



*Resident and care assistant relaxing in the sensory garden at MHA's dementia care home, Waterside House, in Wednesfield, Wolverhampton*

## MHA CARE GROUP REPORT AND ACCOUNTS 31 March 2010

Charity Registered No 1083994  
Company Registered No 4038631  
Registered Social Landlord No LH4300

FRIDAY



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437

COMPANIES HOUSE

### **Photos, front cover left to right:**

- 1 The redeveloped Bradbury Grange, MHA's residential, dementia and nursing care home in Whitstable, Kent*
- 2 Hairdressing salon at the redeveloped Homewood, MHA's residential and nursing care home in Leamington Spa*
- 3 Residents from Auchlochan Retirement Village enjoying a game of golf in South Lanarkshire, Scotland*
- 4 Resident and care assistant opening the advent calender at Moorland House, MHA's residential and nursing care home in Hathersage, Derbyshire*

### **Photos, back cover left to right:**

- 1 Resident and child playing together at Moorland House, MHA's residential and nursing care home in Hathersage, Derbyshire*
- 2 Bedroom at Woodlands, MHA's independent living with care scheme in Penrith, Cumbria*
- 3 Residents chatting and reading in the garden room at Rowanberries, MHA's independent living with care scheme in Clayton, Bradford*
- 4 Hydrotherapy pool at Anjulita Court, MHA's residential and nursing care home in Bedford*

## MHA CARE GROUP

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## MHA CARE GROUP

### OFFICERS AND ADVISORS

#### Patrons

The Rt Hon The Lord Archer of Sandwell QC (President)  
 Baroness Kathleen Richardson of Calow, OBE  
 Pam Rhodes

#### Board

	Born	Term of office		Committee memberships
		Start	Finish	
Chair				
Brian Coldwell, OBE	1932	2002		Succession Committee, Remuneration Committee, Audit Committee
Other Board Members				
Ebele Akoje	1969	2007	Jul 2009	Audit Committee,
Rev Anne Gibson	1947	Jul 2009		
David Hall	1941	2006		Pensions Committee
David Hobbs	1947	2006		Development Committee
Shelagh Morgan	1953	2006		Remuneration Committee
				Development Committee,
Rev Peter Mortlock	1945	Jan 2009		Remuneration Committee
Keith Salisbury	1946	2008		Remuneration Committee
Graham Smith	1950	2008		Development Committee

## **MHA CARE GROUP**

### **OFFICERS AND ADVISORS**

#### **Corporate Management Team**

Name	Born	Joined	Position
Rev Dr Keith Albans	1956	2001	Group Director - Chaplaincy & Spirituality
Carol Artis	1953	2005	Group Director - Operations
Jane Barker	1961	1999	Group Director - Strategic Partnerships
Lorelei Jarvis	1956	2008	Group Director - Housing and Care
Roger Davies	1959	1999	Group Chief Executive
Anna Marshall-Day	1972	2006	Group Director - People & Corporate Affairs
Paul Milner	1964	2002	Group Director - Finance
Steve Reynolds	1951	1999	Group Director - Service Improvement

#### **Company Secretary**

Anna Marshall-Day

#### **Registered Office**

MHA Care Group  
Epworth House  
Stuart Street  
DERBY  
DE1 2EQ

Tel (01332) 296200  
Fax (01332) 296925  
Email [enquiries@mha.org.uk](mailto:enquiries@mha.org.uk)  
Website [www.mha.org.uk](http://www.mha.org.uk)

#### **Charity Registered Number**

1083994

#### **Registered Social Landlord Number**

LH4300

#### **Company Registered in England and Wales Number**

4038631

## **MHA CARE GROUP OFFICERS AND ADVISORS**

### **Professional Advisors**

#### **Solicitors**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B2 2ES

#### **External Auditor**

Baker Tilly UK Audit LLP  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

#### **Bankers**

HSBC Plc  
70 Pall Mall  
London  
SW1Y 5EZ

AIB Group (UK) Plc  
61 Temple Row  
Birmingham  
B2 5LS

Nationwide Building Society  
Kings Park Road  
Moulton Park  
Northampton  
NN3 6NW

Barclays Bank Plc  
1 Snowhill  
Snowhill Queensway  
Birmingham  
B3 2WN

#### **Investment Advisors**

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

## MHA CARE GROUP

### BOARD OF DIRECTORS' REPORT

31 March 2010

#### 1. Structure, Governance and Management

##### Governing Document

MHA Care Group is a company limited by guarantee (Companies House No 4038631), a registered Charity (Registered Charity No 1083994) and a Registered Social Landlord (Tenant Services Authority No LH4300) It is governed by Memorandum and Articles of Association

MHA Care Group is responsible for strategic direction, policy and the employment of the senior management team The relationship between the Group members is defined in an Independence Agreement Management Agreements have been established whereby services provided by the Group parent to the subsidiaries are clearly defined

##### Organisational Structure

The Board consists of up to 12 Board Members, a third of whom are Methodist Church appointments, a third of whom are independent nominations and a third of whom are representatives from the Group's subsidiary organisations

The Board has the following committees

- The Audit Committee advises the Board on all matters relating to the annual financial statements, external audit, risk management and internal controls
- The Pensions Committee, which includes representatives of management and staff, advises the Board on the operation of the pension scheme
- The Remuneration Committee determines, on behalf of the Board, the remuneration of the corporate management team
- The Development Committee acts, under delegated authority from the Board, to approve expenditure on new developments and negotiated contracts
- The Board Succession Committee ensures that a full complement of Board Members with a wide and relevant range of skills and experience service the Board

The Board delegates the day-to-day operations to the Corporate Management Team who report back to the Board and various Committees

The Group complies with the NHF Code of Governance, subject to the following

- As an organisation concerned with older people, it is not considered appropriate to apply an age limit for Board members

##### Election and Appointment of Board Members

The Church appointees are formally appointed by the Conference of the Methodist Church

The Independent nominees are appointed by the Board at its annual general meeting

The representatives of the Group's subsidiary Boards are appointed by the subsidiary Boards

The recruitment of new Board Members is through a process of advertisement, application and interviews

## MHA CARE GROUP

### BOARD OF DIRECTORS' REPORT

31 March 2010

Board Members may serve for a maximum period of six consecutive years, subject to re-election during that period. The Chair may serve for a maximum period of nine years.

Members who served on the Board during the year are shown in the list of officers on page 4.

#### Induction and Training of Board Members

New Board Members receive full induction as set out in the Board Member Code of Conduct. A Board Member Reference Book is provided on appointment. This contains the constitutional documents along with policies and information relevant to the work of the Charity. In addition, all Board members are 'linked' with a local care home or housing scheme in order to get to know projects, residents, volunteers and staff and further develop understanding of the work of the organisation. Visits to local projects are also an annual feature of Board meetings. Training of all Board Members is provided in accordance with requirements and as a result of annual performance appraisals.

The Board Members decide the strategic aims of the Group. They do not undertake management tasks, though they hold to account those employed to perform management and executive functions. Decisions are taken in accordance with the instructions laid down in the Group's Standing Orders and related policy documents.

#### Patrons

We would like to take this opportunity to thank our patrons. Their support is invaluable in raising the profile of the organisation and helping us to reach out to more older people in need. Opening new projects, supporting national events and backing major capital appeals generates essential charitable income and the time and contribution given by our patrons is greatly appreciated.

#### Connected Charities

MHA Care Group works closely with its three subsidiary charitable organisations:  
Methodist Homes for the Aged (MHA)  
Methodist Homes Housing Association (Association)  
MHA Auchlochan (Auchlochan)

#### Risk Management

The Board oversees strategic risk annually with additional operational risk assessment through delegation to the Audit Committee. Risk control is exercised appropriately by Executive Directors undertaking a formal half yearly review of strategic and operational risks for their respective areas. Risk Management is embedded into the organisation by the Executive Director and Senior Managers cascading the risk reviews and obtaining feedback to inform the half yearly review.

The key risks likely to affect the Charity's ability to meet its objectives include the impact of the economic recession on the property market and the availability of funding affecting the ability to meet growth and financial performance targets, pension scheme liabilities could become



## MHA CARE GROUP

### BOARD OF DIRECTORS' REPORT

31 March 2010

unsustainable, seriously poor reputation at one or more projects and an existing or new subsidiary performs adversely to plan, undermining confidence of supporters and lenders  
These risks are monitored and appropriate actions taken

## 2 Objectives and Activities

The objects of MHA Care Group are to provide services for older people and other adults in need in the United Kingdom and elsewhere, particularly (but not limited to) those with mental illness or physical/learning disabilities by providing

- accommodation, and/or
- care and support services, and/or
- any other provision which may facilitate an improved quality of life

The Board has considered its response to the change to the law, as embodied in the Charities Act 2006, requiring that public benefit can no longer be presumed but must be demonstrated. In addition, they have had due regard for Charity Commission guidance on the subject. 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.

The services we provide are available to all financial backgrounds, on average the residents and service users are split broadly 50/50 into those that are fully self-funded and those that are partially or fully subsidised by another means, such as the local authority.

Our Mission is to improve the quality of life for older people, inspired by Christian concern.

Our Values underpin all our work and strategy. We are a Christian-based charity, combining professional standards and management with the highest levels of care and support for older people.

Our main objectives for the coming year

- to ensure the quality of services is maintained and enhanced,
- to develop our managers and staff to enhance their experience of working for MHA and enhance our service,
- to extend our services to more older people, and
- to reach out to other organisations of similar values who may wish to become part of MHA Care Group or receive our management services

The strategies to achieve these objectives and the measures of success are

- to upgrade some of our existing buildings to create a more attractive place to live, to time and budget,
- to build new Care Homes and apartments to a high standard, to time and budget,
- to provide personal development opportunities for managers and staff, to seek direct feedback and reductions in staff turnover and absence rates,
- to continue to develop our person-centred service for older people and seek user satisfaction improvements,
- to ensure each individual project providing Care Homes and apartments achieves quality and financial targets, and
- to take opportunities to develop partnerships with like-minded organisations

**MHA CARE GROUP**  
**BOARD OF DIRECTORS' REPORT**  
**31 March 2010**

Significant Activities

The significant activities undertaken are

i Residential, Dementia and Nursing Care Homes

24-hour person-centred care and support in specially designed accommodation, mostly with private en-suite bedrooms and spacious dining facilities, communal areas and gardens. Full and varied activity programmes are made available to meet the physical and spiritual needs of each individual.

ii Independent Living with Care (Sheltered Housing)

Purpose-built apartments with individual kitchen, bathroom, bedroom and living areas for independence and privacy coupled with shared areas for activities, social events and friendship, available for rent, shared ownership and purchase. The Manager organises cleaning and maintenance of the building and gardens and is also on hand to provide assistance, ensuring safety and security. Independent Living with Care offers the addition of 24-hour staffing to provide person-centred care and support to meet individual needs, including specialist dementia care.

iii Live at Home

Companionship, outings and help with shopping, nourishing hot meals and social activities organised by staff supported by volunteers - all designed to help older people stay independent and supported in their own home and community.

iv Consultancy Services to other charitable organisations

MHA Care Group provides management expertise in the day-to-day running of care homes and housing, managing operations on behalf of other organisations.

MHA CARE GROUP  
BOARD OF DIRECTORS' REPORT  
31 March 2010

3 Achievements and Performance

In 2009/10,  
We said we would

Here's what we did

Deliver a quality service

- Achieved quality ratings of 93% of our services at 'good' or 'excellent' from the Care Quality Commission, the independent regulator of care services in England
- Carried out an independent survey for those in our care homes, who gave a satisfaction level of 87%; those using our housing services gave a satisfaction rating of 88%
- MHA's own exacting Standards and Values Assessments of all care services show and achievement of 89%

Develop our services in the areas of well-being, chaplaincy, end of life, and dementia care

- Over 40 MHA staff now qualified in reflexology providing therapy to residents promoting relaxation
- Introduced a new initiative to employ music therapists to work intensively with people with dementia
- Continued to support a network of over 100 Chaplains providing individual pastoral support and worship services.
- Developed our 'Final Lap' training for staff to support older people and their families as they near the end of their life
- 30 Social Care Facilitators have undertaken a NAPA (National Association for Providers of Activities for Older People) Level 2 qualification

Establish firm foundations to develop Auchlochan Retirement Village

- Auchlochan, an established retirement village in Scotland, comprising four care homes and around 150 housing with care apartments, joined the Group in January 2009, enabling us to extend our special service to an extra 400 older people
- We have successfully re-financed to enable us to continue operating the Village into the future and plan future development.
- A clear governance structure has been established for Auchlochan to operate within MHA Care Group.

**MHA CARE GROUP**  
**BOARD OF DIRECTORS' REPORT**  
**31 March 2010**

In 2009/10,  
We said we would

Here's what we did:

Offer our special management services to similar organisations

- Provided management services to five smaller charities and faith-based non-profit organisations, delivering quality care for a further 290 older people

Develop purpose-built care homes with design features to meet the needs of today and tomorrow's older people

- Opened a state-of-the-art new Care Home in Bedford providing residential and dementia care for 62 older people.
- Developed two new Care Homes in Leamington Spa, Warwickshire and Whitstable, Kent to replace our existing buildings and deliver residential and dementia care to 100 older people

Extend our housing with 24-hour care offering a greater range of support for older people

- Completed the sale of our apartments in Penrith, Cumbria and Hitchin, Hertfordshire offering 53 new homes with around-the-clock care and support for older people
- Completed a new development of 51 apartments in Rhos on Sea in partnership with developer Adlington

Extend our 24-hour care services to some of our existing sheltered housing, subject to resident consultation

- We have converted six schemes to independent living with care to offer 24-hour personal care and support services including cleaning and catering for 246 residents

Invest in improving existing services so that buildings are maintained to the highest standards, complementing the care and support provided to older people

- Upgraded, extended and refurbished our home in Lytham, Lancashire to provide improved facilities for residents including sensory garden, assisted bathrooms and personal walk-in showers.
- Alterations and improvements, including the addition of five more places have been completed at two of our Care Homes in London
- Completed an extensive refurbishment programme throughout our housing properties to improve safety and security, upgrade heating and replace kitchens and bathrooms

**MHA CARE GROUP**  
**BOARD OF DIRECTORS' REPORT**  
**31 March 2010**

In 2009/10,  
We said we would

Here's what we did

Support staff to achieve the skills and knowledge required to serve older people

- Supported our care staff with 66% now qualified to NVQ level 2 or above
- Updated induction and foundation programme for care staff
- Extended innovative e-learning to all staff to include safeguarding of vulnerable adults, infection control, and MHA values
- Now successfully running the MHA 'Leadership Academy' enabling managers to progress to Masters degree level as well as other qualifications.
- Delivering a 'Top Achievers' Programme for 10 deputy managers and progressing a 'Developing Leaders' course

Provide a variety of community services to enable people to continue living in their own homes

- Supported our live at home initiative to help 8,000 older people remain independent and enjoy life

#### Employees, Equality and Diversity

MHA Care Group employs the Corporate Management Team, senior managers and staff working in supporting functions such as Finance, IT, Property, HR and Fundraising. The Group is fortunate in employing so many managers and staff who share our values and provide an exceptional service to older people, and we are grateful for their contribution.

The Board establish the objectives of the Group Chief Executive and monitor achievement.

The Board and Corporate Management Team work closely together to establish the right policy and strategic framework for our work. Performance objectives are established throughout the organisation and measured on a regular basis.

The Group is committed to achieving equality through diversity and its policies and strategies recognise that all people have the right to their own distinct and diverse identity. The Group recognises it has an obligation to make services more responsive to communities and individual needs, and aims to meet these diverse needs by having a diverse workforce that reflects the local population and has the skills and understanding to achieve service objectives. The Group has taken positive steps to adopt good policy and practice in employing people with disabilities.

# MHA CARE GROUP

## BOARD OF DIRECTORS' REPORT

31 March 2010

### 4 Financial Review

The Income and Expenditure account shows turnover for the year of £122.7m a 17.5% increase on the previous financial year. We exceeded our financial targets for the year as a result of increasing the number of care homes.

The net movement of funds of £15.2m is added to the total balances brought forward of £119.8m.

### Key Indicators

	2010/11 Target £m	2009/10 Target £m	2009/10 Actual £m	2008/09 Actual £m	2007/08 Actual £m	2006/07 Actual £m
Total income	133.0	110.2	122.7	104.4	93.1	76.8
Operating costs	119.2	95.2	106.1	89.2	77.4	65.0
Net interest charges	1.7	1.1	1.6	1.2	1.0	0.7
Surplus for the year	12.1	13.9	15.2	14.1	15.0	11.2
Service users - Homes	3,500	3,450	3,410	3,400	2,850	2,600
- Independent Living	1,840	1,800	1,840	1,700	1,450	1,300
- Community Services	8,000	8,000	8,000	8,000	8,000	8,000
Occupancy - Homes	95.0%	96.0%	95.7%	95.8%	95.9%	96.4%
- Independent Living	98.5%	98.5%	98.7%	99.2%	99.5%	99.6%
Service user satisfaction						
Charity	82%	80%	87%	80%	81%	81%
Housing Association	82%	80%	88%	78%	78%	88%
Cost of fundraising to charitable income	12.5%	12.2%	11.4%	11.7%	10.9%	13.7%

The pension scheme was closed on 31 March 2010. From 1 April 2010 a defined contribution scheme, Growth plan 4, is available to all employees.

## MHA CARE GROUP

### BOARD OF DIRECTORS' REPORT

31 March 2010

#### Reserves Policy

The Board of Directors have considered the level of reserves which should be maintained within the Group and this is reviewed annually. Such reserves are needed to cover, for example, working capital, the risk of possible shortfalls in charitable income and other contingencies. The Board considers that minimum reserves of cash and investments of approximately £6m are needed to cover such items, and to enable the Group to continue to operate to meet its charitable objectives. Actual reserves were £17.1m (2009 £14.7m).

The level of free reserves, excluding long-term loans (which have been taken out to finance the development programme), restricted and designated funds and those invested in fixed assets are £28.5m (2009 £29.4m). The reserves are intended for future service development.

#### Investment Policy

This policy covering investment objectives is reviewed half-yearly by the Audit Committee and has been drawn up with assistance from our investment advisors, the Central Finance Board of the Methodist Church (CFB), to cover the different types of funds held, as follows:

- General funds target to provide working capital in line with the reserves policy by investing 75% to 85% in equities (actual 15%) and 20%-25% in fixed interest securities (actual 4%), excluding a minimum cash balance of £2m.
- Restricted funds target (excluding Live at Home and Amenity Funds) investing 70%-75% in equities (actual 19%), 25%-30% in fixed interest securities (actual 13%) and 0%-5% in cash (actual 68%), excluding a minimum cash balance of £100,000.
- Permanent endowment funds target investing 100% (actual 93%) in fixed interest securities excluding a minimum cash balance of £100,000 (actual 7%).

The investments have been traded during the year, on the advice of the investment manager to comply with the Ethical Fundraising policy and the strong policies of the CFB on ethical investments, in order to move towards the agreed objectives.

The equity investments increased in value by 43% against FTSE All Share index of 47%.

The fixed interest investments increased in value between 4.0% and 4.4% against FTSE Short Gilt Index Composite Index of 2.6%.

#### Principal Funding Sources

MHA has arranged a loan facility with the Allied Irish Bank to draw up to £35.6m (£35.6m drawn). A further loan facility of £20m has been arranged with Barclays Bank Plc (not drawn down at 31 March 2010). The Association has arranged a loan facility with the Nationwide Building Society to draw up to £5m (£2.4m drawn). Auchlochan has arranged a loan facility with the Allied Irish Bank to draw up to £21.75m (£18.3m drawn). Fixed assets additions of £20.3m were financed by grants received of £1.5m and the balance of expenditure being met from reserves. This expenditure enables us to redevelop existing properties to meet new standards as well as to build new ones and extend services for older people.

## MHA CARE GROUP

### BOARD OF DIRECTORS' REPORT

31 March 2010

#### 5. Future Developments

The spread and range of services provided will be widened through the following planned developments

- Auchlochan Retirement Village – complete phase 2 of the Retreat to offer an additional 24 apartments and re-design the village centre
- Bedford – deliver 24-hour care and support services in brand new purpose-built apartments in partnership with Bedfordia
- Bexhill, East Sussex – complete the upgrade of Richmond Care Home
- Bristol – deliver services to 76 older people in a brand new purpose-built Care Home and independent living apartments
- Dovercourt, Essex – complete the re-provision of Alexandra Court Care Home and add a further 19 places for 24-hour care
- Falmouth – obtain planning and commence work on a major upgrade and extension of Langholme Care Home
- Harrogate – 29 apartments with 24-hour care and support
- Newport Pagnell – 51 apartments with 24-hour care and support
- Tankerton, Whitstable, Kent– complete the development of Bradbury Grange Care Home which will replace our existing Cliff Dene Care Home
- Wembley, Middlesex – obtain planning and commence work on a major upgrade and extension of Kenbrook care home
- We will seek to promote Live at Home-style services supporting more older people to live at home

#### Statement as to Disclosure of Information to Auditor

The directors who were in office on the date of approval of these statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor are unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.



**MHA CARE GROUP**  
**BOARD OF DIRECTORS' REPORT**  
**31 March 2010**

Auditor

A resolution to reappoint Baker Tilly UK Audit LLP, as auditor will be put to the members at the annual general meeting

The report of the board was approved on 15 July 2010 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Brian Coldwell', written in a cursive style.

**BRIAN COLDWELL**

Chair  
Epworth House  
Stuart Street  
Derby  
DE1 2EQ

## MHA CARE GROUP

### STATEMENT OF THE BOARD'S RESPONSIBILITIES

31 March 2010

#### Financial Statements

The Board of Directors is responsible for preparing the Directors' Board of Directors' Report and the financial statements in accordance with applicable law and regulations

Company law and Housing Association legislation requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the surplus or deficit of the group for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 group and the company will continue in business.

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

The Board of Directors is responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## MHA CARE GROUP

### STATEMENT OF THE BOARD'S RESPONSIBILITIES

31 March 2010

#### Internal Financial Control Assurance

The Board is responsible for the Group's systems of internal financial control. Such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

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

- **Control environment and procedures:**

The Board has approved Standing Orders, which establish clear management responsibilities in relation to financial control and limits to management discretion. Financial processes are supervised by staff with appropriate experience and qualifications.

- **Risk management:**

The Board has adopted Financial Strategies, which are 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 annually a rolling Three Year Plan, which incorporates an Annual Budget, and receives regular financial and management reports which identify variances from budget and key financial indicators.

- **Monitoring systems**

The Board has an Audit Committee, which reviews reports from management, external auditors and internal auditors 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 financial control for the year ended 31 March 2010 and until 15 July 2010. No weaknesses were found which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report of those financial statements.

# **MHA CARE GROUP**

## **INDEPENDENT AUDITOR'S REPORT TO**

### **THE MEMBERS OF MHA CARE GROUP**

We have audited the financial statements on page 22 to 51

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

#### **Respective Responsibilities of the Directors/Trustees and Auditors**

The Trustees' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of the Board's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. We also report to you whether in our opinion the information given in the Board of Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Statement of Officers and Advisers and the Board of Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of Audit Opinion**

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

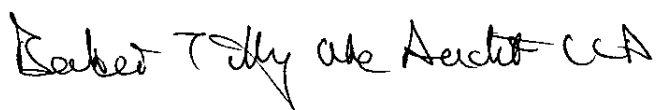
**MHA CARE GROUP**  
**INDEPENDENT AUDITOR'S REPORT TO**  
**THE MEMBERS OF MHA CARE GROUP**

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

**Opinion**

**In our opinion**

- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, Schedule 1 to the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006,
- the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 March 2010 and of the group's surplus for the year then ended, and
- the information given in the Board of Directors' Report is consistent with the financial statements



GARY MORETON (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP,  
Statutory Auditor

Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

15 July 2010

# MHA CARE GROUP

## CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2010

	Notes	2010		2009	
		£'000	£'000	£'000	£'000
Turnover					
Continuing Operations		122,652		102,893	
Acquisitions		-		1,542	
		<u>          </u>		<u>          </u>	
	2		122,652		104,435
Operating costs					
Continuing Operations before exceptional item		(104,382)		(87,706)	
Continuing Operations exceptional item 19		(1,700)		-	
Acquisitions		-		(1,535)	
		<u>          </u>		<u>          </u>	
	2		(106,082)		(89,241)
Operating surplus	6		16,570		15,194
Surplus on disposal of property assets	2		292		77
Deficit on sale of current assets			-		(11)
Investment income			405		785
Interest payable and similar charges	7		(2,031)		(1,956)
			<u>          </u>		<u>          </u>
Surplus recognised for the year	17		15,236		14,089
			<u>          </u>		<u>          </u>

The result for the year related wholly to continuing activities

## MHA CARE GROUP

### CONSOLIDATED STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2010


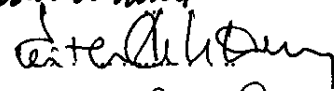
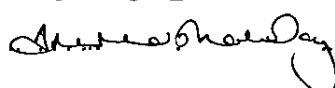
	Notes	2010 £'000	2009 £'000
Surplus for the year		15,236	14,089
Increase/(decrease) in market value of investments		702	(614)
Decrease in market value of investment property		-	(15)
Actuarial loss on pension scheme	19	(7,042)	(6,009)
		<hr/>	<hr/>
Total surpluses and losses recognised since last annual report		8,896	7,451
		<hr/>	<hr/>

**MHA CARE GROUP**  
**PARENT COMPANY BALANCE SHEET**  
**As at 31 March 2010**

		2010		2009	
	Notes	£'000	£'000	£'000	£'000
<b>Current assets</b>					
Debtors	11	1,049		459	
Cash at bank		424		812	
		<u>1,473</u>		<u>1,271</u>	
<b>Current liabilities</b>					
Creditors amounts falling due within one year	13	(428)		(469)	
		<u></u>		<u></u>	
<b>Net current assets</b>			1,045		802
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			1,045		802
			<u></u>		<u></u>
<b>Capital and reserves</b>					
Revenue reserves	17		1,045		802
			<u></u>		<u></u>

The above relates to MHA Care Group's own balance sheet and not that of its subsidiary companies

The financial statements on pages 22 to 51 were approved by the Board and authorised for issue on 15 July 2010 and signed on its behalf by

 (Board Member)  
 (Board Member)  
 (Secretary)



# MHA CARE GROUP

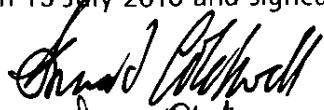
## CONSOLIDATED BALANCE SHEET

As at 31 March 2010

Company Registration No 4038631

	Notes	Group 2010		Group 2009	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible fixed assets					
Housing properties					
Gross cost	8	218,262		200,265	
Less Social Housing Grants	8	(33,528)		(34,592)	
Other Grants	8	(10,268)		(9,017)	
Depreciation	8	(18,926)		(15,319)	
		<u>155,540</u>		<u>141,337</u>	
Other	8	8,358		7,722	
			<u>163,898</u>		<u>149,059</u>
Investment properties	10		90		1,024
			<u>163,988</u>		<u>150,083</u>
<b>Current assets</b>					
Retirement housing stock		18,598		20,033	
Debtors	11	6,710		5,819	
Investments	12	3,988		3,286	
Cash at bank		19,618		17,150	
		<u>48,914</u>		<u>46,288</u>	
Creditors amounts falling due within one year	13	(15,422)		(11,116)	
<b>Net current assets</b>			<u>33,492</u>		<u>35,172</u>
<b>Total assets less current liabilities</b>			<u>197,480</u>		<u>185,255</u>
Pension liability	19		(16,208)		(9,325)
<b>Total assets less current liabilities including pension liability</b>			<u>181,272</u>		<u>175,930</u>
Creditors amounts falling due after more than one year	14		54,594		56,096
<b>Capital and reserves</b>					
Revaluation reserve	17	807		103	
Endowment reserve	17	797		799	
Restricted reserve	17	19,642		18,058	
Revenue reserve	17	105,432		98,822	
		<u>126,678</u>		<u>117,782</u>	
Negative Goodwill	16	-		2,052	
			<u>126,678</u>		<u>119,834</u>
			<u>181,272</u>		<u>175,930</u>

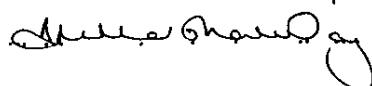
The financial statements on pages 22 to 51 were approved by the Board and authorised for issue on 15 July 2010 and signed on its behalf by



(Board Member)



(Board Member)



(Secretary)

**MHA CARE GROUP**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 March 2010

		2010		2009	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	20(a)		24,941		16,440
Returns on investments and servicing of finance					
Investment income		405		785	
Interest paid		(2,234)		(2,092)	
			(1,829)		(1,307)
Capital expenditure					
Housing properties		(20,089)		(16,730)	
Other fixed assets		(1,457)		(1,031)	
Investment properties		712		(205)	
Social Housing and other grants received		1,815		485	
Receipts on disposal of housing properties		370		117	
			(18,649)		(17,364)
Acquisitions					
Cash acquired with Auchlochan Trust			-		814
Net cash flow before use of liquid resources and financing			4,463		(1,417)
Management of liquid resources					
Payments to acquire investments		-		(492)	
Proceeds from sale of investments		-		492	
			-		-
			4,463		(1,417)
Financing					
Increase in loans		-		24,900	
Loans repaid		(1,997)		(17,811)	
			(1,997)		7,089
Increase in cash	20(b)		2,466		5,672

## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

#### 1. Principal Accounting Policies

##### Introduction and Accounting Basis

The financial statements of the Group are prepared under the historical cost accounting rules, with the exception of investments which are shown at market value, and in accordance with the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006, applicable United Kingdom accounting standards and the Statement of Recommended Practice (SORP) "Accounting by Registered Social Landlords 2008"

Investment properties are accounted for in accordance with SSAP 19, "Accounting for Investment Properties", which provides that these should be stated at open market value and not be subject to periodic depreciation charges (unless held on lease). This is contrary to the Companies Act 1985 which requires fixed assets to be depreciated. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act does not give a true and fair view as these assets are not held for consumption in the Group's activities but as investments, the disposal of which would not materially affect any charitable activities of the Group. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Details of the current value and historical cost information for investment properties are given in note 10.

##### Basis of Consolidation

The Group financial statements consolidate the financial statements of MHA Care Group and its subsidiary undertakings. Intra-group profits are eliminated on consolidation. Surpluses and deficits of companies entering or leaving the Group are included from the date of acquisition or up to the date of disposal. The net assets of subsidiaries acquired are included on the basis of their fair value at the date of acquisition being the date at which control passes.

The wholly controlled subsidiaries which are consolidated are:

Methodist Homes for the Aged - charity  
Methodist Homes Housing Association - RSL  
MHA Auchlochan - charity

## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

#### Turnover

Turnover represents the Group's rental and service charge income, donations, fees and certain revenue grants. All income is recognised on a receivable basis.

#### Donations, Legacies and Other Voluntary Income

Donations, legacies and other voluntary income are included in income when the Group is certain of receipt.

#### Retirement Housing Stock

Income and expenditure represents amounts relating to individual units sold during the year on a long-term lease. Unsold units and work in progress at the year end are treated as stock and are therefore valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

#### Operating Costs

Overheads relating to housing developments are capitalised and excluded from operating costs.

#### Shared Ownership and Staircasing

Development of shared ownership housing properties is dealt with under fixed assets in the same manner as for housing properties, except that costs relating to the first tranche sales are taken to current assets and costs relating to the remaining tranches are transferred to properties on completion.

Under shared ownership arrangements, the Group disposes of a long lease of share ownership housing units to persons who occupy them, at a consideration of between 50% and 100% of value. The occupier has the right to purchase further proportions at the current valuation up to 100%.

Upon sale, the first tranche proceeds are included within turnover and related costs charged to operating costs. Disposals of the second and subsequent staircasing tranches are treated as fixed asset disposals in the normal manner and the resultant profit, shown within "Surplus on sale of housing properties".

#### Apportionment of Management Expenditure

All Head Office staff are employed by MHA Care Group. Costs are shared on the basis of the proportion of time spent by each member of staff on work associated with each subsidiary. The Head Office premises are jointly occupied and office services are shared.

## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

Costs which cannot be directly and wholly attributed to one organisation are shared pro rata to salary costs

Within the financial statements of the Group, management expenses are allocated, again on the basis of the time spent, to four separate items

- i) Development
- ii) Management
- iii) Services
- iv) Maintenance

#### Tangible Fixed Assets and Depreciation

Housing properties, including properties under construction, are stated at cost less applicable Social Housing Grants and other grants

The cost of housing properties includes applicable overhead expenditure and capitalised interest. Interest on loans deemed to be financing a development is capitalised up to the date of practical completion of a scheme.

Housing properties in the course of development are stated at cost and are transferred into housing properties when completed.

Fixed assets with a cost of more than £10,000 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.

Land is stated at cost and is not depreciated.

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.

Computer equipment and motor vehicles are depreciated over three to five years except for minibuses financed from restricted funds, which are written off in the year of purchase.

#### Impairment

Where housing properties have suffered a diminution in value, the fall in value is recognised in the Income and Expenditure Account after taking account of any related social housing grant. An impairment review is carried out and appropriate impairment provisions made.

#### Social Housing Grants

Where housing developments have been financed wholly or partly by Social Housing Grants or other grants, the cost of these developments has been reduced by the amount of the grant received. Grants received in excess of the costs to date of schemes in the course of development are shown as current liabilities. Capital grants conditional on the occurrence of specific events are recognised when those events have occurred.

## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

Social Housing Grants are repayable under certain circumstances, primarily following sale of a property. Where property is charged, Social Housing Grant normally ranks as subordinated unsecured debt.

#### Investments

Investments in securities are shown in the financial statements at their market value at the balance sheet date. Changes in market value are recorded in the Statement of Total Recognised Surpluses and Deficits. Unrealised gains and losses are calculated based on the carrying value of investments in the Balance Sheet.

#### Cash and Cash Equivalents and Liquid Resources

Cash and cash equivalents comprise cash balances and deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Liquid resources are short-term investment deposits and receipts.

#### Revaluation Reserve

This reserve represents the unrealised surpluses arising from the revaluation of investments.

#### Restricted income funds

These balances represent voluntary income or grants from statutory authorities which have been received for purposes set out in note 16. 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.

#### 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: Defined Benefit Schemes

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' surplus or deficit on the balance sheet. Actuarial gains and losses for these schemes are included in the Statement of Total Recognised Surpluses and Deficits. Current and past service costs, curtailments and settlements are

## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

recognised within operating surplus. 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 Income and Expenditure account 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 balance sheet 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 balance sheet 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 balance sheet 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 Income and Expenditure Account as they become payable in accordance with the rules of the scheme.

#### Negative Goodwill

When fair value of the consideration is less than the fair value of the separable net assets acquired, the difference is treated as negative goodwill, which is capitalised and taken to reserves.

Negative goodwill is amortised in line with the assets giving rise to the goodwill.

#### Taxation

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

The Group is registered for VAT. Most of the Group's income (rents and grants) is exempt for VAT purposes.

## MHA CARE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

## 2 Turnover, Operating Surplus and Surplus Before Transfer of Funds

	Group 2010				Group 2009			
	Turnover	Cost of sales	Operating costs	Surplus / (Deficit)	Turnover	Cost of sales	Operating costs	Surplus / (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing								
Income and expenditure from services								
Housing accommodation	10,925	-	9,601	1,324	9,294	-	7,840	1,454
Care homes	91,082	-	79,746	11,336	79,802	-	71,654	8,148
Live at Home	1,778	-	2,960	(1,182)	1,617	-	2,715	(1,098)
	103,785	-	92,307	11,478	90,713	-	82,209	8,504
Other income and expenditure								
Charitable income	6,878	-	781	6,097	7,495	-	875	6,620
Retirement Housing	11,754	10,173	-	1,581	6,023	5,009	-	1,014
Other	235	-	1,121	(886)	204	-	1,148	(944)
Exceptional Pension cost (note 19)	-	-	1,700	(1,700)	-	-	-	-
	122,652	10,173	95,909	16,570	104,435	5,009	84,232	15,194
Sale of fixed assets	387	-	95	292	117	-	40	77
Sale of investment properties	712	-	712	-	-	-	-	-
	123,751	10,173	96,716	16,862	104,552	5,009	84,272	15,271
Deficit on sale of current assets				-				(11)
Investment income				405				785
Interest payable and similar charges				(2,031)				(1,956)
Surplus for the year				15,236				14,089



**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**3. Income and Expenditure from Services**

	Sheltered housing £'000	Care homes £'000	Live at Home £'000	2010 Total £'000	2009 Total £'000
<b>Income from services</b>					
Rents receivable net of identifiable service charges	3,702	-	-	3,702	3,404
Service income	2,540	-	-	2,540	2,069
Charges for support services	4,761	-	-	4,761	3,886
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross rents receivable	11,003	-	-	11,003	9,359
Less Rent losses from voids	(78)	-	-	(78)	(65)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net rents receivable	10,925	-	-	10,925	9,294
Other services income	-	91,082	1,778	92,860	81,393
Revenue grants from local authorities and other agencies	-	-	-	-	26
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total income from services</b>	<b>10,925</b>	<b>91,082</b>	<b>1,778</b>	<b>103,785</b>	<b>90,713</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Expenditure from services</b>					
Management	774	5,461	292	6,527	5,314
Services	1,883	-	-	1,883	1,625
Support services costs	5,534	67,884	2,668	76,086	67,538
Routine maintenance	465	1,507	-	1,972	2,220
Planned maintenance	24	272	-	296	317
Major repairs	258	1,349	-	1,607	1,749
Bad debts	5	(14)	-	(9)	94
Depreciation	658	3,287	-	3,945	3,352
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total expenditure on services</b>	<b>9,601</b>	<b>79,746</b>	<b>2,960</b>	<b>92,307</b>	<b>82,209</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Operating surplus/(deficit) on services</b>	<b>1,324</b>	<b>11,336</b>	<b>(1,182)</b>	<b>11,478</b>	<b>8,504</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

#### 4 Staff

Average monthly number employed including the Group Chief Executive (Full-time equivalent)	2010 Number	2009 Number
Care homes	2,820	2,502
Sheltered housing	240	257
Live at Home	81	80
Office staff	132	139
	<u>3,273</u>	<u>2,978</u>

No employees earned over £60,000 excluding pension contributions during the year (2009 Nil)

Group staffing costs including directors' emoluments	£'000	£'000
Wages and salaries	59,633	52,390
Social security costs	3,890	3,687
Other pension costs	1,589	2,089
Exceptional pension cost (note 19)	1,700	-
	<u>66,812</u>	<u>58,166</u>

**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**5. Directors' Emoluments**

The directors of the company under housing association legislation comprise the Board members, the Group Chief Executive and senior members of the management team

	2010 £'000	2009 £'000
Directors' emoluments		
Including pension contributions and benefits in kind	817	788
Highest paid director	<u>          </u>	<u>          </u>
Excluding pension contributions (Group Chief Executive)	<u>132</u>	<u>117</u>

Number of Directors to whom emoluments (including benefits in kind but excluding pension contributions) were paid during the year and whose emoluments fall within the following bands

	2010 Number	2009 Number
Nil*	9	10
Between £10,001 and £20,000	1	-
Between £20,001 and £30,000	-	-
Between £30,001 and £40,000	-	-
Between £40,001 and £50,000	-	2
Between £50,001 and £60,000	2	2
Between £60,001 and £70,000	-	1
Between £70,001 and £80,000	2	-
Between £80,001 and £90,000	1	2
Between £90,001 and £100,000	2	1
Between £100,001 and £110,000	-	-
Between £110,001 and £120,000	-	1
Between £130,001 and £140,000	1	0
	<u>          </u>	<u>          </u>
	2010 £'000	2009 £'000
The Directors were reimbursed expenses not chargeable to United Kingdom Income Tax amounting to	<u>64</u>	<u>53</u>

The Group Chief Executive is an ordinary member of the Group pension scheme (see note 19) and not subject to any enhanced or special terms nor does the Group make any contribution to an individual pension

\* Board members received no emoluments for their services

**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**6 Operating Surplus**

	2010 £'000	2009 £'000
Stated after charging/(crediting)		
Housing properties depreciation	3,625	2,907
Depreciation on other tangible fixed assets	870	764
External Auditor's remuneration (including VAT) – parent company	14	4
External Auditor's other services (including VAT)		
• Audit of subsidiaries	59	35
• Other services pursuant to legislation	9	10
• Tax services	40	36
Internal Auditor's remuneration (including VAT)	9	9
Amortisation of negative goodwill	(52)	(20)
	<u>          </u>	<u>          </u>

**7 Interest Payable and Similar Charges**

	2010 £'000	2009 £'000
On bank loans repayable wholly or partly in more than 5 years	1,464	1,728
On other loans repayable wholly or partly in more than 5 years	24	25
Other finance charges	543	203
	<u>          </u>	<u>          </u>
	2,031	1,956
	<u>          </u>	<u>          </u>

**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**8 Group Tangible Fixed Assets**

Housing properties	Residential Care Homes £'000	Housing Properties held for letting £'000	Housing Properties under development £'000	Total £'000
<b>Cost</b>				
At 1 April 2009	131,630	68,477	158	200,265
Additions during the year	16,867	1,952	1,525	20,344
Transfer to other fixed assets	(49)	-	-	49
Additional fair value adjustment	(808)	-	-	(808)
Disposals during the year	-	(1,473)	-	(1,473)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	147,623	68,956	1,683	218,262
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Social Housing Grants</b>				
At 1 April 2009	-	34,592	-	34,592
Disposals during the year	-	(1,064)	-	(1,064)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	-	33,528	-	33,528
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Grants</b>				
At 1 April 2009	-	8,984	33	9,017
Received during the year	-	14	1,550	1,564
Disposals during the year	-	(313)	-	(313)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	-	8,685	1,583	10,268
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 April 2009	12,317	3,002	-	15,319
Charge for year	3,002	623	-	3,625
Disposals during the year	-	(18)	-	(18)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2010	15,319	3,607	-	18,926
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 March 2010	132,304	23,136	100	155,540
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2009	119,313	21,899	125	141,337
	<hr/>	<hr/>	<hr/>	<hr/>

**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**8 Group Tangible Fixed Assets (continued)**

Included within housing properties and residential care homes above is land of £26,686,000 (2009 £28,787,000) which is not depreciated

Additions to housing properties includes capitalised interest of £114,000 (2009 £133,000) The cumulative amount of capitalised interest included is £3,145,000 (2009 £3,031,000) Also within additions is project management costs of £59,000 (2009 £27,000)

Housing properties comprise		2010 £'000	2009 £'000
Freehold		143,366	134,049
Long leasehold		12,174	7,288
		<hr/>	<hr/>
		155,540	141,337
		<hr/> <hr/>	<hr/> <hr/>
Other	Freehold offices	Furniture equipment & vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 April 2009	2,317	8,183	10,500
Additions	21	1,436	1,457
Transfer from fixed assets	-	49	49
	<hr/>	<hr/>	<hr/>
At 31 March 2010	2,338	9,668	12,006
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 April 2009	547	2,231	2,778
Charge for the year	54	816	870
	<hr/>	<hr/>	<hr/>
At 31 March 2010	601	3,047	3,648
	<hr/>	<hr/>	<hr/>
Net book value			
31 March 2010	1,737	6,621	8,358
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 April 2009	1,770	5,592	7,722

# MHA CARE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 9 Capital Commitments

	Group	
	2010	2009
	£'000	£'000
Expenditure contracted, less certified	15,411	13,175
Expenditure authorised by the Board, but not contracted	8,252	10,244
	<u>23,663</u>	<u>23,419</u>

### 10 Investment Properties

	2010 Group £'000	2009 Group £'000
Freehold land and buildings – UK		
Value at 1 April	1,024	90
Acquired from Auchlochan Trust	-	744
Additions	-	205
Adjustment arising on revaluation	-	(15)
Disposal	(712)	-
Additional fair value adjustment	(222)	-
	<u>90</u>	<u>1,024</u>
Value at 31 March	90	1,024
	<u>35</u>	<u>779</u>
Cost at 31 March	35	779

Investment Properties were valued at 31 March 2009 by Pinders Professional & Consultancy Services Limited, Chartered Surveyors, on the basis of market value. The directors do not consider the market value at 31 March 2010 to be materially different from the value at 31 March 2009.

### 11 Debtors

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Arrears of rent and services	5,834	4,756	-	-
Other debtors	876	1,063	204	38
Amounts due from subsidiary undertakings	-	-	845	421
	<u>6,710</u>	<u>5,819</u>	<u>1,049</u>	<u>459</u>

**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**12 Investments**

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Methodist Church Central Finance Board (Unlisted)				
Equity units	2,408	1,729	-	-
Fixed Interest units	1,580	1,557	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Market value at 31 March	3,988	3,286	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Cost at 31 March	3,642	3,642	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**13 Creditors: Amounts falling due within one year**

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade creditors	1,023	1,911	210	258
Advance payments of rent and service charges	2,973	2,085	-	-
Taxation and social security	1,835	1,296	111	103
Pension Scheme Buyout debt	1,700	-	-	-
Accruals and deferred income	1,921	2,916	-	-
Social Housing Grant in advance of expenditure	679	428	-	-
Housing loans – interest	98	252	-	-
Housing loans – principal	-	4	-	-
Banking loans – principal	1,187	1,678	-	-
Other creditors	4,006	546	107	108
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	15,422	11,116	428	469
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

#### 14. Creditors Amounts falling due after more than one year

	Group	
	2010	2009
	£'000	£'000
Loans		
Between one and two years	3,196	3,431
Between three and five years	5,956	5,202
In five years or more	45,442	47,463
	<hr/>	<hr/>
	54,594	56,096
	<hr/>	<hr/>

The loans are secured on certain care home and housing properties

The interest rates payable on this loan are as follows

- £5,000,000 is fixed at a rate of 5.87% until February 2014,
- £5,000,000 is fixed at a rate of 5.52% until August 2015,
- £5,000,000 is fixed at a rate of 5.327% until June 2016,
- £5,000,000 is payable at LIBOR but limited within the range of 5.675% to 6.775% including a margin until November 2017,
- £2,961,000 is fixed at a rate of 5.44% until June 2018,
- £3,772,000 is payable at a weighted interest rate of 4.85%,
- £8,931,000 is payable at LIBOR plus a margin of 1%,
- £18,930,000 is payable at a margin of 0.775% above LIBOR

The loans are repayable as follows

- on £8,931,000 there is a repayment holiday until 2012, then equal quarterly instalments until December 2024
- £45,663,000 is payable in varying instalments until 2049

#### 15 Share Capital

The company is limited by guarantee and has no share capital

# MHA CARE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 16 Negative Goodwill Reserve

On 6 January 2009 MHA Auchlochan, a subsidiary of the Group acquired the trade, assets and liabilities of Auchlochan Trust. The transaction has been accounted for using the acquisition method of accounting. The net assets acquired on the transaction and the negative goodwill arising are as follows

	Book Value £'000	Fair Value Adjustment £'000	Additional Fair Value Adjustment £'000	Fair Value £'000
Residential Care Homes	16,410	(590)	(510)	15,310
Housing Properties	290	-	(40)	250
Other Fixed Assets	284	-	(258)	26
Retirement Housing Stock	2,119	-	(132)	1,987
Investment properties	744	-	(222)	522
Debtors	572	-	(270)	302
Cash at bank	814	-	-	814
Creditors	(720)	-	(568)	(568)
	<u>20,513</u>	<u>(590)</u>	<u>(2,000)</u>	<u>17,923</u>
Loans	(17,666)	-	-	(17,666)
	<u>2,847</u>	<u>(590)</u>	<u>(2,000)</u>	<u>257</u>
Consideration and acquisition costs				(185)
Negative goodwill arising on acquisition				72
Amortised in the period				(20)
Negative goodwill at 31 March 2009				52
Amortised in the year to 31 March 2010				(52)
Negative goodwill at 31 March 2010				-

An adjustment of £0.6m was made on acquisition to reflect a reduction in bed numbers at one of the care homes. During the year a reassessment has been made of the carrying value of all properties, homes and facilities, recoverability of debtors and adequacy of provisions. As a result the Association has reduced the book values by a further £2m to reflect the fair trade value of assets acquired.

# MHA CARE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 17 Group Reserves

	Revaluation Reserve £'000	Endowment Reserve £'000	Restricted Reserve Charitable Funds £'000	Revenue Reserve £'000	Total £'000
At 1 April 2009	103	799	18,058	98,822	117,782
Surplus for the year	-	-	1,584	13,652	15,236
Actuarial loss	-	-	-	(7,042)	(7,042)
(Deficit)/surplus on revaluation of assets	704	(2)	-	-	702
	<u>807</u>	<u>797</u>	<u>19,642</u>	<u>105,423</u>	<u>126,678</u>
At 31 March 2010	807	797	19,642	105,423	126,678

The restricted reserves relate to amounts donated or raised for use on specific homes or schemes

#### Company

At 1 April 2009	802
Surplus for the year	243
	<u>1,045</u>
At 31 March 2010	1,045

MHA Care Group is exempt from the requirement to produce a separate income statement. The company's surplus for the year to 31 March 2010 amounted to £243,000 (2009 £114,000)

## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

#### 18 Contingent Liabilities

The Group had sold certain retirement housing stock where a guarantee has been given to the purchaser to buy back the property at an amount of 95% of the price paid by the purchaser. At 31 March 2010, the Group had commitments amounting to £11,662,000 (2009 £3,558,000) in respect of these properties.

#### 19. Pensions and Similar Obligations

During the year the Group operated four pension schemes, three defined benefit schemes and a defined contribution scheme, all administered by The Pensions Trust but with effect from 31 March 2010 all these schemes were closed. From 1 April 2010 a defined contribution scheme, Growth Plan 4, is available to all employees. The Pensions Advisory Committee advises the Board on the operation of the pension schemes.

- (i) A defined benefit scheme, which is a funded scheme, with the assets held in separate trustee administered funds.

The financial assumptions used to calculate the group's scheme liabilities under FRS 17, "Retirement Benefits", are as follows:

	2010 % pa	2009 % pa	2008 % pa
Inflation	3.50	2.70	2.90
Rate of increase in salaries	5.00	4.20	4.40
Rate of increase for pensions in payment	2.30*	2.10*	2.25*
Rate of increase for deferred pensions	3.50*	2.70*	2.90*
Discount rate	5.50	6.70	6.60
Expected return on scheme assets	6.97	6.76	6.80

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

# MHA CARE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 19. Pensions and Similar Obligations (continued)

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

	2010	2009	2008
Life expectancy	SAPS All Pensioners	SAPS All Pensioners	PMA92C2027MC
	Year of birth projection	Year of birth projection	(non-pensioners)
	long cohort with a 1%	long cohort with a 1%	
	minimum level of	minimum level of	PFA92C2015MC
	improvement	improvement	(pensioners)

The assumed life expectations on retirement age 65 are

	2010	2009	2008
	Years	Years	Years
Pensioner currently aged 65			
Male	22.4	22.3	21.6
Female	25.1	25.0	24.4
Non-Pensioner currently aged 45			
Male	24.5	24.4	22.4
Female	27.1	27.0	25.7

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, on gross redemption yields at the balance sheet 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 balance sheet date were

	2010		2009	
	Fair Value	Long-term rate of return expected	Fair Value	Long-term rate of return expected
	£'000	%	£'000	%
Equities	15,782	8.40	11,754	8.20
Government bonds	10,611	4.87	7,592	5.16
Property	1,604	7.40	1,463	8.20
Cash	271	0.50	392	0.50
Total market value of assets	28,268	6.94	21,201	6.97
Present value of scheme liabilities	(44,476)		(30,526)	
Deficit in the scheme	(16,208)		(9,325)	

The last formal valuation of the scheme was performed as at 30 September 2007 by a professionally qualified actuary. For the purpose of FRS 17, the valuation has been updated as at 31 March 2010.

**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**19 Pensions and Similar Obligations (continued)**

The Group has contributed at the rate of 20.9% of pensionable salaries over the accounting period, including member's contributions of 9.6%. The actuary has confirmed that the existing contribution level can continue given the deficit which is forecast to be removed within 10 years.

Under the transitional arrangements of FRS 17, the Group's pension charge for the year calculated under FRS 17 assumptions is included in the financial statements.

Analysis of amounts charged to operating surplus	31 March 2010 £'000	31 March 2009 £'000
Current service cost	628	774
	<hr/>	<hr/>
Analysis of amounts charged to other finance income	31 March 2009 £'000	31 March 2008 £'000
Expected return on scheme assets	1,504	1,712
Interest on pension scheme liabilities	(2,047)	(1,915)
	<hr/>	<hr/>
Net cost	(543)	(203)
	<hr/>	<hr/>
Analysis of amount recognised in the Statement of Total Recognised Surpluses and Deficits	31 March 2010 £'000	31 March 2009 £'000
Actuarial loss recognised in the year	(7,042)	(6,009)
	<hr/>	<hr/>
Actuarial loss recognised in the Statement of Total Recognised Surpluses & Deficits	(7,042)	(6,009)
	<hr/>	<hr/>
Balance sheet impact	2010 £'000	2009 £'000
Present value of funded obligations	(44,476)	(30,526)
Fair value of scheme assets	28,268	21,201
	<hr/>	<hr/>
Deficit in scheme at 31 March	(16,208)	(9,325)
	<hr/>	<hr/>

# MHA CARE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 19. Pensions and Similar Obligations (continued)

#### Changes in the present value of the defined benefit obligation

	2010 £'000	2009 £'000
Opening defined benefit obligation	30,526	28,806
Service cost	628	774
Interest cost	2,047	1,915
Contributions by employees	607	653
Actuarial losses/(gains)	11,846	(624)
Net benefits paid including expenses	(1,178)	(998)
	<hr/>	<hr/>
Closing defined benefit obligation	44,476	30,526
	<hr/>	<hr/>

#### Changes in the fair value of plan assets

	2010 £'000	2009 £'000
Opening fair value of plan assets	21,201	24,530
Expected return	1,504	1,712
Actuarial gains/(losses)	4,804	(6,633)
Contributions by employer	1,330	1,937
Contributions by employees	607	653
Net benefits paid including expenses	(1,178)	(998)
	<hr/>	<hr/>
Closing fair value of plan assets	28,268	21,201
	<hr/>	<hr/>
Actual return on plan assets	6,308	(4,921)
	<hr/>	<hr/>

# MHA CARE GROUP

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

### 19. Pensions and Similar Obligations (continued)

History of experience gains and losses	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000	31 March 2007 £'000	31 March 2006 £'000
Defined benefit obligation	(44,476)	(30,256)	(28,806)	(30,585)	(30,023)
Scheme assets	28,268	21,201	24,530	23,825	21,992
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Deficit	16,208	(9,325)	(4,276)	(6,760)	(8,031)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Experience gains and losses on scheme liabilities					
- Amount	175	105	(1,707)	123	111
Actual return less expected return on scheme assets					
- Amount	4,804	(6,663)	(2,326)	(109)	2,561

(ii) Career Average Revalued Earnings ("CARE") defined benefit scheme, administered by the Pensions Trust which provides guaranteed benefits on earnings revalued by inflation. The Association currently contributes 10% to the scheme. This is not accounted for in accordance with FRS 17 because, in the opinion of the Board, it is not considered significant to the financial statements of the group and is therefore accounted for as a defined contribution scheme. The Scheme was closed on 31 March 2010. The cost of buying out these arrangements is not included in the financial statements as the amount is not considered material.

(iii) The Growth Plan is a multi employer scheme, which is administered by The Pensions Trust. Contributions paid into the Growth Plan up to and including September 2001 were converted into defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by purchase of an annuity.

The most recent valuation for which information is available was in September 2008 which valued the scheme's assets at £742m. At this date the scheme had a total membership of 41,137. The valuation revealed a shortfall of assets compared with the value of liabilities of some £29m (equivalent to a past service funding level of 96%). The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions.

The financial assumptions underlying the valuation at 30 September 2008 were as follows

% p a

- Investment return pre retirement	7.6
- Investment return post retirement	5.6
- Bonuses on accrued benefits	0.0
- Rate of price inflation	3.2

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers, accordingly, due to the nature of the scheme, the accounting charge for the period under FRS 17 represents the employer's contribution payable. The charge to MHA for the year covered 6 (2008/7) employees. The contribution rate of MHA for the year ended 31 March 2008 was 9.5% and for the employees at rates varying between 4.5% and 6.0% depending on their age.



## MHA CARE GROUP

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

#### 19 Pensions and Similar Obligations (continued)

##### iv) Social Housing Pension Scheme (SHPS)

MHA participates as a contributing member of an industry-wide multi employer Social Housing Pension Scheme which is administered by the Pensions Trust. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent valuation for which information is available was in September 2008 which valued the scheme's assets at £1,527m. At this date the scheme had a total membership of 47,877. The valuation revealed a shortfall of assets compared with the value of liabilities of some £663m (equivalent to a past service funding level of 70%). The assumptions which have the most significant effect on the results of the valuation are those relating to the investment return pre and post retirement and the rates of increase in salaries and pensions.

The financial assumptions underlying the valuation at 30 September 2008 were as follows:

	% p a
- Investment return pre-retirement	7.8
- Investment return post-retirement (pensioners)	5.6
- Investment return post-retirement (non pensioners)	6.2
- Pensionable earnings growth	4.7
- Rate of pension increase - post 88 GMP	2.8
- Rate of pension increase - excess over GMP	3.0
- Rate of price inflation	3.2

It is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers; accordingly, due to the nature of the scheme, the accounting charge for the period under FRS 17 represents the employer's contribution payable.

The charge to MHA for the year covered 31 (2009: 37) employees. The contribution rate of MHA for the year ended 31 March 2010 was 12.4% and for the employees at rates varying between 5.0% and 7.0% depending on their age. This scheme has been closed to new entrants.

The Scheme was closed on 31 March 2010 and the cost of buying out the pension arrangements at 30 September 2009 was estimated at £1,700,000 as set out in notes 4 and 13.

From 1 April 2010 a defined contribution scheme, Growth Plan 4, is available to all employees.

- v) The contribution by the Group to all pension schemes during the year including a lump sum payment of £nil (2009: £500,000) amounted to £1,582,000 (2009: £2,089,000).

**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**20. Notes to the Cash Flow Statement**

**a) Reconciliation of operating surplus to operating cash flows**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Operating surplus	16,570	15,194
Depreciation	4,495	3,671
Amortisation of negative goodwill	(52)	(20)
Pension contributions paid in the year	(1,330)	(1,937)
Pension contributions charged in the year	628	774
Increase in retirement housing stock	1,655	(2,346)
Decrease in debtors	(1,161)	389
Increase in creditors	4,136	715
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>24,941</b>	<b>16,440</b>
	<hr/>	<hr/>

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

**b) Reconciliation of net cash flow to movement in net debt**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Increase in cash	2,466	5,672
Net cash inflow from decrease/(increase) in debt	1,997	(7,089)
	<hr/>	<hr/>
<b>Change in net debt resulting from cash flows</b>	<b>4,463</b>	<b>(1,417)</b>
Loan indexation	2	(11)
Increase/(decrease) in market value of current asset investment	702	(625)
Loans transferred from Auchlochan Trust	-	(17,666)
	<hr/>	<hr/>
<b>Movement in net debt</b>	<b>5,167</b>	<b>(19,719)</b>
Net debt at 1 April	(37,342)	(17,623)
	<hr/>	<hr/>
<b>Net debt at 31 March</b>	<b>(32,175)</b>	<b>(37,342)</b>
	<hr/>	<hr/>

**MHA CARE GROUP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2010**

**20 Notes to the Cash Flow Statement (continued)**

**c) Analysis of changes in net debt**

	<b>1 April 2009 £'000</b>	<b>Cash flow £'000</b>	<b>Other changes £'000</b>	<b>31 March 2010 £'000</b>
Cash at bank and in hand	17,150	2,468	-	19,618
Current asset investments	3,286	-	702	3,988
Debt due within one year				
Housing loans – principal	(4)	4	-	-
Bank loans – principal	(1,678)	1,993	(1,502)	(1,187)
Debt due after more than one year				
Housing loans – principal	(146)	-	5	(141)
Bank loan	(55,950)	-	1,497	(54,453)
	<u>(37,342)</u>	<u>4,465</u>	<u>702</u>	<u>(32,175)</u>

**21 Units in Management**

	<b>2010</b>	<b>2009</b>
Supported housing and housing for older people	1,798	1,763
Care homes	2,400	2,354
	<u>4,198</u>	<u>4,117</u>
Total social housing units	4,198	4,117
Nursing homes	1,016	1,000
	<u>5,214</u>	<u>5,117</u>