



Methodist Homes Report and Financial Statements

31 March 2024

Mission, vision and values

Our Mission

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

Our Vision

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

Our Values

We **nurture** mind, body and spirit
We **inspire** the best in each other
We **respect** every person, treating them with dignity.



6,836
staff

(6,521 in 2022/23)

94%



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

93%



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

91%

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

**43 MHA
Communities
hubs**

(50 in 2022/23)

AND

10,981

MHA Communities
members supported
(11,481 in 2022/23)



£279m income

(£269m in 2022/23)



£286m expenditure

(£271m restated in 2022/23)



17,423

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



80

care homes
(88 in 2022/23)



59

retirement living
communities
(69 in 2022/23)



2,644

volunteers
(2,525 restated
in 2022/23)

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

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Board of Directors' report

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

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

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

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

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

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

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

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

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

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

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

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

Celebrations of all kinds were marked in our services as people hung out the bunting and



baked the cakes for significant birthdays and anniversaries, as well as special events such as the King's Coronation. Any excuse for a party, and there was much for us to celebrate.

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

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

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

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

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

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

oversight and know more about the residents than I have ever had'.


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

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

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

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

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



James Reilly,
Chair



Sam Monaghan,
Chief Executive



James Reilly



Sam Monaghan

Board of Directors' report

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

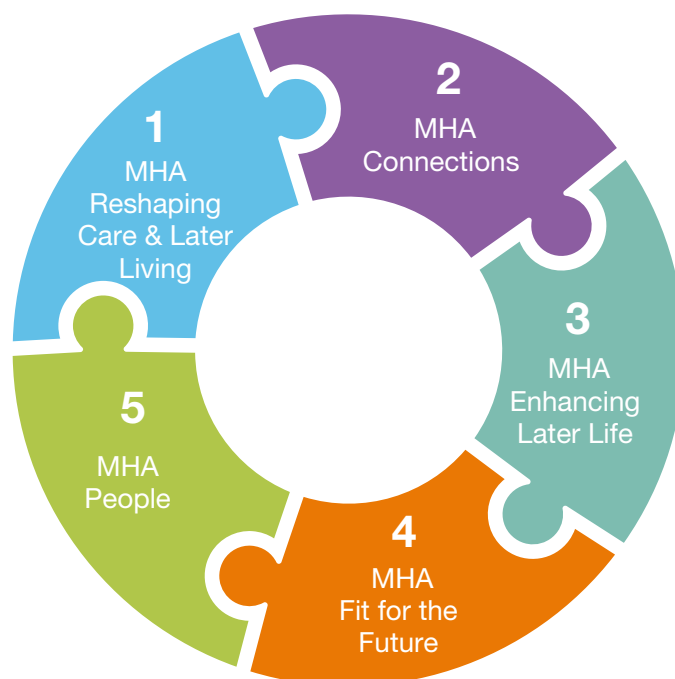
In 2023 we celebrated MHA's 80th anniversary and started to look forward to the next stage in our history. It was the vision of our founder, the Rev Walter Hall, that led to the church expressing its mission to care for and support those who are particularly vulnerable and in need, whatever their faith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

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

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

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

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



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

Looking forward

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

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

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

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

Reshaping care and later living

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

Connections

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

Enhancing later life

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

Fit for the future

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

People

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



Key performance indicators

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

Strategic objective 1

Reshaping care and later life

What we said we would do

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

What we've done

Care home blueprint

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

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

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



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

Digital care plans

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

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

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

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

Housing with care blueprint

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

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



Reshaping care and later life

Retirement living's wellbeing offer

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

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

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

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

What we will do next year:

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



Case study – Finding Nana

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

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

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

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

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

The story is based on real-life experiences, with author Jenni having spent time speaking to care home residents and their

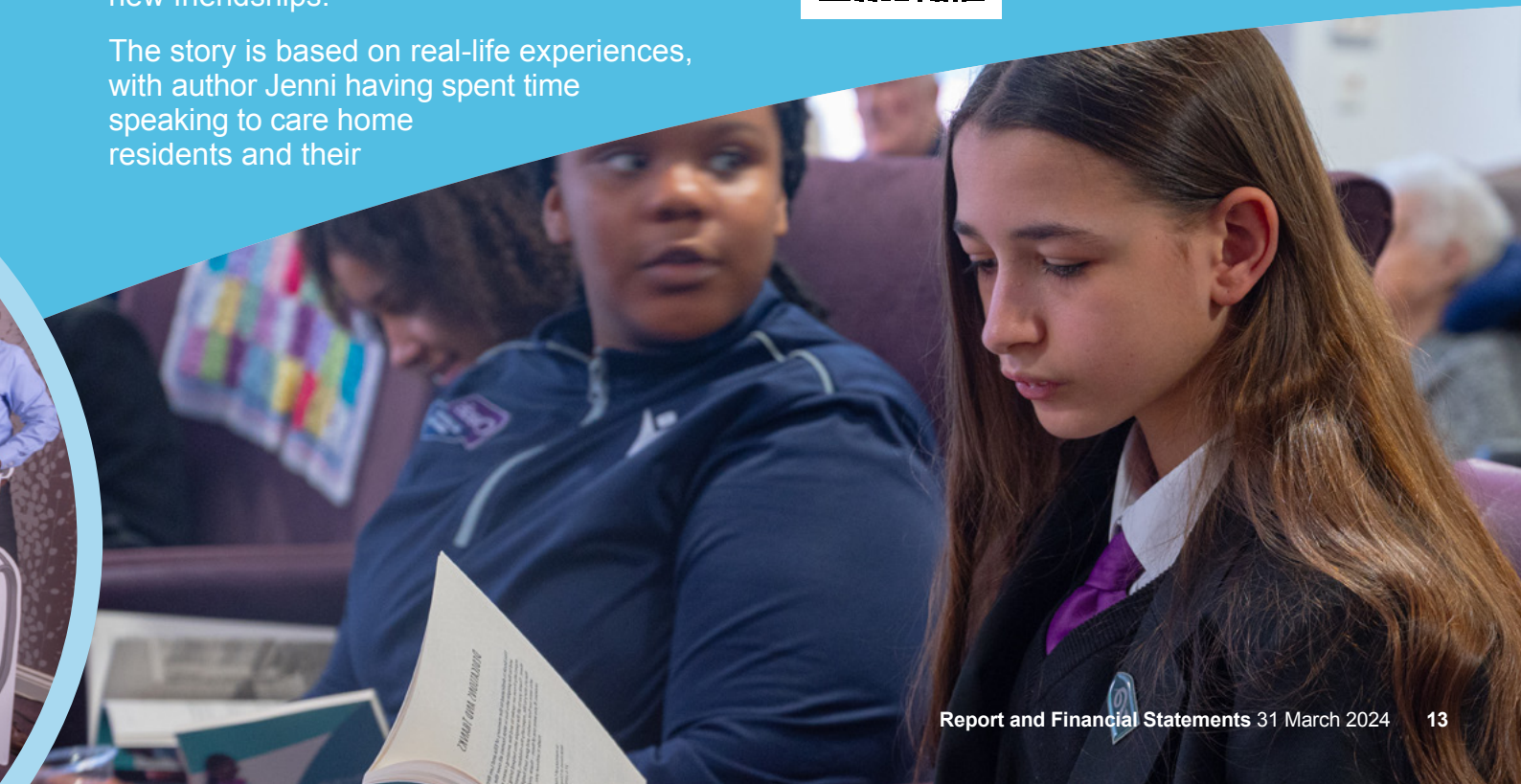
family members, as well as MHA chaplains. Feedback from school children and their parents and people who work in MHA care homes helped to shape the book.

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

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

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

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



Strategic objective 2

MHA connections

What we said we would do

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

What we've done

MHA Active

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

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

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

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

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

Charitable Giving Scorecard

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

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

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



What we will do next year:

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



Strategic objective 3

Enhancing later life

What we said we would do

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

What we've done

End of life care strategy

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

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

Spirituality strategy

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

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

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

Green care strategy

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

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

Dementia Strategy

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

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



7,230

individual music
therapy sessions
(6,701 in 2022/23)



Enhancing later life

Campaigning and external affairs

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

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

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

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

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



What we will do next:

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

Strategic objective 4

Fit for the future

What we said we would do

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

What we've done

MHA's IT Infrastructure

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

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

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

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

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

Financial Resilience

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

Data and knowledge management

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

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

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

MHA's website

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

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

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

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





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

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Fit for the future

MHA's intranet – MHA Connect

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

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

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



What we will do next:

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

Strategic objective 5

MHA people

What we said we would do

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

What we've done

Refreshed EDI Strategy

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

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

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

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

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

Recruitment and Retention

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

Career pathways

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

New Learning Zone

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

Culture

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



MHA people

Gender pay data

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

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

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

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



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

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

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

What we will do next:

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



1,642

**MHA colleagues have
become Dementia Friends**

Change Projects

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

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

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

Care homes

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

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

- Allesley Hall in Coventry – awaiting completion of sale
- Avonleigh Gardens in Oldham – sold
- Cedar Lawn in Stratford upon Avon – home was closed in February 2024 and will be marketed for sale

- Connell Court in Southport – awaiting completion of sale
- Engelberg in Wolverhampton – sold
- Hafan y Waun in Aberystwyth – transferred to the ownership of Ceredigion County Council on 1 November 2023
- Harwood Court in Cramlington – awaiting completion of sale
- Herondale/Kingfisher in Birmingham – sold
- Queenswood in Beeston, Nottingham – sold.

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

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

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





Auchlochan Garden Village and Scottish retirement living schemes

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

MHA took over Auchlochan Garden Village in 2009 to prevent it from going into administration. However, the operating model for Auchlochan has a range of complex legal, operating and funding issues across the village, which MHA has been unable to resolve, despite investing

considerable resources over the past 14 years. It is with regret that, as a charity, we were not able to continue supporting this community.

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

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

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

Fundraising at MHA

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

Our wider key fundraising objectives were, however, achieved:

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

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

All fundraising activities at MHA are undertaken directly by the charity, with no external party acting on our behalf. No material expenditure was incurred to raise income in the future. MHA is signed up to the Fundraising Regulators Code of Practice and pays the requisite levy

to the regulator. We continue to undertake awareness activities to increase the profile of the code among colleagues outside the fundraising team. There were no failures or breaches of the code at MHA in 2023/24.

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

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

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

Fundraising at MHA includes the following key activities:

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

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

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



Public benefit

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

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

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

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

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

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

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





Financial review

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

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

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

The social care sector staffing crisis has also impacted MHA severely in a couple of ways – firstly the financial impact of having to use costly agency staff to maintain staffing levels in homes, which led to agency staffing costs of nearly £17m in 2023/24. This was a significant

reduction from the previous year, but a huge increase when compared with pre-pandemic costs. Secondly due to the lack of availability of staff, MHA couldn't freely admit residents without having to consider whether we had adequate staff available to care for them. This in turn, slowed our occupancy recovery.

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

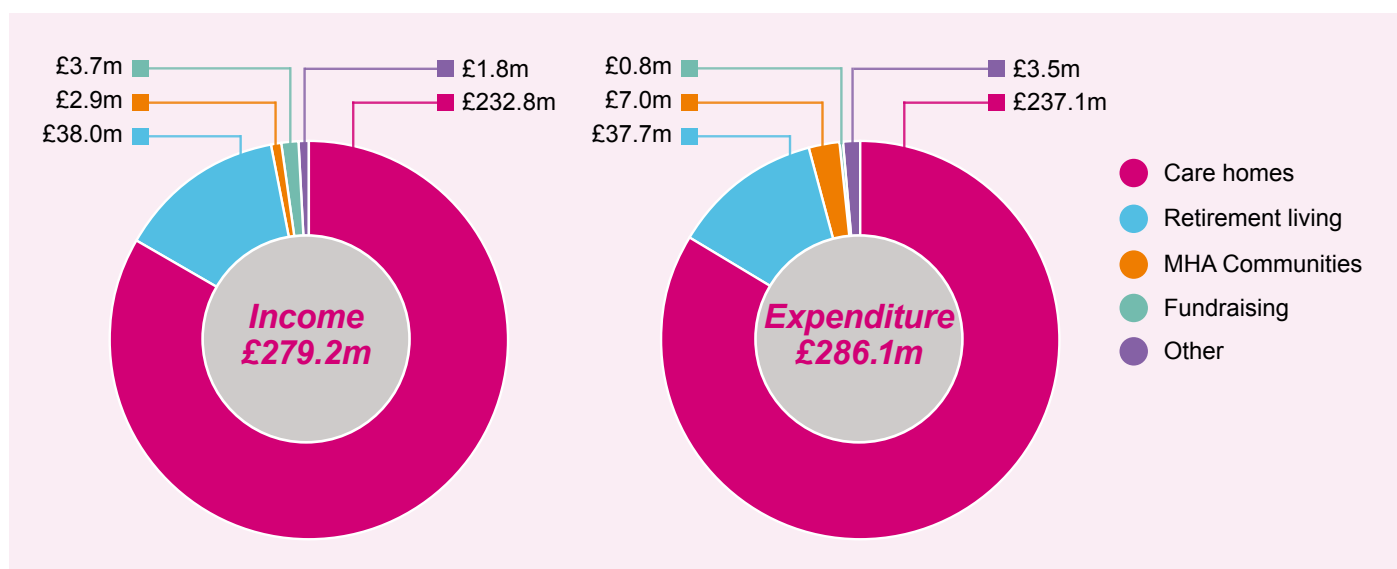
Unfortunately, we also saw a significant reduction in the value of fundraised income that we received, reflecting the challenging economic environment that charities find themselves operating in.

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

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

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

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



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

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

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

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

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

of the review several hard decisions were taken by the Board of Trustees.

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

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

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

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

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

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

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

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

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

Exceptional items in the prior year constitute impairments on operating assets across MHA's property portfolio of £112,378,000 reflecting the reduction of the holding value of the sites to their anticipated net realisable values. Provisions for the disposal costs of the

operating assets are held at £1,817,000. Prior year impairments have been partially reversed £103,000 and a prior year provision has also been released £500,000.

Reserves Policy

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

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

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

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

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

This level of financial reserves equates to slightly less than two months of operational expenditure which is below the reserves policy requirement. This was an intentional decision made by management and the Board following a risk assessment process. Management and Board will manage reserves to align

with the three-month requirement during the coming financial year, notwithstanding the intention to continue to address the backlog of maintenance and capital expenditure works that built up during the pandemic.

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

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

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

Treasury Management Policy

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

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

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

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

The management of investments is delegated to the Central Finance Board of the Methodist Church. Performance of investments is reviewed by the Board and is judged to be

satisfactory. Investments are held in equities, fixed interest deposits and cash totalling £1,390,000 (2023: £1,364,000) at the balance sheet date.

Principal Funding Sources

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

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

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

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

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

Going Concern

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

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

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

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

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

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

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

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

Risk Management

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

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

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

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

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

Director's Duties

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

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

- The likely consequences of any decisions in the long term
- The interest of the company's employees
- The need to foster the company's business relationships with suppliers, residents and others

- The impact of the company's operations on the community and environment
- The desirability of the company maintaining a reputation for high standards of business conduct.

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

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

The following summarises how the directors fulfil their duties:

Our people

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

Business relationships

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

Energy and Emissions Consumption

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

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

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

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

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

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

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

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

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

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

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

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

Measures ongoing and undertaken through 2023/24

Water heaters

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

Gas central heating

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

Electrical heating

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

Cooking facilities

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

Laundry equipment

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

Lighting

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

Solar PV maintenance

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

Measures prioritised for implementation in 2024/25

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

- National contracts will need to demonstrate their strategic shift to electric and/or hybrid fleet vehicles as well as regional office locations that limits travel and carbon footprint.

Reporting Methodology

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

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

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

The consumption data (including the Scope 1,2 and 3 consumption and CO₂e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2022 version 1 has been used, utilising the published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting period 01/04/2023 – 31/03/2024.

Estimations were undertaken to cover missing billing period for properties directly invoiced to MHA. These were calculated on a kWh/day pro-rata basis at meter level. All estimations equated to 0.5% of reported consumption.

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

- Gross internal area (m²) 303,196 (2022/23: 325,781).

Structure, governance and management

Governing Document

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 4043124) and a registered Charity (Registered Charity No. 1083995). It is governed by its Memorandum and Articles of Association dated 31 March 2011.

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

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

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

Organisational Structure

The Board consists of up to twelve members, one of whom is nominated by the Methodist Church. The Board typically meets six times a year and reviews operational and financial

performance, decides the strategic aims of the charity, and holds management to account in performing executive functions. Decisions are taken in accordance with the instructions laid down in the charity’s governing documents, delegated authorities and related policy documents.

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

You can find out more about our Trustees and ELT members at mha.org.uk/about-us

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

Audit and Risk Committee

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

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

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

The key responsibilities of the Committee are:

- Overview of the preparation of the financial statements and recommendation to Board
- Review of reports from external and internal auditors and the monitoring of the implementation of recommended management actions

- The overview of risk management within the organisation.

Finance and Capital Expenditure Committee

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

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

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

The key responsibilities of the Committee are:

- Overview of financial performance of the organisation, scrutinising budgets and forecasts, and recommending them to the Board
- The committee scrutinises the property strategy including proposed capital expenditure, acquisitions and disposals
- The committee monitors and reviews the treasury policy and associated KPIs, investment policy and pension funds.

Nominations Committee

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

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

The key responsibilities of the committee are:

- To determine ELT remuneration in line with our People Strategy at a fair and competitive rate
- Oversight of the good governance of the charity including the selection of new Trustees and appointments to the Board Committees.

Operations Committee

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

The Operations Committee meets four times a year and has a minimum of three Trustees. There are currently five Committee members, three of whom have recent, relevant care sector experience. The Chief Operating Officer, Director of People and Communications, the Director of Communities, Fundraising and Marketing and the Company Secretary are attendees, but not members of the Committee.

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



The key responsibilities of the Committee are:

- Exercise oversight on behalf of the Board of the systems and practices for ensuring the quality, effectiveness and performance of the services provided by MHA
- Monitor performance against quality and safety KPIs and compliance with national, legislative and accreditation standards
- Notify the Board of any significant concerns regarding quality of care across the organisation
- Monitor the effectiveness of the strategy and measures in relation to staff recruitment and retention
- Review the resident and service users experience.

Charity Governance Code

The Charity has been reviewing and updating its governance arrangements over the last few years to bring it broadly in line with the Charity Governance Code for larger charities. To help assess our progress and to ensure best practice in our governance arrangements, in

November 2022 we appointed Campbell Tickell to conduct an external governance review. The report from Campbell Tickell was received by the Board in March 2023 and confirmed that overall, our governance works well and there was particular praise in the report for the professionalism and commitment of our Board and ELT.

The report identified some areas for improvement and the Board approved an action plan to address these areas in July 2023. Progress against the plan is monitored at each Board meeting with the aim of completing all actions by November 2024. We will continue with our programme of improvements to ensure we continue to comply with the seven principles of the code.

Election, Appointment and Training of Board Members

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

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

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

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

Members who served on the Board during the year are shown in the list of officers on page 50.

Remuneration

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

Board members receive no remuneration.

Patrons

We would like to take this opportunity to thank our patrons, former President of the Methodist Church, Baroness Kathleen Richardson of Calow, OBE, broadcaster and writer Pam Rhodes and Dame Denise Platt, previous chair of the Commission for Social Care Inspection, which was the predecessor to the Care Quality

Commission (CQC). Their support is invaluable in raising the profile of MHA and its work, helping us to reach out to more older people in need. Supporting national events and backing high profile appeals helps us generate essential charitable income. The time and contribution given by our Patrons is greatly appreciated.

Connected Companies

During the year to 31 March 2024 Methodist Homes worked closely with its associated charitable organisation:

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

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

Colleagues

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

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

Statement of Board's Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the Group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable Group for that financial year.

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

- Select suitable accounting policies and then apply them consistently

- Observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015) and the Housing Statement of Recommended Practice
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The directors are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and



dissemination of financial statements may differ from legislation in other jurisdictions.

Internal financial controls assurance

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

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

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

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2024 and until the date of approval of the financial statements. No weaknesses were found that resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Statement as to disclosure of information to auditors

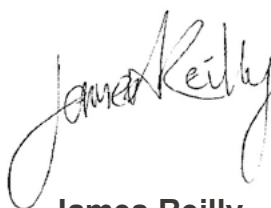
In accordance with the provisions of Section 418 of the Companies Act 2006, each of the persons who are directors of the company at the date when this report is approved confirms that:

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

Independent auditors

Crowe U.K. LLP were re-appointed during the year as MHA's auditors. A resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The Board of Directors' Report including the strategic report was approved on 30 July 2024 and signed on its behalf by



James Reilly

Chair

Epworth House, Stuart Street
Derby DE1 2EQ

Reference and administrative details

Patrons

Baroness Kathleen Richardson of Calow, OBE

Dame Denise Platt

Pam Rhodes

Board	Term of Office		Committee Membership
	Start	Finish	
James Reilly Chair of the Board	July 2016 Sept 2021		Nominations Committee

Other Board Members

Ian Ailles	Nov 2014	July 2023	Finance and Capital Expenditure Committee
Andrew Cozens	Aug 2015		Audit and Risk, Nominations, Operations, Hardship and Welfare Committees
Bala Gananpragasam	Aug 2015		Finance and Capital Expenditure Committee
Martin Burkitt	Oct 2016		Finance and Capital Expenditure Committee
Ruth Gee	Apr 2019		Operations, Nominations, Hardship and Welfare Committees
Lisa Champion (Nee Commame)	Apr 2019		Finance and Capital Expenditure Committee
Janet Haugh	Apr 2019	July 2023	Audit and Risk, Nominations Committee
Keith Hickey	Apr 2019		Audit and Risk, Nominations, Operations, Hardship and Welfare Committee
Denise Sanderson-Estcourt	Oct 2021	Jan 2024	Operations Committee
Anne Anketell	Nov 2022		Operations, Audit and Risk Committee
Richard Vautrey	Nov 2022		Operations Committee
Jessica White	Sept 2023		Finance and Capital Expenditure, Audit and Risk Committee

Executive Leadership Team

Name	Appointed	Resigned	Position
Anna Marshall-Day	2006		Director of People and Communications
Rev. Dr. Chris Swift	2017	July 2023	Director of Chaplaincy and Spirituality
Simon (known as Sam) Monaghan	2018		Chief Executive
Mandy Mottram	2018		Company Secretary and General Counsel
Daniel Ryan	2019		Chief Operating Officer
Victoria Parkinson	2020		Director of Finance, IT and Procurement
Jonathan Mace	2022		Director of Communities, Marketing and Fundraising
James Francis	Jan 2024	April 2024	Director of Chaplaincy and Spirituality

Company Secretary

Mandy Mottram

Registered Office

Methodist Homes

Epworth House
Stuart Street
Derby
DE1 2EQ

Tel: (01332) 296200

Website: www.mha.org.uk

Charity Registered Number – 1083995

Company Registered in England and Wales Number – 4043124

Professional Advisors

Solicitors

Capsticks Solicitors LLP
1 St George's Road
Wimbledon
London
W19 4DR

Tax Advisors

Deloitte LLP
Four Brindley Place
Birmingham
B1 2HZ

External Independent Auditors

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Barclays Bank Plc
Corporate Banking
1, Churchill Place
Canary Wharf

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

AIB Group (UK) Plc
Podium Floor
St. Helens
1 Undershaft
London
EC3A 8AB

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

Opinion

We have audited the financial statements of Methodist Homes ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2024 which comprise The Consolidated Statement of Financial Activities, Group and Company Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2024 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Emphasis of Matter

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were, CQC Regulations for service providers and managers, taxation legislation, health and safety legislation, employment legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of contract income, recording the impact of CQC regulatory reviews and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading regulatory reports and minutes of meetings of those charged with governance.

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

Use of our report

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



Julia Poulter

Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
1 August 2024

Consolidated Statement of Financial Activities

For the year ended 31 March 2024

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000	Total 2023 £'000
Income and endowments from:						
Donations and legacies	2	1,736	1,983	-	3,719	7,112
Charitable activities						
Homes		232,680	161	-	232,841	218,422
Retirement living		37,988	33	-	38,021	39,908
MHA Communities		-	2,885	-	2,885	2,389
Other		356	12	-	368	26
Total charitable activities	3/5	271,024	3,091	-	274,115	260,745
Investments		1,057	289	18	1,364	968
Total		273,817	5,363	18	279,198	268,825
Expenditure on:						
Raising funds		789	-	-	789	741
Charitable activities						
Homes		246,515	579	-	247,094	258,356
Retirement living		17,757	77	-	17,834	115,015
MHA Communities		2,361	4,673	-	7,034	6,148
Other		6,473	187	2	6,662	3,376
Total charitable activities	5	273,106	5,516	2	278,624	382,895
Other	6	1,594	-	-	1,594	1,220
Total	4	275,489	5,516	2	281,007	384,856
Net gains/(losses) on investments		(2)	29	9	36	(105)
Income/(loss) on disposals		7,235	-	-	7,235	(1,389)
Net income/(loss)		5,561	(124)	25	5,462	(117,525)
Transfer between funds		(1,618)	1,619	(1)	-	-
Other recognised (losses)/gains:						
Actuarial gain/(loss) on defined benefit pension schemes	21	32	-	-	32	(497)
Other – interest rate swaps (losses)/gains	15	(843)	-	-	(843)	3,505
Net movement in funds		3,132	1,495	24	4,651	(114,517)
Reconciliation of funds:						
Total funds brought forward	20	207,462	23,328	925	231,715	346,232
Deconsolidation of subsidiary		(859)	(6)	-	(865)	-
Total funds brought forward		206,603	23,322	925	230,850	346,232
Total funds carried forward		209,735	24,817	949	235,501	231,715

All activities in both years are continuing activities.

Statement of Financial Position

For the year ended 31 March 2024

	Note	Group		Company	
		Total 2024 £'000	Total 2023 £'000	Total 2024 £'000	Total 2023 £'000
Fixed assets					
Intangible fixed assets	9	504	786	504	786
Tangible fixed assets	10	318,322	309,492	270,513	251,129
Investments	12	1,390	1,364	1,390	1,364
		320,216	311,642	272,407	253,279
Current assets					
Debtors	13	27,879	21,057	25,518	18,308
Cash at bank and in hand		50,792	68,963	46,743	49,412
Total current assets		78,671	90,020	72,261	67,720
Liabilities					
Creditors: Amounts falling due within one year	14	(75,644)	(56,333)	(84,765)	(53,976)
Net current (liabilities)/assets		3,027	33,687	(12,504)	13,744
Total assets less current liabilities		323,243	345,329	259,903	267,023
Creditors: Amounts falling due after more than one year	15	(70,521)	(87,648)	(67,656)	(83,697)
Provisions for liabilities	16	(17,220)	(25,966)	(17,150)	(15,672)
Total net assets before defined benefit pension liability		235,502	231,715	175,097	167,654
Defined benefit pension scheme liability	21	(1)	-	(1)	-
Total net assets		235,501	231,715	175,096	167,654
Funds					
Endowment funds	18	949	925	949	925
Restricted income funds	19	24,817	23,328	24,668	23,288
Unrestricted income fund: General fund	20	209,735	207,462	149,479	143,441
Total Funds	20	235,501	231,715	175,096	167,654

A surplus before gains and losses for year of £8,253,000 (2023: £116,575,000 loss) has been included within these financial statements for the company. The financial statements on pages 56 to 91 were approved on behalf of the Board and authorised for issue on 30 July 2024 and signed on its behalf by:


James Reilly
 Chair

Consolidated Cash Flow Statement

For the year ended 31 March 2024

	Note	2024		2023	
		£'000	£'000	£'000	£'000
Cash flow from operating activities:					
Net cash inflow by operating activities	22a	-	(725)	-	13,529
Cash flow from investing activities:					
Investment income		1,364	-	968	-
Purchase of tangible fixed assets		(25,149)	-	(22,256)	-
Purchase of Intangible fixed assets		(147)	-	(69)	-
Purchase of Investment		-	-	-	-
Proceeds from the sale of tangible fixed assets		20,467	-	7,520	-
Transfer of cash to Administrators for Auchlochan		(7,458)	-	-	-
Net cash generated investing activities		-	(10,923)	-	(13,837)
Cash flow from financing activities:					
Interest paid and similar charges		(4,363)	-	(3,918)	-
Repayments of borrowings		(2,160)	-	(2,041)	-
Net cash outflow financing activities		-	(6,523)	-	(5,959)
Net change in cash and cash equivalents		-	(18,171)	-	(6,267)
Cash and cash equivalents at the beginning of the year		-	68,963	-	75,230
Cash and cash equivalents at the end of the year		-	50,792	-	68,963

Notes to the Financial Statements

For the year ended 31 March 2024

1. Principal Accounting Policies

Statement of Compliance

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

General information

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

Summary of significant accounting policies

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

Basis of preparation

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

Due to the announcement of MHA Auchlochan (MHAA) being put into administration on the

2 May 2023, MHAA is not consolidated in the group financial accounts ending 31 March 2024 but was consolidated on a non-going concern basis in 2022/23.

Owned Freehold and Long Leasehold Care Homes are valued at deemed cost as permitted by the transitional arrangements to FRS102 (adopted at 31 March 2015). The deemed cost is the historic value or market value at transition. The valuations of land and buildings for Care Homes were made in 2013 by Knight Frank on an existing use open market value basis, in accordance with the Statement of Assets Valuation Practice Note 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. The method used and significant assumptions applied in estimating the fair values for the Care Homes were by reference to the 'profits method' as this is the basis on which such properties are commonly bought or sold. In undertaking the valuation of the property, Knight Frank made an assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject property and purchaser sentiment. Knight Frank then applied these to the properties, taking into account size, location, aspect. Other material factors, such as where planned works were due to take place creating a reduced occupancy, have been factored in.

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

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

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

Going concern

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

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

None of the scenarios modeled result in liquidity shortfalls nor are any covenant breaches on the specified measurement dates expected in the coming period. MHA has fostered strong and supportive relationships with both of our lending banks (Barclays & AIB) both of whom remain supportive, having recently finalised covenant resets on the loans to allow for the impact on leverage of the recent energy cost increases.

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

On this basis, ELT and the Board has a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Basis of consolidation

The consolidated Group financial statements of Methodist Homes and its subsidiary undertakings are presented using acquisition accounting on a line by line basis. Intra-

Group profits are eliminated on consolidation. A separate Statement of Financial Activities and Income and Expenditure Account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

The wholly controlled subsidiaries which are consolidated are:

Methodist Homes Housing Association Ltd-
Registered Provider of Social Housing

Due to the announcement of MHA Auchlochan (MHAA) being put into administration on 2 May 2023, MHAA is not consolidated in the MHA group financial accounts for 31 March 2024.

A subsidiary is an entity controlled by the Parent. The parent Charity can exercise control through trusteeship, which gives a parent Charity the ability to govern the financial and operating policies of the subsidiary. The above entity (MHHA) is a subsidiary of Methodist Homes by means of various inter-Group agreements. Methodist Homes has the power to appoint and/or remove a majority of the Trustees and thus demonstrate control.

Income recognition

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

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

Donations are recognised on a cash basis as this is considered the point at which the Charity has entitlement.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a

distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

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

Charitable activities

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

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

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

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

Provision is made for the expected value of the buyback commitment in the future, discounted

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

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

Expenditure recognition

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

Central costs

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

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

(i) Charitable activities

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

(ii) Expenditure on raising funds

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

(iii) Governance costs

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

Allocation of support and governance costs

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

Intangible assets and amortisation

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

- Software – 3-5 years

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

- It is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it

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

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

Tangible fixed assets and depreciation

Land is stated at cost, except where it forms part of a revalued care home – in which case it is stated at valuation, and is not depreciated.

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

All fixed assets are stated at cost less depreciation and impairment.

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

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

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

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

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

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

Social housing grants

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

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

On disposal of an asset for which government grants were received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the statement

of financial position related to such asset is derecognised as a liability and recognised as revenue in the Statement of Financial Activities.

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

Cash and cash equivalents

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

Retirement housing stock

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

Impairment of non-financial assets

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

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity.

i) Restricted income funds

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

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

ii) Endowment funds

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

Pensions

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

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

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

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

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

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

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

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

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

Employee benefits

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

Taxation

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

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

Leased assets and obligations

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

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

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

Critical judgements in applying the accounting policies

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The judgements,

estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

i) Provisions for liabilities

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

ii) Exceptional items

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

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

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

Future amendments to FRS102

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

2. Donations and legacies

	2024 Total £'000	2023 Total £'000
Donations	1,292	1,148
Big Lottery Fund grant	39	50
Legacies receivable	2,388	5,914
	3,719	7,112

The estimated value of legacies notified but neither received nor recognised in income is £3,134,165 (2023: £1,733,000).

3. Charitable activities

	2024 Total £'000	2023 Total £'000
Fees and charges	257,579	240,360
Rents	7,643	7,160
Grants	2,082	1,723
Government Funding	795	1,279
Sale of Housing	6,016	7,707
Miscellaneous property sales	-	2,516
	274,115	260,745

Forms of government assistance from which the Charity has benefitted amounts to £2,795,000 (2023: £1,853,000).

Included within Grants is £1,520,000 (2023: £574,000) relating to government grants received by our MHA Communities schemes.

Government Funding consists of £795,000 (2023: £1,279,000) relating to workforce recruitment and retention support.

4. Analysis of expenditure

	Note	Homes £'000	Retirement living £'000	MHA Communities £'000	Other £'000	2024 Total £'000	2023 Total £'000
Staff costs		134,597	15,179	4,881	14,070	168,727	148,978
Operational costs/(income):							
Supplies and services		49,566	8,641	1,420	8,971	68,598	75,741
Repairs and rents		19,642	3,207	144	35	23,028	21,682
Retirement housing cost of sales		-	1,538	-	-	1,538	3,079
Depreciation	10	8,520	4,415	36	809	13,780	13,605
Amortisation	9	-	-	-	642	642	592
Finance charges/(income)		-	53	-	2	55	(962)
Bank loan interest		3,488	877	-	-	4,365	4,064
Other costs		1,159	497	116	2,018	3,790	3,267
Exceptional items	*	9,927	(19,836)	-	4,799	(5,110)	113,590
Allocated costs/(income)		20,195	3,263	437	(23,895)	-	-
Governance costs	6	-	-	-	1,594	1,594	1,220
Total expenditure 2024		247,094	17,834	7,034	9,045	281,007	
Total expenditure 2023		258,356	115,015	6,148	5,337		384,856

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

*Please refer to the explanatory note on page 36.

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

	Note	Homes £'000	Retirement living £'000	MHA Communities £'000	Other £'000	2024 Total £'000	2023 Total £'000
Income from charitable activities							
Fees and charges		232,085	24,340	816	338	257,579	240,360
Rents		26	7,617	-	-	7,643	7,160
Grants		-	1	2,069	12	2,082	1,723
Government Funding		730	47	-	18	795	1,279
Sale of Housing		-	6,016	-	-	6,016	7,707
Miscellaneous Property sales		-	-	-	-	-	2,516
Total income	3	232,841	38,021	2,885	368	274,115	260,745
Expenditure on charitable activities							
Staff costs		(134,597)	(15,179)	(4,881)	(13,481)	(168,138)	(148,419)
Operational costs		(82,375)	(19,228)	(1,716)	(12,282)	(115,601)	(120,886)
Allocated (costs)/income		(20,195)	(3,263)	(437)	23,895	-	-
Exceptional items (restated)	*	(9,927)	19,836	-	(4,794)	5,115	(113,590)
Total		(247,094)	(17,834)	(7,034)	(6,662)	(278,624)	(382,895)
Total (deficit) from charitable activities 2024		(14,253)	20,187	(4,149)	(6,294)	(4,509)	-
Total (deficit) from charitable activities 2023		(39,934)	(75,107)	(3,759)	(3,350)	-	(122,150)

*Please refer to the explanatory note on page 36.

6. Analysis of governance and support costs

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

	Support Costs £'000	Governance Costs £'000	2024 Total £'000	2023 Total £'000	Basis of allocation
Employment costs	-	1,274	1,274	967	Staff time
Director expenses	-	51	51	2	Invoiced events
External auditors – audit services:					
Parent	-	160	160	146	Governance
Subsidiaries	-	17	17	32	Governance
Bank covenants	-	-	-	-	Governance
Directors' Insurances	24	-	24	20	Cost
Other costs	-	68	68	53	Governance
Total 2024	24	1,570	1,594	-	
Total 2023	20	1,200	-	1,220	

7. Operating lease commitments

	2024 Total £'000	2023 Total £'000
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Operating leases

The following lease payments were made during the year in respect of operating leases:

Land and buildings	13,194	12,670
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	2024 Land & Buildings Total £'000	2023 Land & Buildings Total £'000
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At 31 March the Group and Charity had commitments under non-cancellable operating leases as follows:

– expiring in one year or less	13,503	12,986
– expiring in one to two years	13,503	12,986
– expiring in two to five years	40,508	38,959
– expiring in more than five years	202,996	208,094
	270,510	273,025

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

	2024 Number	2023 Number
Average monthly number employed		
Care homes	4,603	4,436
Retirement living	751	575
MHA Communities	118	107
Central Support	405	392
	5,877	5,510

The average number of staff employed represents the full time equivalent including staff on zero hour contracts. The total number of staff employed on zero hour contracts was 864 (2023: 754). The use of zero hour contracts for care staff is at the request of the colleague, allowing the colleague the flexibility to control their work preferences. The average monthly number of employees was 6,836 (2023: 6,521).

	2024 £'000	2023 £'000
Group staffing costs		
Wages and salaries	152,550	134,898
Social security costs	13,215	11,293
Other pension costs		
- Defined benefit pension costs (note 21)	165	170
- Defined contribution pension costs	4,070	3,582
	170,000	149,943

The key management personnel is comprised of the ELT alongside the directors of the charity. During the year the total remuneration received by the ELT was £1,113,875 (2023: £1,231,542). The employer's pension contribution for the key management personnel staff was £56,535 (2023: £61,972).

The key management personnel of the Group are all remunerated from the parent Charity. These comprise the ELT listed on page 50 of the financial statements. The total employee benefits of the ELT of the Charity were £Nil (2023: £Nil).

The number of directors who received reimbursement for the cost of travel to and from meetings was 8 (2023: 9). The cost of travel expenses reimbursed was £2,041 (2023: £2,397). During the year an insurance premium of £24,192 (2023: £24,192) was paid to indemnify directors against liability for wrongful acts. No remuneration or benefits were paid during the year to any director of the Board. 202 (2023:142) employees earned over £60,000 in the year excluding pension contribution within the following bands:

	2024 Number	2023 Number
Between £60,001 and £70,000	93	77
Between £70,001 and £80,000	62	38
Between £80,001 and £90,000	25	14
Between £90,001 and £100,000	7	2
Between £100,001 and £110,000	4	3
Between £110,001 and £120,000	4	3
Between £120,001 and £130,000	3	2
Between £130,001 and £140,000	1	-
Between £140,001 and £150,000	-	1
Between £150,001 and £160,000	-	-
Between £160,001 and £170,000	-	1
Between £170,001 and £180,001	1	-
Between £180,001 and £190,000	1	-
Between £190,001 and £200,000	-	-
Between £200,001 and £210,000	-	1
Between £210,001 and £220,000	1	-

129 (2023:146) employees were members of the defined contribution pension scheme.

Included in staff costs are £407,000 (2023: £283,000) of redundancy payments made to employees on termination of employment following restructures of staff within operations and central support. Previous year costs were also as a result of the restructure of staff within operations and central support. Redundancy costs are accounted for on an accruals basis with no unpaid commitments carried forward at the balance sheet date.

9. Intangible Fixed Assets

Group and Company	Software £'000	Total £'000
Cost		
At 1 April 2023	2,315	2,315
Additions	147	147
Transfer from AICOC	213	213
At 31 March 2024	2,675	2,675
Accumulated amortisation		
At 1 April 2023	1,529	1,529
Amortisation charge	642	642
At 31 March 2024	2,171	2,171
Net Book Value		
At 31 March 2024	504	504
At 31 March 2023	786	786

Amortisation charges of £642,000 have been recognised in other expenditure.

10. Tangible Fixed Assets

10a. Tangible Fixed Assets

Group	Care homes: Freehold land and buildings at cost £'000	Care homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
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Cost/valuation

At 1 April 2023	276,637	37,986	184,829	9,536	37,784	7,857	554,629
Deconsolidation of subsidiary	(12,571)	-	(22,294)	-	(1,102)	-	(35,967)
Additions during the year	2,867	-	1,930	-	2,070	18,282	25,149
Completions during the year	5,096	-	3,042	-	1,617	(9,968)	(213)
Disposals during the year	(25,790)	-	(9,245)	-	(1,438)	-	(36,473)
At 31 March 2024	246,239	37,986	158,262	9,536	38,931	16,171	507,125

Accumulated depreciation/impairment

At 1 April 2023	76,259	24,758	115,389	2,311	26,420	-	245,137
Deconsolidation of subsidiary	(8,266)	-	(22,349)	-	(1,091)	-	(31,706)
Charge for the year	6,024	913	3,798	226	2,819	-	13,780
On disposals	(12,440)	(6,344)	(7,843)	-	(1,137)	-	(27,764)
Impairment	5,897	3,215	(19,096)	-	(660)	-	(10,644)
At 31 March 2024	67,474	22,542	69,899	2,537	26,351	-	188,803

Net book value

At 31 March 2024	178,765	15,444	88,363	6,999	12,580	16,171	318,322
At 31 March 2023	200,378	13,228	69,440	7,225	11,364	7,857	309,492

Completions during the year relate to the reclassification of assets in the course of construction upon completion of the relevant project. Any assets in the course of construction, whose nature does not meet the definition of capital expenditure or where the project was aborted, are taken to the Statement of Financial Activities upon project completion. The cost of such projects in the year was £Nil (2023: £Nil).

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

The assessment of recoverable value for these properties resulted in impairment in the prior year of £112,378,000 to reduce the assets carrying value to the recoverable amount. There was an inherent estimation uncertainty in making this assessment due to a range of options being explored for disposal of these assets in order to preserve the charitable activities.

Further assessments made during the current year of the options including independent evaluations of the potential realisation values of assets under consideration has resulted in net release of impairments of £14,869,000.

Included within our freehold land and buildings above is land of £44,806,000 (2023: £36,547,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £Nil (2023: £Nil). The cumulative amount of capitalised interest included is £3,917,000 (2023: £3,917,000).

10b. Tangible Fixed Assets

Company	Care homes: Freehold land and buildings at cost £'000	Care homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost/valuation							
At 1 April 2023	253,109	37,986	108,649	139	32,424	7,467	439,774
Additions during the year	2,867	-	1,345	-	2,019	15,825	22,056
Completions during the year	5,096	-	654	-	1,617	(7,580)	(213)
Disposals during the year	(25,790)	-	(1,951)	-	(1,034)	-	(28,775)
At 31 March 2024	235,282	37,986	108,697	139	35,026	15,712	432,842
Accumulated depreciation/impairment							
At 1 April 2023	66,292	24,758	75,290	32	22,273	-	188,645
Charge for the year	5,805	913	2,350	3	2,578	-	11,649
Impairment	5,897	3,215	(26,431)	-	(660)	-	(17,979)
On disposals	(12,440)	(6,344)	(491)	-	(711)	-	(19,986)
At 31 March 2024	65,554	22,542	50,718	35	23,480	-	162,329
Net book value							
At 31 March 2024	169,728	15,444	57,979	104	11,546	15,712	270,513
At 31 March 2023	186,817	13,228	33,359	107	10,151	7,467	251,129

Included within freehold land and buildings above is land of £40,707,000 (2023: £31,988,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £Nil (2023: £Nil). The cumulative amount of capitalised interest included is £3,813,000 (2023: £3,813,000).

11. Capital Commitments

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Expenditure contracted, less certified	3,054	1,246	3,014	980

Included within the capital commitments of the Group and Company are contracts relating to the development of sites which are executory contracts in nature as at 31 March 2024. A liability for these items has not been recorded in the financial statements as neither party has yet performed their obligations and the contracts are not onerous.

12. Investments – Group and Company

	2024 Total £'000	2023 Total £'000
1 April 2023	1,364	1,469
Net gain/(loss) on revaluation	26	(105)
31 March 2024	1,390	1,364

The securities represent:

Methodist Church Central Finance Board:

Equity fund units	448	410
Fixed interest fund units	942	954
31 March 2024	1,390	1,364

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

13. Debtors

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade debtors	15,992	11,880	13,719	9,400
Other debtors	2,793	847	2,783	809
Prepayments and accrued income	9,094	8,330	9,016	8,099
	27,879	21,057	25,518	18,308

14. Creditors: Amounts falling due within one year

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Loans – principal and interest	17,107	2,031	16,878	1,777
Trade creditors	13,366	6,941	13,323	6,939
Charges and rents in advance	4,459	4,820	4,459	4,713
Deferred Income – buy back properties	97	269	97	125
Unpaid pension contributions	986	894	977	879
Taxation and social security	6,132	5,204	6,127	5,054
Due to Group undertakings	-	-	10,582	253
Other creditors	16,430	16,129	15,895	15,242
Accruals and deferred income	17,067	20,045	16,427	18,994
	75,644	56,333	84,765	53,976

Amounts payable to Group undertakings include a formal loan of £11,000,000 (2023: £Nil) which is interest bearing at a rate of SONIA + 2.2% per annum (2023: Nil) unsecured and repayable on demand due to Methodist Homes Housing Association. Loans fall due in March and April 2025. During the year a loan covenant alignment took place resulting in the AIB loan maturing in line with the Barclays loan. MHA is undertaking a refinancing of all loan balances prior to their expiry in early 2025.

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

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Derivative financial instruments	(2,467)	(3,310)	(2,467)	(3,310)

Loans:

- Between one and two years	70,225	2,270	70,000	2,046
- Between three and five years	684	77,744	-	77,064
- In five years or more	1,956	10,087	-	7,901
Less loan arrangement fees	-	(132)	-	(132)
	72,865	89,969	70,000	86,879

Deferred Income – buy-back properties:

- Between one and two years	43	185	43	45
- Between three and five years	52	432	52	54
- In five years or more	28	372	28	29
	123	989	123	128
Total	70,521	87,648	67,656	83,697

The loans are secured on certain care home and housing properties, representing 50% of the value of Freehold Land and Buildings (2023: 51%) with a Net Book Value of £130,665,000 (2023: £144,069,562). The interest rates payable on these loans, plus the short-term loans of £2,143,000 (2023: £2,031,000), are as detailed below, confirming the drawn down amounts as at 31 March 2024, the interest rate and the respective terms.

Entity	Loan Amount		Rate		Expiry Date
	Current Year	Prior Year	Current Year	Prior Year	
Methodist Homes Ltd	£70,000,000	£70,000,000	SONIA plus 2.2%	SONIA plus 2.2%	April 2025
Methodist Homes Ltd	£17,010,000	£18,919,000	SONIA plus 2.2%	SONIA plus 0.8%	March 2025
Total	£87,010,000	£88,919,000			
MHA Housing Association Ltd	£1,069,000	£1,184,000	Variable Rate 5.8%	Variable Rate 4.6%	April 2033
MHA Housing Association Ltd	£914,000	£1,012,000	Variable Rate 5.8%	Variable Rate 4.7%	May 2033
MHA Housing Association Ltd	£0	£31,000	-	Fixed Rate at 4.5%	January 2024
MHA Housing Association Ltd	£1,112,000	£1,116,000	Fixed Rate at 10.7%	Fixed Rate at 10.7%	March 2049
Total	£3,095,000	£3,343,000			
Group Total	£90,105,000	£92,262,000			

Of the outstanding loan balance £70,000,000 (2023: £70,000,000) relates to loans that are non-amortising.

The Company has fixed interest rates to guard against future rate movements on £70,000,000 (2023: £70,000,000) of the loan balance through an interest rate swap. The overall cost of the derivative arrangement is fixed at 4.3%. The fair value of the interest swaps as at 31 March 2024 is a £2,467,000 asset (2023: £3,310,000 asset) representing the cost of exiting this arrangement, which is not currently intended by the Company. The recognised loss on cash flow hedges in the year is £843,000 (2023: gain of £3,505,000). This reflects the net of the fair value gain on derivatives of £6,207,000 (2023: gain of £7,050,000) and the gain recycled to bank loan interest of £1,845,000 (2023: gain recycled of £167,000). The amounts recycled to bank loan interest represent the cash paid on derivatives during the year.

16. Provisions for liabilities

	1 April 2023 £'000	Movement of the provision on the elimination of subsidiary £'000	Created on new transactions £'000	Charge for year £'000	Increase/ (release) in provision £'000	Utilisation of provision £'000	31 March 2024 £'000
Group							
Guarantee property buy-backs	25,966	(10,224)	-	52	-	(2,027)	13,767
Onerous Lease provision	-	-	3,453	-	-	-	3,453
	25,966	(10,224)	3,453	52	-	(2,027)	17,220
Company							
Guarantee property buy-backs	15,672	-	-	52	-	(2,027)	13,697
Onerous Lease provision	-	-	3,453	-	-	-	3,453
	15,672	-	3,453	52	-	(2,027)	17,150

The guarantee property buy-backs provision arises when MHA enters into transactions to sell the leasehold interest in retirement living properties with an option (exercisable by either party) for MHA to re-purchase the leasehold at a pre-agreed amount. Buy-back commitments have been estimated to average eleven years (2023: ten years). Provisions are discounted at the appropriate risk free rate. The relevant eleven and five year government bond rates have been used depending on the remaining expected life of the individual commitments by property, these being 3.991% and 3.877% respectively (2023: 3.59% and 3.44%).

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

17. Share Capital

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

18. Endowment Funds

18a. Endowment funds (current year)

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

18b. Endowment funds (prior year)

Group and Company	1 April 2022 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
H D Clarke Memorial	913	7	(2)	(63)	-	-	855
Redcroft Residential Home	69	1	-	-	-	-	70
	982	8	(2)	(63)	-	-	925

19. Restricted income funds

19a. Restricted income funds (current year)

Movement in Funds

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

19b. Restricted income funds (prior year)

Movement in Funds

Group	1 April 2022 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
Care homes	14,407	2,932	(1,802)	(42)	-	410	15,905
Retirement living	4,757	266	(392)	-	-	48	4,679
Big Lottery Fund Grant	-	50	(50)	-	-	-	-
MHA Communities	3,150	3,837	(6,292)	-	-	(61)	634
Amenity funds	2,115	457	(400)	-	-	(62)	2,110
Other	-	-	-	-	-	-	-
	24,429	7,542	(8,936)	(42)	-	335	23,328

19c. Restricted income funds (current year)

Movement in Funds

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

19d. Restricted income funds (prior year)

Movement in Funds

Company	1 April 2022 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2023 £'000
Care homes	14,407	2,933	(1,802)	(42)	-	410	15,906
Retirement living	4,757	254	(380)	-	-	48	4,679
Big Lottery Fund Grant	-	50	(50)	-	-	-	-
MHA Communities	3,151	3,837	(6,292)	-	-	(61)	635
Amenity funds	2,074	443	(382)	-	-	(67)	2,068
Other	-	-	-	-	-	-	-
	24,389	7,517	(8,906)	(42)	-	330	23,288

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

Big Lottery Fund Grants of £39,000 (2023: £50,000) were received in the year to support MHA Communities schemes.

20. Net Assets by Fund

20a. Net Assets by Fund (current year)

Group	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2024 £'000
Fixed assets	303,648	15,893	675	320,216
Current assets	65,517	12,880	274	78,671
Current liabilities	(71,688)	(3,956)	-	(75,644)
Long term liabilities	(87,742)	-	-	(87,742)
Total Net Assets	209,735	24,817	949	235,501

20b. Net Assets by Fund (prior year)

Group	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000
Fixed assets	294,967	16,009	666	311,642
Current assets	78,708	11,053	259	90,020
Current liabilities	(52,599)	(3,734)	-	(56,333)
Long term liabilities	(113,614)	-	-	(113,614)
Total Net Assets	207,462	23,328	925	231,715

20c. Net Assets by Fund (current year)

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

20d. Net Assets by Fund (prior year)

Company	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2023 £'000
Fixed assets	236,604	16,009	666	253,279
Current assets	56,454	11,007	259	67,720
Current liabilities	(50,248)	(3,728)	-	(53,976)
Long term liabilities	(99,369)	-	-	(99,369)
Total Net Assets	143,441	23,288	925	167,654

21. Pensions and Similar Obligations

A defined benefit and contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 129 (2023: 146) employees. The contribution rate of MHA for the year varied between 3% and 6% depending on the employee's contribution, which is a minimum of 5%.

MHA operates a number of pension schemes;

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

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

The FRS102 disclosures below have been produced by TPT Retirement Solutions, the Group actuaries using the projected unit method to calculate the Scheme liabilities at 31 March 2024. No adjustments have been made to measure the defined benefit obligation at the reporting date to their valuation.

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

	2024 % pa	2023 % pa	2022 % pa	2021 % pa
Inflation (CPI)	2.9%	2.9%	3.3%	2.9%
Inflation (RPI)	3.2%	3.2%	3.6%	3.3%
Rate of increase in salaries	0.0%	0.0%	0.0%	0.0%
Rate of increase for pensions in payment	2.3%	2.3%	2.4%	2.3%
Rate of increase for deferred pensions	3.2%	3.2%	3.6%	3.3%
Discount rate	4.9%	4.9%	2.8%	2.1%

Pensions accrued before 1 January 2000 for members who joined the scheme before 1 November 1998 are subject to guaranteed fixed increases of 5% (2023: 5%) per annum in deferment and in payment.

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

Life expectancy	2024 S1PA Year of birth CMI22 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females	2023 S1PA Year of birth CMI21 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females	2022 S1PA Year of birth CMI20 with a minimum improvement of 1.3% p.a. for males and 1.3% p.a. for females	2021 S1PA Year of birth CMI19 with a minimum improvement of 1.3% p.a. for males and 1.0% p.a. for females
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The assumed life expectations on retirement age 65 are:

	2024 Years	2023 Years	2022 Years	2021 Years
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Pensioner currently aged 65:

Male	21.2	21.5	21.7	21.4
Female	23.8	23.9	24.1	23.4

Non-Pensioner currently aged 45:

Male	22.8	23.1	23.3	22.7
Female	25.2	25.4	25.6	24.9

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

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

	Fair value 2024 £'000	Fair value 2023 £'000
Equities	38	73
Government bonds	16,957	12,797
Property	5,125	6,886
Cash	1,901	580
Other	4,346	7,129
LDI	14,229	18,503
Total market value of assets	42,596	45,968
Present value of scheme liabilities	(42,597)	(42,858)
Surplus in the scheme	(1)	3,110
Effect of asset ceiling	-	(3,110)
Net pension asset/(liability) under FRS102	(1)	-

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

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

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

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

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

Analysis of amounts charged to net incoming resources

	2024 £'000	2023 £'000
Expenses	(165)	(170)
Expected return on scheme assets	2,187	1,820
Interest on pension scheme liabilities	(2,036)	(1,592)
Net income/(cost)	(14)	58
Interest on effect of asset ceiling	(151)	(228)
Total cost	(165)	(170)

Analysis of amount recognised as Actuarial gain/(loss)

	2024 £'000	2023 £'000
Actuarial gain/(loss) recognised in the Consolidated Statement of Financial Activities	32	(497)
Employer contribution adjustment	-	-
	32	(497)
Total (charge) to Consolidated Statement of Financial Activities	(133)	(667)
Cumulative actuarial losses	(13,517)	(13,549)

Statement of Financial Position impact	2024 £'000	2023 £'000
Present value of funded obligations	(42,597)	(42,858)
Fair value of scheme assets	42,596	45,968
(Deficit)/Surplus in the scheme at 31 March	(1)	3,110
Effect of asset ceiling	-	(3,110)
Net pension asset/(liability) under FRS102	(1)	-

Changes in the present value of the defined benefit obligation	2024 £'000	2023 £'000
Opening defined benefit obligation	42,858	58,279
Service cost	-	-
Interest cost	2,036	1,592
Actuarial (gains)	(165)	(14,993)
Net benefits paid	(2,132)	(2,020)
Closing defined benefit obligation	42,597	42,858

Changes in fair value of plan assets	2024 £'000	2023 £'000
Opening fair value of plan assets	45,968	66,222
Interest income	2,187	1,820
Actuarial (loss)	(3,394)	(20,551)
Contributions by employer	132	667
Net benefits paid	(2,132)	(2,020)
Expenses	(165)	(170)
Closing fair value of plan assets	42,596	45,968
Return on plan assets	(1,207)	(18,731)

- (ii) The previous Growth Plan (Series 1-3) is a multi-employer defined benefit scheme which is administered by TPT Retirement Solutions. The actuary has completed a tri-annual valuation as at 30 September 2021 showing a funding level of 98%. Additional contributions of £30,000 (2023: £30,000) were paid during the year.
- (iii) The contribution by the Group to the defined benefit scheme paid during the year amounted to £131,000 (2023: £667,000). Following the elimination of the funding shortfall the Trustee has agreed to the cessation of deficit contributions.
- (iv) The current growth plan (Series 4) is a multi-employer defined contribution scheme. Contributions paid during 2023/24 in respect of the defined contribution scheme were £256,000 (2023: £268,000).
- (v) During the year all employees were eligible to join the auto-enrolment scheme. The new scheme is compulsory for all employees who have not specifically opted out of the scheme. MHA contributes between 3%-6% of pensionable pay for all those included in the scheme. The contributions for the year were £3,791,000 (2023: £3,292,000).

22. Notes to the Cash Flow Statement

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

	2024 £'000	2023 £'000
Net income	4,597	(117,525)
Unrealised (gains)/losses on investment	(26)	105
Investment income	(1,364)	(968)
Interest charge	4,365	4,064
Profit on sale of retirement living housing	(11,758)	(3,200)
Depreciation charges	13,780	13,503
Amortisation	642	592
Impairment of fixed assets	(10,644)	112,378
Defined benefit scheme pension contributions paid in the year	(132)	(667)
Defined benefit scheme pension cost charged in the year	165	170
Decrease/(increase) in debtors	4,897	(3,372)
(Decrease)/increase in creditors and provisions	(5,247)	8,449
Net cash provided by operating activities	(725)	13,529

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

Cash and cash equivalents amounting to £274,000 (2023: £259,000) held in endowment funds are not available for use to further charitable activities as they are held for particular purposes and are intended to be permanent.

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

	2024 £'000	2023 £'000
(Decrease)/increase in cash and cash equivalents	(18,171)	(6,267)
Cash movement in borrowings	2,160	2,041
Change in net funds resulting from cash flows	(16,011)	(4,226)

Change in net funds resulting from non-cash flows	(135)	(138)
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Movement in net debt

Net debt as at 1 April	(23,034)	(18,670)
Net debt as at 31 March	(39,180)	(23,034)

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

	1 April 2023 £'000	Cash flow £'000	Non-cash changes £'000	31 March 2024 £'000
Cash at bank and in hand	68,963	(18,171)	-	50,792
Loans due within one year	(2,029)	2,160	(17,237)	(17,106)
Loans due after more than one year	(89,968)	-	17,102	(72,866)
	(23,034)	(16,011)	(135)	(39,180)

23. Group Structure

Methodist Homes has the following subsidiary undertakings:

Methodist Homes Housing Association Ltd

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

MHA Auchlochan Ltd (In administration)

Incorporation: Charity Registered Number SCO40155
Registered Number: SC352117
Registered Office: Auchlochan House, New Trows Road, Lesmahagow, ML11 0JS, United Kingdom
Principal activity: Charitable provision and management of residential Care Homes.

The one (2023: two) organisation is deemed to be a subsidiary of Methodist Homes by means of various intra-group agreements. MHAA was placed in administration on 2 May 2023.

	MHA Association Ltd		MHA Auchlochan Ltd	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Assets	65,222	67,770	-	13,147
Liabilities	(18,141)	(18,866)	-	(40,466)
Funds	47,081	48,904	-	(27,319)
Incoming resources	13,130	7,983	-	9,983
Resources expended	(14,953)	(12,048)	-	(34,061)
Movement in funds	(1,823)	(4,065)	-	(24,078)

24. Related party transactions

The Group operates a defined benefit scheme where MHA is the sponsoring employer. The contribution by the Group to the scheme paid during the year amounted to £131,000 (2023: £667,000).

During the financial year to 31 March 2024 no (2023: no) members of the ELT and the Board had close family members residing in the company's care homes.

Related party transactions with Group undertakings relate to recharges arising from operational activities. Amounts payable to Group undertakings include a formal loan of £11,000,000 (2023: £nil) which is interest bearing at a rate of SONIA + 2.2% per annum (2023: Nil) unsecured and repayable on demand and £418,000 (2023: £24,641,000) due from Group undertakings for recharges arising from operational activities which is not interest bearing, is unsecured and repayable on demand.

	2024 £'000	2023 £'000
Transactions		
Loan from subsidiary undertaking	(11,000)	-
Recharges to Group undertakings	418	(23,274)
Pension scheme – Defined Benefit	133	667
	(10,449)	(22,607)

	2024 £'000	2023 £'000
Balances		
Due to Group undertakings	(10,582)	-
Pension scheme – Defined Benefit	1	-
	(10,581)	-

25. Statement of Financial Activities for prior year

	Note(s)	Unrestricted Funds (restated) £'000	Restricted Funds £'000	Endowment Funds £'000	2023 £'000
Income and endowments from:					
Donations and legacies	2	3,510	3,602	-	7,112
Charitable activities					
Homes		217,262	1,160	-	218,422
Retirement living		39,657	251	-	39,908
MHA Communities		-	2,389	-	2,389
Other		25	1	-	26
Total charitable activities	3/5	256,944	3,801	-	260,745
Investments		821	139	8	968
Total		261,275	7,542	8	268,825
Expenditure on:					
Raising funds		741	-	-	741
Charitable activities					
Homes (restated)		256,205	2,151	-	258,356
Retirement living (restated)		114,573	442	-	115,015
MHA Communities		(193)	6,341	-	6,148
Other		3,372	2	2	3,376
Total charitable activities (restated)	5	373,957	8,936	2	382,895
Other	6	1,220	-	-	1,220
Total (restated)	4	375,918	8,936	2	384,856
Net (loss) on investments		-	(42)	(63)	(105)
(Loss) on disposals (restated)		(1,389)	-	-	(1,389)
Net income		(116,032)	(1,436)	(57)	(117,525)
Transfer between funds		(335)	335	-	-
Other recognised gains/(losses):					
Actuarial (loss) on defined benefit pension schemes	21	(497)	-	-	(497)
Other – interest rate swaps gains	15	3,505	-	-	3,505
Net movement in funds		(113,359)	(1,101)	(57)	(114,517)
Reconciliation of funds:					
Total funds brought forward	20	320,821	24,429	982	346,232
Total funds carried forward		207,462	23,328	925	231,715

26. Contingent assets and liabilities

MHA have been notified by the Trustees of the Methodist Homes for the Aged Final Salary Pension Scheme of legal uncertainties over the way in which historic scheme benefit changes have been applied to the scheme.

The scheme Trustee's legal advisor has carried out a review of the changes made and is now seeking direction from the High Court on the interpretation of the scheme rules and documentation against the benefit changes implemented. The Trustee has carried out a review of all schemes under its administration and concluded that the uncertainties are common amongst the majority of the schemes it administers.

The outcome of the High Court review is not expected to be known until late 2025. The estimated impact on scheme liabilities if the court rules that the changes have not been appropriately applied is £5.4m (2023:£5.4m).

The Group had no other contingent assets or liabilities at 31 March 2024 (2023: same).



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MHA is the trading name of a group of companies.

Methodist Homes is a registered Charity in England & Wales (No.1083995) and Company limited by Guarantee (No. 4043124) with registered office MHA, Epworth House, Stuart Street, Derby DE1 2EQ

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