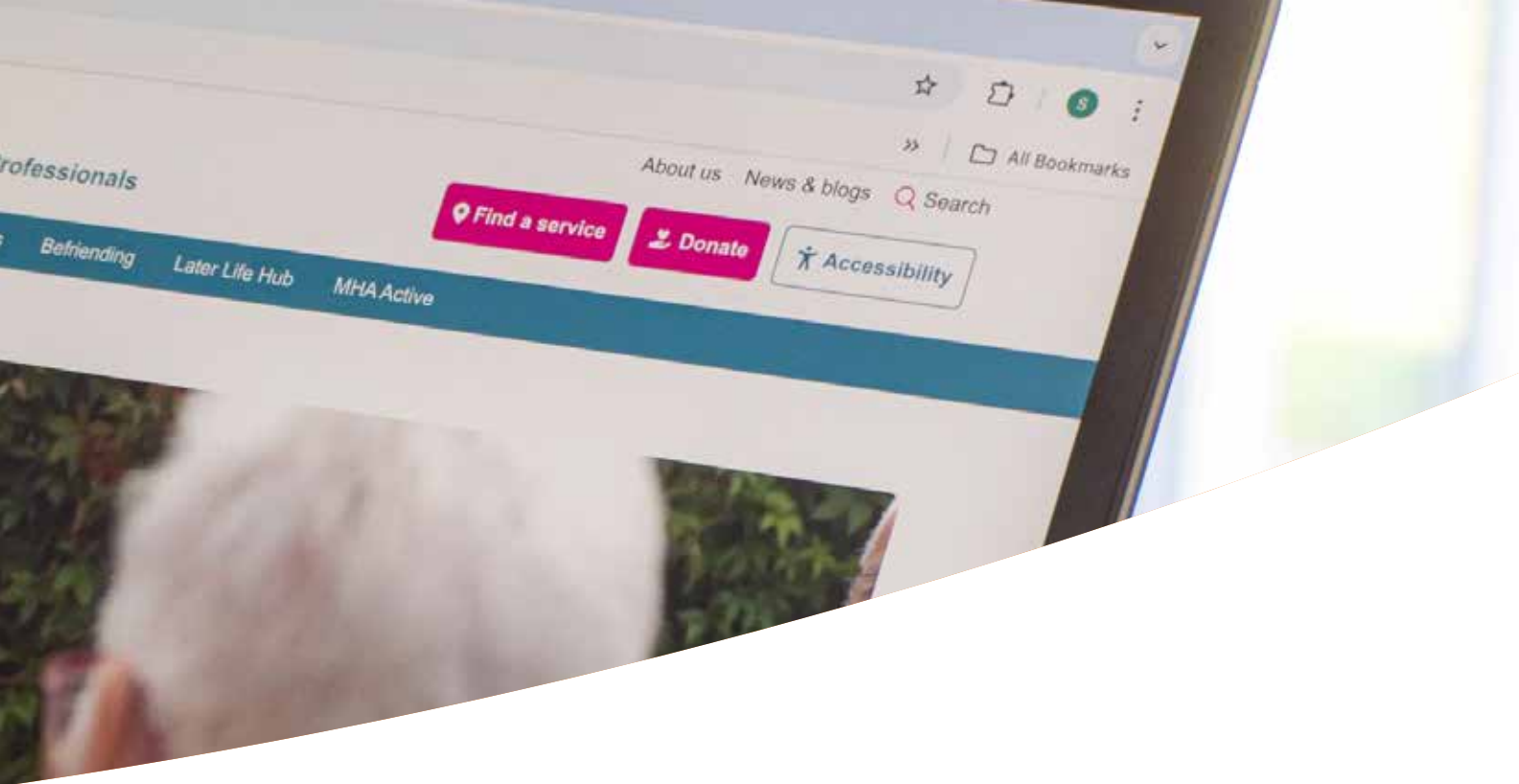
#### Asset Management Plan

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





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   |
|--|---|
| <b>1. Embed our One MHA culture and behaviours</b>                   | Roll out the One MHA Behaviours Framework, Continuous Improvement (CI) Champions Network, hybrid working principles and resolution focused approach   |
| <b>2. Improve workforce efficiency and skills mix</b>                | 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.                              |
| <b>3. Strengthen leadership and succession planning</b>              | Strengthen career pathways based on succession planning outcomes across MHA and introduce and roll out 'Management Foundations', developing leadership capacity at every level.   |
| <b>4. Expand volunteer engagement and community membership</b>       | Grow MHA Communities membership and volunteer base; launch 'One MHA' membership to increase participation and build loyalty.  |
| <b>5. Improve quality and resident and member experience</b>         | Enhance co-production, feedback and assurance practices to improve the lived experience of residents and members; focus on relationship-based care and meaningful engagement.   |
| <b>6. Deliver the foundations of the One MHA processes programme</b> | 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. |
| <b>7. Refresh MHA's marketing, brand and digital reach</b>           | Refine brand presence, launch preference centre, implement customer relationship management (CRM) updates, and improve content and charitable giving strategies to increase visibility and engagement.                                  |
| <b>8. Build strategic partnerships and extend reach</b>              | Secure partnerships that extend MHA's offer; increase co-branding and supplier engagement; and enhance MHA's influence as a charity leader.   |
| <b>9. Redefine retirement living and housing with care</b>           | Evaluate the future shape of retirement living operations, review workforce capacity and clarify the sales and lettings approach following our change programme   |
| <b>10. Launch the Enhancing Later Life Framework (ELLF)</b>          | 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  |
|--|--|
| <b>11. Conclude Change Projects</b>                                  | 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.  |
| <b>12. Relocate Epworth House and MHA Central Support Services</b>   | 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.                                     |
| <b>13. Define dementia friendly environments</b>                     | Publish dementia-friendly environmental standards.   |
| <b>14. Develop MHA's Growth and Investment Strategy</b>              | 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.             |
| <b>15. Invest in fit-for-purpose estates and facilities</b>          | 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. |
| <b>16. Progress operational digital tools and pilots</b>             | 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.      |
| <b>17. Embed insight, KPIs and assurance into strategic delivery</b> | 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.     |
| <b>18. Drive innovation and applied technology</b>                   | 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.                  |
| <b>19. Enhance central support functions</b>                         | Enhance MHA's central support functions, underpinned by a focus on exemplary customer care, a unified enabling culture and adoption of digital innovations.  |
| <b>20. Strengthen financial controls and stability</b>               | 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 its 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

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, Waterloo, 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.

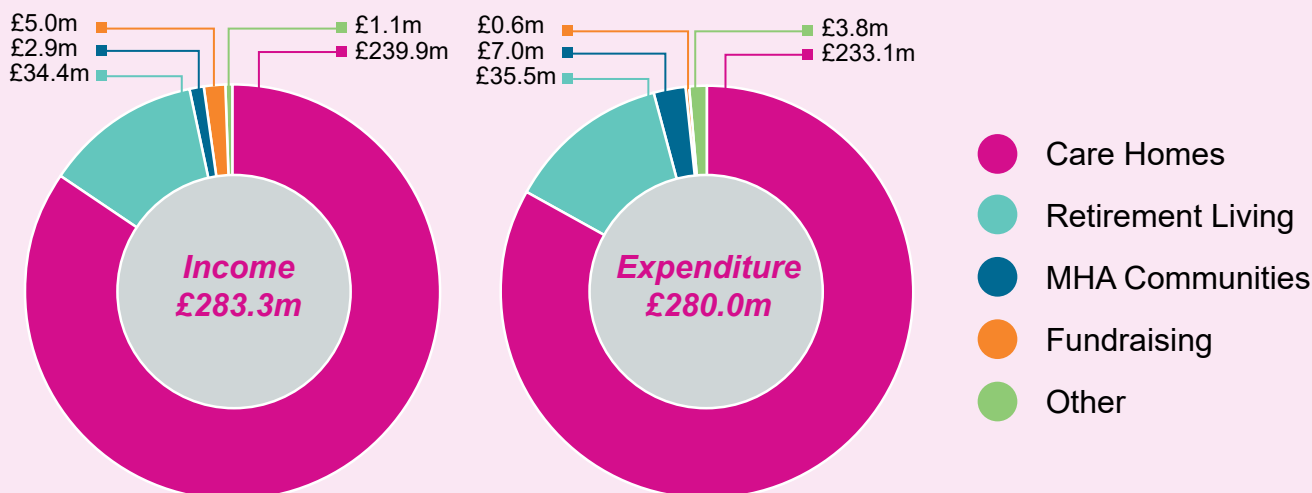
Whilst operational performance was strong, MHA incurred significant exceptional costs in the year which related to the portfolio changes that were made, both the disposal of the care homes, but also the changes to the leased portfolio that were transacted during the year.

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<br>Actual<br>£'000 | 2023/24<br>Actual<br>£'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                      |
| <b>Service users &amp; capacity</b>                             | <b>Number</b>              | <b>Number</b>              |
| Care homes  | 4,102                      | 4,608                      |
| Number of retirement living properties                          | 2,165                      | 2,161                      |
| Community services members supported                            | 9,948                      | 10,981                     |
| <b>Occupancy</b>  | <b>2024/25</b>             | <b>2023/24</b>             |
| 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  |
|--------------------------------|---|--|
| <b>Strategic Finance</b>       | 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. | <p>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.</p> <p>Strengthen ongoing business as usual organisational financial performance by driving occupancy, managing staffing and agency costs and prudence with all discretionary spend.</p> <p>Introduction of a cash floor as an additional measure of financial control.</p>   |
| <b>Operations - Blueprints</b> | 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.                             | <p>Work being undertaken by Head of Estates to operationalise the blueprints, including detailed financial modelling.</p> <p>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.</p> <p>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.</p> <p>Further work is required to set out the financial model underpinning the Housing with Care Blueprint.</p> |

| Risk                             | Explanation   | Mitigations  |
|----------------------------------|---|--|
| <b>Estates Compliance</b>        | 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.   |
| <b>Stock Condition</b>           | 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.                                 | <p>Full stock condition survey instructed for care homes with retirement living to follow.</p> <p>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.</p>   |
| <b>Recruitment and Retention</b> | MHA is unable to recruit and retain the required workforce.   | <p>Focused recruitment campaigns based on need running alongside brand campaigns highlighting MHA as an employer of choice.</p> <p>Retention working group and associated initiatives in pilot phase.</p> <p>Focus on improving organisational culture including employee wellbeing and employee assistance line.</p>  |
| <b>People Culture</b>            | 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. | <p>Proactively plan resource requirements through change process to manage talent.</p> <p>Clear and effective communications plan for announcement, prior to and throughout change programme.</p> <p>Establish consistent ways of working within and across teams to support collaboration.</p> <p>Supportive and effective management, including 1-1s and wellbeing plan for each individual to fully engage and deliver role well.</p> |

| Risk                                | Explanation   | Mitigations   |
|-------------------------------------|---|---|
| <b>MHA values</b>                   | 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). | <p>The strengthening of localised support for fundraising and volunteering through Collaborative Communities to build local networks.</p> <p>Further developing relationships with faith communities at a local level through dedicated area support chaplaincy hours and the communications supporter engagement team.</p> <p>Develop a case for support for Music Therapy.</p> <p>Effectively define and communicate impact and social return on investment.</p>                          |
| <b>Safeguarding</b>                 | There is a risk that a serious safeguarding event occurs, creating a significant regulatory, reputational or financial challenge to the charity.  | <p>Strict safeguarding controls are in place led by the Safeguarding lead under direction of the Deputy CEO.</p> <p>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.</p> <p>The Charity has a Board level safeguarding lead who receives a comprehensive annual report setting out controls, incidents and outcomes of safeguarding practice.</p> |
| <b>All encompassing risk to MHA</b> | 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.                           | <p>Gold command structure and process documented.</p> <p>Horizon scanning a standing item on ELT risk register reviews.</p>   |



## 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 kgCO<sub>2</sub>e per m<sup>2</sup> 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 tCO<sub>2</sub>e (2024: 44.26 tCO<sub>2</sub>e) per gross internal area m<sup>2</sup> 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 (tCO <sub>2</sub> e) | 2023/24 Emissions (tCO <sub>2</sub> e) |
|------------------------------|--------------------------|--------------------------|-----------|-----------|--|--|
| <b>Electricity (Scope 2)</b> | 17,842,449               | 18,301,596               | 28%       | 26%       | 3,696                                  | 3,790                                  |
| <b>Gas (Scope 1)</b>         | 50,408,393               | 50,862,369               | 70%       | 72%       | 9,220                                  | 9,304                                  |
| <b>Transport (Scope 3)</b>   | 1,361,850                | 1,419,406                | 2%        | 2%        | 326                                    | 327                                    |
| <b>Total</b>                 | 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 tCO<sub>2</sub>e figures and the selected performance indicator agreed with MHA for the relevant reporting period:

- Gross internal area (m<sup>2</sup>) 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 |                       |
| <b>James Reilly</b><br><b>Chair of the Board</b> | Jul 2016<br>(as a trustee)<br>Sep 2021<br>(as Chair) |        | Nominations Committee |

## Other board members

|                                    |  |           |  |
|------------------------------------|--|-----------|--|
| <b>Andrew Cozens</b>               | Jul 2015<br>(as a trustee)<br>Aug 2023<br>(as SID) |           | Nominations, Senior Independent Director, Operations Committee               |
| <b>Bala Ganaprasadam</b>           | Aug 2015   | July 2024 | Finance & Capital Expenditure Committee                                      |
| <b>Martin Burkitt</b>              | Oct 2016   | Sep 2024  | Finance & Capital Expenditure Committee                                      |
| <b>Ruth Gee</b>                    | Jul 2019   | July 2024 | Operations & Nominations Committee   |
| <b>Lisa Commane (nee Champion)</b> | Jul 2019   | Mar 2025  | Finance & Capital Expenditure Committee                                      |
| <b>Keith Hickey</b>                | Jul 2019   |           | Audit & Risk, Nominations, Hardship & Welfare Committee                      |
| <b>Anne Anketell</b>               | Nov 2022   |           | Operations, Audit & Risk Committee, Hardship & Welfare Committees            |
| <b>Richard Vautry</b>              | Nov 2022   |           | Operations Committee   |
| <b>Jessica White</b>               | Sept 2023  |           | Finance & Capital Expenditure, Audit & Risk Committee, Nominations Committee |
| <b>Frances Beves</b>               | Aug 2024   |           | Operations Committee, Hardship & Welfare Committees                          |
| <b>Richard Humphries</b>           | Sep 2024   |           | Finance & Capital Expenditure, Operations                                    |
| <b>Catherine Kerr</b>              | Aug 2024   |           | Operations Committee, Audit and Risk Committee                               |
| <b>Rev Derek McLean</b>            | Aug 2024   |           | Finance & Capital Expenditure Committee, Nominations Committee               |
| <b>Archana Srivatsan</b>           | Sep 2024   |           | Finance and Capital Expenditure Committee                                    |

## Executive Leadership Team

|                                      |      |  |  |
|--------------------------------------|------|--|--|
| <b>Anna Marshall-Day</b>             | 2006 |  | Director of People & Communications                |
| <b>Simon (known as Sam) Monaghan</b> | 2018 |  | Chief Executive                                    |
| <b>Mandy Mottram</b>                 | 2018 |  | Company Secretary & General Counsel                |
| <b>Daniel Ryan</b>                   | 2019 |  | Deputy Chief Executive                             |
| <b>Victoria Parkinson</b>            | 2020 |  | Director of Finance, IT & Procurement              |
| <b>Jonathan Mace</b>                 | 2022 |  | Director of Communities, Marketing and Fundraising |

## Company Secretary

Mandy Mottram

Registered Office  
Methodist Homes  
Epworth House  
Stuart Street  
Derby  
DE1 2EQ  
Tel: (01332) 296200  
Website: mha.org.uk

Charity Registered Number - 1083995

Company Registered in England and Wales Number – 04043124

## 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

Central Finance Board of  
the Methodist Church (CFB)  
9 Bonhill Street  
London  
EC2A 4PE

# *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](https://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, 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<br>£'000 | Restricted Funds<br>£'000 | Endowment Funds<br>£'000 | Total<br>2025<br>£'000 | Total<br>2024<br>£'000 |
|---|------|-----------------------------|---------------------------|--------------------------|------------------------|------------------------|
| <b>Income and endowments from:</b>                |      |                             |                           |                          |                        |                        |
| Donations and legacies                            | 2    | 3,698                       | 1,287                     | -                        | 4,985                  | 3,719                  |
| <b>Charitable activities</b>                      |      |                             |                           |                          |                        |                        |
| 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                    |
| <b>Total charitable activities</b>                | 3/5  | <b>274,255</b>              | <b>3,053</b>              | <b>-</b>                 | <b>277,308</b>         | <b>274,115</b>         |
| Investments                                       |      | 669                         | 283                       | 30                       | 982                    | 1,364                  |
| <b>Total</b>                                      |      | <b>278,622</b>              | <b>4,623</b>              | <b>30</b>                | <b>283,275</b>         | <b>279,198</b>         |
| <b>Expenditure on:</b>                            |      |                             |                           |                          |                        |                        |
| Raising funds                                     |      | 629                         | -                         | -                        | 629                    | 789                    |
| <b>Charitable activities</b>                      |      |                             |                           |                          |                        |                        |
| 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                  |
| <b>Total charitable activities</b>                | 5    | <b>277,629</b>              | <b>5,316</b>              | <b>2</b>                 | <b>282,947</b>         | <b>278,624</b>         |
| Other   | 6    | 1,647                       | -                         | -                        | 1,647                  | 1,594                  |
| <b>Total</b>                                      | 4    | <b>279,905</b>              | <b>5,316</b>              | <b>2</b>                 | <b>285,223</b>         | <b>281,007</b>         |
| Net (losses)/gains on investments                 |      | -                           | (1)                       | (12)                     | (13)                   | 36                     |
| Net proceeds on disposals                         |      | 1,557                       | -                         | -                        | 1,557                  | 7,235                  |
| <b>Net (loss)/income</b>                          |      | <b>274</b>                  | <b>(694)</b>              | <b>16</b>                | <b>(404)</b>           | <b>5,462</b>           |
| <b>Transfer between funds</b>                     |      | <b>(713)</b>                | <b>713</b>                |                          |                        |                        |
| <b>Other recognised (losses)/gains:</b>           |      |                             |                           |                          |                        |                        |
| Actuarial gain on defined benefit pension schemes | 21   | 82                          | -                         | -                        | 82                     | 32                     |
| Other - interest rate swaps (losses)              | 15   | (1,637)                     | -                         | -                        | (1,637)                | (843)                  |
| <b>Net movement in funds</b>                      |      | <b>(1,994)</b>              | <b>19</b>                 | <b>16</b>                | <b>(1,959)</b>         | <b>4,651</b>           |
| <b>Reconciliation of funds:</b>                   |      |                             |                           |                          |                        |                        |
| Total funds brought forward                       | 19   | 209,735                     | 24,817                    | 949                      | 235,501                | 231,715                |
| Deconsolidation of subsidiary                     |      | -                           | -                         | -                        | -                      | (865)                  |
| <b>Total funds brought forward</b>                |      | <b>207,741</b>              | <b>24,836</b>             | <b>965</b>               | <b>233,542</b>         | <b>235,501</b>         |

All activities in both years are continuing activities.

# Statement of Financial Position

For the year ended 31 March 2025

|   | Note | Group                  |                        | Company                |                        |
|---|------|------------------------|------------------------|------------------------|------------------------|
|   |      | Total<br>2025<br>£'000 | Total<br>2024<br>£'000 | Total<br>2025<br>£'000 | Total<br>2024<br>£'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 transferred 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<br>Total<br>£'000 | 2024<br>Total<br>£'000 |
|------------------------|------------------------|------------------------|
| Donations              | 1,052                  | 1,292                  |
| Big Lottery Fund grant | -                      | 39                     |
| Legacies receivable    | 3,933                  | 2,388                  |
|                        | <b>4,985</b>           | <b>3,719</b>           |

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<br>Total<br>£'000 | 2024<br>Total<br>£'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                  |
|                    | <b>277,308</b>         | <b>274,115</b>         |

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<br>£'000 | Retirement<br>Living<br>£'000 | MHA<br>Communities<br>£'000 | Other<br>£'000 | 2025<br>Total<br>£'000 | 2024<br>Total<br>£'000 |
|------------------------------------|------|----------------|-------------------------------|-----------------------------|----------------|------------------------|------------------------|
| Staff costs                        |      | 141,391        | 14,974                        | 4,998                       | 15,454         | 176,817                | 168,727                |
| Operational costs/<br>(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<br>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                  |
| <b>Total expenditure 2025</b>      |      | <b>228,680</b> | <b>40,007</b>                 | <b>7,012</b>                | <b>9,524</b>   | <b>285,223</b>         | <b>-</b>               |
| <b>Total expenditure 2024</b>      |      | <b>247,094</b> | <b>17,834</b>                 | <b>7,034</b>                | <b>9,045</b>   |                        | <b>281,007</b>         |

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<br>£'000   | Retirement<br>Living<br>£'000 | MHA<br>Communities<br>£'000 | Other<br>£'000 | 2025<br>Total<br>£'000 | 2024<br>Total<br>£'000 |
|--|----------|------------------|-------------------------------|-----------------------------|----------------|------------------------|------------------------|
| <b>Income from charitable activities</b>                               |          |                  |                               |                             |                |                        |                        |
| 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                  |
| <b>Total income</b>  | <b>3</b> | <b>239,859</b>   | <b>34,423</b>                 | <b>2,884</b>                | <b>142</b>     | <b>277,308</b>         | <b>274,115</b>         |
| <b>Expenditure on charitable activities</b>                            |          |                  |                               |                             |                |                        |                        |
| 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)/<br>income   |          | (22,360)         | (3,049)                       | (492)                       | 25,901         | -                      | -                      |
| Exceptional items  |          | 4,462            | (4,511)                       | -                           | (5,150)        | (5,199)                | 5,115                  |
| <b>Total</b>   |          | <b>(228,680)</b> | <b>(40,007)</b>               | <b>(7,012)</b>              | <b>(7,248)</b> | <b>(282,947)</b>       | <b>(278,624)</b>       |
| <b>Total surplus/(deficit)<br/>from charitable<br/>activities 2025</b> |          | <b>11,179</b>    | <b>(5,584)</b>                | <b>(4,128)</b>              | <b>(7,106)</b> | <b>(5,639)</b>         |                        |
| <b>Total (deficit)/surplus<br/>from charitable<br/>activities 2024</b> |          | <b>(14,253)</b>  | <b>20,187</b>                 | <b>(4,149)</b>              | <b>(6,294)</b> |                        | <b>(4,509)</b>         |

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

## 7. Operating lease commitments

|  | 2025 Total<br>£'000 | 2024 Total<br>£'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<br>£'000 | 2024 Land & Buildings Total<br>£'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        |
|                                  | <b>255,500</b> | <b>270,510</b> |

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

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

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<br>£'000  | 2024<br>£'000  |
|---|----------------|----------------|
| <b>Group staffing costs</b>             |                |                |
| 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          |
|   | <b>178,136</b> | <b>170,000</b> |

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<br>Number | 2024<br>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<br>£'000 | Total<br>£'000 |
|---------------------------------|-------------------|----------------|
| <b>Cost</b>                     |                   |                |
| At 1 April 2024                 | 2,675             | 2,675          |
| Transfer from AICOC             | 1,436             | 1,436          |
| Disposals                       | (1,283)           | (1,283)        |
| <b>At 31 March 2025</b>         | <b>2,828</b>      | <b>2,828</b>   |
| <b>Accumulated amortisation</b> |                   |                |
| At 1 April 2024                 | 2,171             | 2,171          |
| Amortisation charge             | 475               | 475            |
| Amortisation on disposals       | (1,283)           | (1,283)        |
| <b>At 31 March 2025</b>         | <b>1,363</b>      | <b>1,363</b>   |
| <b>Net Book Value</b>           |                   |                |
| <b>At 31 March 2025</b>         | <b>1,465</b>      | <b>1,465</b>   |
| 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)        |
| <b>At 31 March 2025</b>     | <b>225,114</b> | <b>48,752</b> | <b>151,845</b> | <b>10,186</b> | <b>27,605</b> | <b>18,621</b> | <b>482,123</b> |

#### 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)          | -        | -              |
| <b>At 31 March 2025</b>   | <b>42,972</b> | <b>14,799</b> | <b>76,484</b> | <b>2,790</b> | <b>15,803</b> | <b>-</b> | <b>152,848</b> |

#### Net book value

|                         |                |               |               |              |               |               |                |
|-------------------------|----------------|---------------|---------------|--------------|---------------|---------------|----------------|
| <b>At 31 March 2025</b> | <b>176,193</b> | <b>39,902</b> | <b>75,361</b> | <b>7,396</b> | <b>11,802</b> | <b>18,621</b> | <b>329,275</b> |
| <b>At 31 March 2024</b> | <b>178,765</b> | <b>15,444</b> | <b>88,363</b> | <b>6,999</b> | <b>12,580</b> | <b>16,171</b> | <b>318,322</b> |

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    |
|--|--|---|--|--|---|---|----------------|
| <b>Cost</b>                                |  |   |  |  |   |   |                |
| 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)        |
| <b>At 31 March 2025</b>                    | <b>208,064</b>   | <b>54,845</b>   | <b>100,537</b>                                   | <b>575</b>                                       | <b>24,002</b>                                   | <b>18,505</b>                                   | <b>406,528</b> |
| <b>Accumulated depreciation/impairment</b> |  |   |  |  |   |   |                |
| 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)  | -   | -              |
| <b>At 31 March 2025</b>                    | <b>40,691</b>  | <b>14,943</b>   | <b>54,993</b>                                    | <b>56</b>  | <b>13,280</b>                                   | <b>-</b>  | <b>123,963</b> |
| <b>Net book value</b>                      |  |   |  |  |   |   |                |
| <b>At 31 March 2025</b>                    | <b>167,373</b>   | <b>39,902</b>   | <b>45,544</b>                                    | <b>519</b>                                       | <b>10,722</b>                                   | <b>18,505</b>                                   | <b>282,565</b> |
| <b>At 31 March 2024</b>                    | <b>169,728</b>   | <b>15,444</b>   | <b>57,979</b>                                    | <b>104</b>                                       | <b>11,546</b>                                   | <b>15,712</b>                                   | <b>270,513</b> |

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<br>£'000 | 2024<br>£'000 | 2025<br>£'000 | 2024<br>£'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<br>Total<br>£'000 | 2024<br>Total<br>£'000 |
|--------------------------------|------------------------|------------------------|
| 1 April 2024                   | 1,390                  | 1,364                  |
| Net (loss)/gain on revaluation | (13)                   | 26                     |
| 31 March 2025                  | <b>1,377</b>           | <b>1,390</b>           |

The securities represent:

Methodist Church Central Finance Board:

|                           |              |              |
|---------------------------|--------------|--------------|
| Equity fund units         | 449          | 448          |
| Fixed interest fund units | 928          | 942          |
| 31 March 2025             | <b>1,377</b> | <b>1,390</b> |

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<br>£'000 | 2024<br>£'000 | 2025<br>£'000 | 2024<br>£'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         |
|                                | <b>27,246</b> | <b>27,879</b> | <b>25,289</b> | <b>25,518</b> |

### 14. Creditors: Amounts falling due within one year

|                                       | Group         |               | Company       |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 2025<br>£'000 | 2024<br>£'000 | 2025<br>£'000 | 2024<br>£'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        |
|                                       | <b>54,400</b> | <b>75,644</b> | <b>63,119</b> | <b>84,765</b> |

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<br>£'000 | 2024<br>£'000 | 2025<br>£'000 | 2024<br>£'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)         | -             |
|                              | <b>85,445</b> | <b>72,865</b> | <b>82,804</b> | <b>70,000</b> |

### 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            |
|                              | <b>118</b>    | <b>123</b>    | <b>118</b>    | <b>123</b>    |
| <b>Total</b>                 | <b>84,372</b> | <b>70,521</b> | <b>81,731</b> | <b>67,656</b> |

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                |                     | Expiry Date |
|-----------------------------|-------------------|-------------------|---------------------|---------------------|-------------|
|                             | Current Year      | Prior Year        | Current Year        | Prior Year          |             |
| 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%     | -           |
|                             | <b>86,000,000</b> | <b>87,010,000</b> |                     |                     |             |
| 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  |
| <b>Total</b>                | <b>2,866,000</b>  | <b>3,095,000</b>  |                     |                     |             |
| <b>Group Total</b>          | <b>88,866,000</b> | <b>90,105,000</b> |                     |                     |             |

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

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<br>£'000 | Incoming<br>£'000 | Outgoing<br>£'000 | (Losses)/<br>gains on<br>investment<br>assets<br>£'000 | Transfers<br>between<br>restricted<br>funds<br>£'000 | Transfers<br>between<br>restricted<br>and<br>unrestricted<br>funds<br>£'000 | 31 March 2025<br>£'000 |
| H D Clarke Memorial       | 876                   | 26                | (2)               | (12)   | -  | -   | 888                    |
| Redcroft Residential Home | 73                    | 4                 | -                 | -  | -  | -   | 77                     |
|                           | <b>949</b>            | <b>30</b>         | <b>(2)</b>        | <b>(12)</b>  | <b>-</b>   | <b>-</b>  | <b>965</b>             |

### 18.b Endowment funds (prior year)

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

## 19. Restricted Income Funds

### 19.a Restricted income funds (current year)

| Movement in Funds |                       |                   |                   |  |  |   |                        |
|-------------------|-----------------------|-------------------|-------------------|--|--|---|------------------------|
| Group             | 1 April 2024<br>£'000 | Incoming<br>£'000 | Outgoing<br>£'000 | (Losses)/<br>Gains on<br>investment<br>assets<br>£'000 | Transfers<br>between<br>restricted<br>funds<br>£'000 | Transfers<br>between<br>restricted<br>and<br>unrestricted<br>funds<br>£'000 | 31 March 2025<br>£'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                  |
|                   | <b>24,817</b>         | <b>4,623</b>      | <b>(5,316)</b>    | <b>(1)</b>   | <b>-</b>   | <b>713</b>  | <b>24,836</b>          |

### 19.b Restricted income funds (prior year)

| Movement in Funds      |                       |                   |                   |                                     |   |  |                        |
|------------------------|-----------------------|-------------------|-------------------|-------------------------------------|---|--|------------------------|
| Group                  | 1 April 2023<br>£'000 | Incoming<br>£'000 | Outgoing<br>£'000 | Gains on investment assets<br>£'000 | Transfers between restricted funds<br>£'000 | Transfers between restricted and unrestricted funds<br>£'000 | 31 March 2024<br>£'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                  |
|                        | <b>23,328</b>         | <b>5,363</b>      | <b>(5,516)</b>    | <b>29</b>                           | <b>-</b>                                    | <b>1,613</b>   | <b>24,817</b>          |

### 19.c Restricted income funds (current year)

| Movement in Funds |                       |                   |                   |   |   |  |                        |
|-------------------|-----------------------|-------------------|-------------------|---|---|--|------------------------|
| Company           | 1 April 2024<br>£'000 | Incoming<br>£'000 | Outgoing<br>£'000 | (Losses)/ Gains on investment assets<br>£'000 | Transfers between restricted funds<br>£'000 | Transfers between restricted and unrestricted funds<br>£'000 | 31 March 2025<br>£'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                  |
|                   | <b>24,668</b>         | <b>4,584</b>      | <b>(5,281)</b>    | <b>(1)</b>                                    | <b>-</b>                                    | <b>698</b>   | <b>24,668</b>          |

#### 19.d Restricted income funds (prior year)

| Movement in Funds      |                       |                   |                   |                                     |   |  |                        |
|------------------------|-----------------------|-------------------|-------------------|-------------------------------------|---|--|------------------------|
| Company                | 1 April 2023<br>£'000 | Incoming<br>£'000 | Outgoing<br>£'000 | Gains on investment assets<br>£'000 | Transfers between restricted funds<br>£'000 | Transfers between restricted and unrestricted funds<br>£'000 | 31 March 2024<br>£'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                  |
|                        | <b>23,288</b>         | <b>5,341</b>      | <b>(5,480)</b>    | <b>29</b>                           | <b>-</b>                                    | <b>1,490</b>   | <b>24,668</b>          |

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<br>£'000 | Restricted Funds<br>£'000 | Endowment Funds<br>£'000 | Total 2025<br>£'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)           |
| <b>Total Net Assets</b> | <b>207,741</b>              | <b>24,836</b>             | <b>965</b>               | <b>233,542</b>      |

## 20. Net Assets by Fund

### 20.b Net Assets by Fund (prior year)

| Group                   | Unrestricted Funds<br>£'000 | Restricted Funds<br>£'000 | Endowment Funds<br>£'000 | Total<br>2024<br>£'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)               |
| <b>Total Net Assets</b> | <b>209,735</b>              | <b>24,817</b>             | <b>949</b>               | <b>235,501</b>         |

## 20. Net Assets by Fund

### 20.c Net Assets by Fund (current year)

| Company                 | Unrestricted Funds<br>£'000 | Restricted Funds<br>£'000 | Endowment Funds<br>£'000 | Total<br>2025<br>£'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)               |
| <b>Total Net Assets</b> | <b>148,869</b>              | <b>24,668</b>             | <b>965</b>               | <b>174,502</b>         |

## 20. Net Assets by Fund

### 20.d Net Assets by Fund (prior year)

| Company                 | Unrestricted Funds<br>£'000 | Restricted Funds<br>£'000 | Endowment Funds<br>£'000 | Total<br>2024<br>£'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)               |
| <b>Total Net Assets</b> | <b>149,479</b>              | <b>24,668</b>             | <b>949</b>               | <b>175,096</b>         |

## 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<br>%pa | 2024<br>%pa | 2023<br>%pa | 2022<br>%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<br>S4PXA Year<br>of birth CMI23<br>with a minimum<br>improvement of<br>1.5% pa for males<br>and 1.3% pa for<br>females | 2024<br>S3PXA Year<br>of birth CMI21<br>with a minimum<br>improvement of<br>1.5% pa for males<br>and 1.3% pa for<br>females | 2023<br>S3PXA Year<br>of birth CMI20<br>with a minimum<br>improvement of<br>1.3% pa for males<br>and 1.3% pa for<br>females | 2022<br>S3PXA Year of<br>birth CMI19<br>with a minimum<br>improvement of<br>1.3% pa for males<br>and 1.0% pa for<br>females |
|-----------------|---|---|---|---|
|-----------------|---|---|---|---|

The assumed life expectations on retirement age 65 are:

|                                     | 2025<br>Years | 2024<br>Years | 2023<br>Years | 2022<br>Years |
|-------------------------------------|---------------|---------------|---------------|---------------|
| <b>Pensioner currently aged 65:</b> |               |               |               |               |
| Male                                | 21.3          | 21.2          | 21.5          | 21.7          |
| Female                              | 23.6          | 23.8          | 23.9          | 24.1          |
| <b>Non-Pensioner aged 45:</b>       |               |               |               |               |
| 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<br>2025<br>£'000 | Fair value<br>2024<br>£'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                      |
| <b>Total market value of scheme liabilities</b>   | <b>38,303</b>               | <b>42,596</b>               |
| Present value of scheme liabilities               | (37,798)                    | (42,597)                    |
| <b>Surplus in the scheme</b>                      | <b>505</b>                  | <b>(1)</b>                  |
| <b>Effect of asset ceiling</b>                    | <b>(505)</b>                | <b>-</b>                    |
| <b>Net pension asset/(liability) under FRS102</b> | <b>-</b>                    | <b>(1)</b>                  |

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

#### *Analysis of amount recognised as Actuarial gain/(loss)*

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

| <b>Statement of Financial Position Impact</b>      | 2025<br>£'000 | 2024<br>£'000 |
|--|---------------|---------------|
| Present value of funded obligation                 | (37,798)      | (42,597)      |
| Fair value of scheme assets                        | 38,303        | 42,596        |
| <b>Surplus/(deficit) in the scheme at 31 March</b> | <b>505</b>    | <b>(1)</b>    |
| Effect of asset ceiling                            | (505)         | -             |
| <b>Net pension asset/(liability) under FRS102</b>  | <b>-</b>      | <b>(1)</b>    |

| <b>Changes in the present value of the defined benefit obligation</b> | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
|---|-----------------------|-----------------------|
| 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)               |
| <b>Closing defined benefit obligation</b>                             | <b>37,798</b>         | <b>42,597</b>         |

| <b>Changes in fair value of plan assets</b> | <b>2025<br/>£'000</b> | <b>2024<br/>£'000</b> |
|---|-----------------------|-----------------------|
| 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)                 |
| <b>Closing fair value of plan assets</b>    | <b>38,303</b>         | <b>42,596</b>         |
| 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<br>£'000 | 2024<br>£'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)       |
| <b>Net cash provided by operating activities</b>              | <b>4,585</b>  | <b>(725)</b>  |

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<br>£'000   | 2024<br>£'000   |
|--|-----------------|-----------------|
| (Decrease) in cash and cash equivalents              | (21,802)        | (18,171)        |
| Cash movement in borrowings                          | 1,106           | 2,160           |
| <b>Change in net funds resulting from cash flows</b> | <b>(20,696)</b> | <b>(16,011)</b> |

|  |          |              |
|--|----------|--------------|
| <b>Change in net funds resulting from non-cash flows</b> | <b>-</b> | <b>(135)</b> |
|--|----------|--------------|

#### Movement in net debt

|                                |                 |                 |
|--------------------------------|-----------------|-----------------|
| Net debt as at 1 April         | (23,034)        | (23,034)        |
| <b>Net debt as at 31 March</b> | <b>(43,730)</b> | <b>(39,180)</b> |

## 22. Notes to the Cash Flow Statement

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

|                                    | 1 April 2024<br>£'000 | Cash flow<br>£'000 | Non-cash<br>changes<br>£'000 | 31 March 2025<br>£'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)               |
|                                    | <b>(39,180)</b>       | <b>(20,696)</b>    | <b>-</b>                     | <b>(59,876)</b>        |

## 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<br>£'000 | 2024<br>£'000<br>(restated) |
|---|---------------|-----------------------------|
| Assets                                  | 63,965        | 65,511                      |
| Liabilities                             | (17,311)      | (18,430)                    |
| <b>Funds</b>                            | <b>46,654</b> | <b>47,081</b>               |
| Incoming resources                      | 8,266         | 12,927                      |
| Resources expended                      | (8,693)       | (14,750)                    |
| <b>Movement in funds</b>                | <b>(427)</b>  | <b>(1,823)</b>              |

## 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<br>£'000   | 2024<br>£'000   |
|-----------------------------------|-----------------|-----------------|
| <b>Transactions</b>               |                 |                 |
| Loan from subsidiary undertakings | (11,000)        | (11,000)        |
| Recharges to Group Undertakings   | 553             | 418             |
| Pension scheme - Defined benefit  | 133             | 133             |
|                                   | <b>(10,314)</b> | <b>(10,449)</b> |

|                                  | 2025<br>£'000   | 2024<br>£'000   |
|----------------------------------|-----------------|-----------------|
| <b>Balances</b>                  |                 |                 |
| Due to Group Undertakings        | (10,029)        | (10,582)        |
| Pension scheme - Defined benefit | -               | 1               |
|                                  | <b>(10,029)</b> | <b>(10,581)</b> |

## 25. Statement of Financial Activities for prior year

|  | Note(s) | Unrestricted Funds<br>£'000 | Restricted Funds<br>£'000 | Endowment Funds<br>£'000 | 2024<br>£'000  |
|--|---------|-----------------------------|---------------------------|--------------------------|----------------|
| <b>Income and endowments from:</b>                 |         |                             |                           |                          |                |
| 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            |
| <b>Total charitable activities</b>                 | 3/5     | <b>271,024</b>              | <b>3,091</b>              | <b>-</b>                 | <b>274,115</b> |
| Investments  |         | 1,057                       | 289                       | 18                       | 1,364          |
| <b>Total</b>                                       |         | <b>273,817</b>              | <b>5,363</b>              | <b>18</b>                | <b>279,198</b> |
| <b>Expenditure on:</b>                             |         |                             |                           |                          |                |
| Raising funds                                      |         | 789                         | -                         | -                        | 789            |
| Charitable activities                              |         |                             |                           |                          |                |
| Care homes   |         | 246,515                     | 579                       | -                        | 247,094        |
| Retirement living                                  |         | 17,757                      | 77                        | -                        | 17,834         |
| MHA Communities                                    |         | 2,361                       | 4,673                     | -                        | 7,034          |
| Other  |         | 6,473                       | 187                       | 2                        | 6,662          |
| <b>Total charitable activities</b>                 | 5       | <b>273,106</b>              | <b>5,516</b>              | <b>2</b>                 | <b>278,624</b> |
| Other  | 6       | 1,594                       | -                         | -                        | 1,594          |
| <b>Total</b>                                       | 4       | <b>275,489</b>              | <b>5,516</b>              | <b>2</b>                 | <b>281,007</b> |
| Net (losses) on investments                        |         | (2)                         | 29                        | 9                        | 36             |
| Income/(loss) on disposals                         |         | 7,235                       | -                         | -                        | 7,235          |
| <b>Net income</b>                                  |         | <b>5,561</b>                | <b>(124)</b>              | <b>25</b>                | <b>5,462</b>   |
| <b>Transfer between funds</b>                      |         | <b>(1,618)</b>              | <b>1,619</b>              | <b>(1)</b>               | <b>-</b>       |
| <b>Other recognised gains/(losses):</b>            |         |                             |                           |                          |                |
| Actuarial gains on defined benefit pension schemes | 21      | 32                          | -                         | -                        | 32             |
| Other losses - interest rate swaps                 | 15      | (843)                       | -                         | -                        | (843)          |
| <b>Net movement in funds</b>                       |         | <b>3,132</b>                | <b>1,495</b>              | <b>24</b>                | <b>4,651</b>   |
| <b>Reconciliation of funds:</b>                    |         |                             |                           |                          |                |
| 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        |
| <b>Total funds carried forward</b>                 |         | <b>209,735</b>              | <b>24,817</b>             | <b>949</b>               | <b>235,501</b> |

## 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



01332 296200



[enquiries@mha.org.uk](mailto:enquiries@mha.org.uk)



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