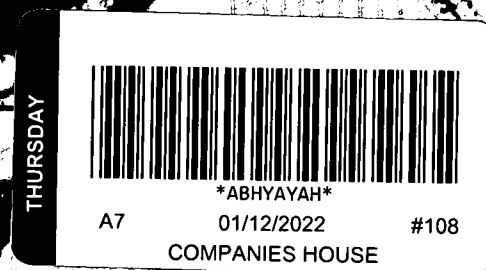




Methodist Homes Report and Financial Statements

31 March 2022

Charity Registered No. 1083995
Company Registered No. 04043124



Mission, vision and values

Our Mission

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

Our Vision

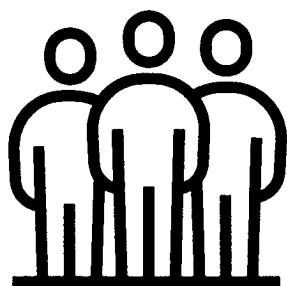
By 2025, we will have connected our communities, realising our potential as OneMHA, to increase the reach, impact and quality of care and support we provide to people in later life.

Our Values


We respect every person, treating them with dignity.

We nurture mind, body and spirit.

We inspire the best in each other.



6,509
staff

100% 
retirement living schemes
rated ‘outstanding’ or
equivalent

92%
care homes rated
‘outstanding’ or equivalent

91% 
of care home residents
satisfied with their care
AND

84%
of residents satisfied
with their retirement
living scheme as a
place to live

£251m income 
£233m expenditure

50 MHA 
Communities
hubs



19,212
older people served



89
care homes



70
retirement living
communities



3,200
volunteers

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Our priority this year was to focus on our Covid Recovery Plan and our four strategic objectives, making sure we continued to manage the day-to-day implications of Covid-19 on all our homes, schemes and teams, whilst rebuilding and reimagining our services.
”

Board of Directors' report, including strategic report

The success of vaccinations against Covid-19 meant we started the year on a far more optimistic note than we did 12 months ago. But the year was not without its challenges, which colleagues, volunteers, residents and members faced with fortitude, compassion and dedication.

Although not at the levels seen in previous years, we sadly lost more residents and colleagues to Covid-19. Our thoughts and prayers are with all their family and friends and we remembered them on our second MHA Memorial Day in September 2021.

Our priority this year was to focus on our four strategic objectives and our Covid Recovery Plan, making sure we continued to manage the day-to-day implications of Covid-19 on all our homes, schemes and teams, whilst rebuilding and reimagining our services.

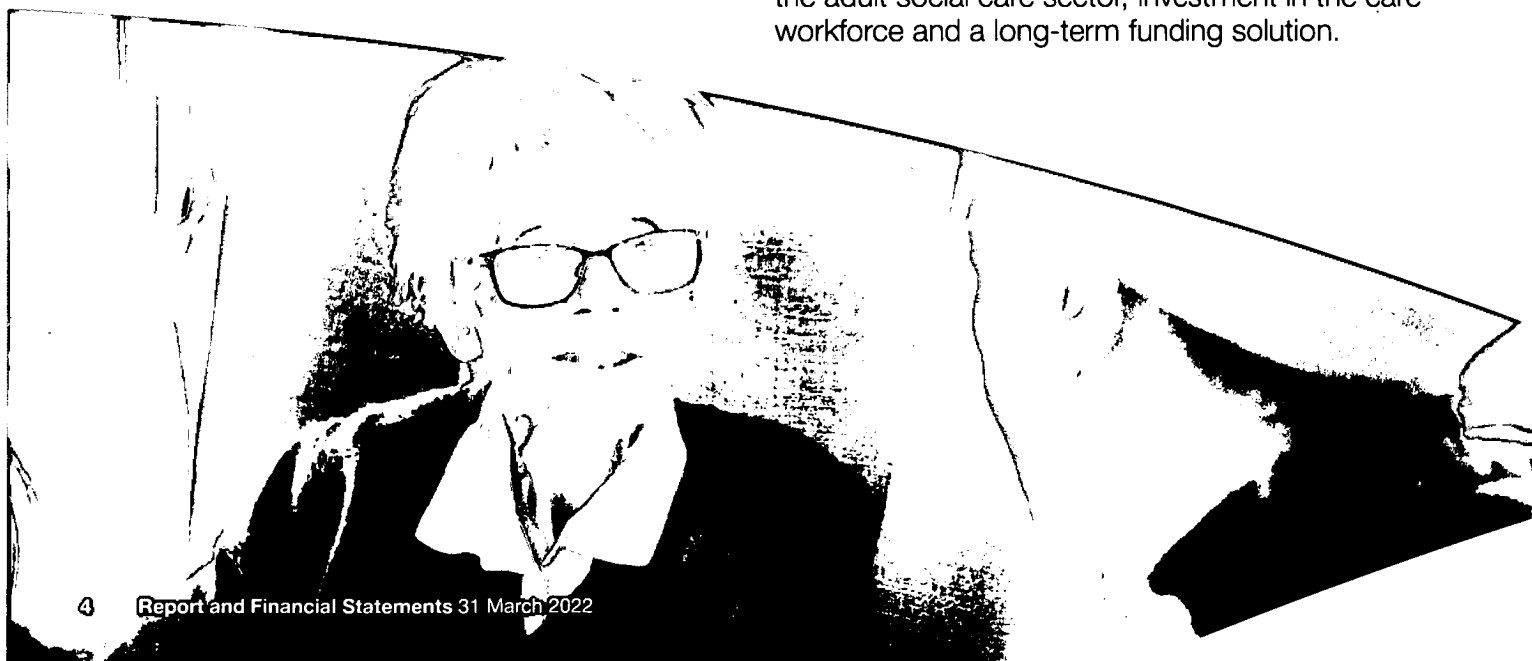
The Government's prioritisation of care home residents, those who care for them and older people, meant that we were among the first to roll up our sleeves and receive the protection afforded by the vaccinations against Covid-19.

The success of the vaccination programme meant we were able to increasingly relax the restrictions for visitors to our care homes, although local outbreaks continued to cause huge disruption for our residents and their families. For our residents in our retirement living schemes, vaccination meant that they could meet up again in communal areas, welcoming back family and friends. Our MHA Communities members were able to start to come together for face-to-face activities, though many have been apprehensive to do so.

Thanks to almost all colleagues, residents and members taking up the vaccinations and booster, senior colleagues and those who support our homes and schemes were also able to visit once more, and hear first hand about people's experiences throughout the pandemic and how they were faring.

We have all continued to face very real challenges throughout the year. Recovering our occupancy, homes and schemes going into outbreak, workforce shortages, the need for reform of adult social care, accessing government grants and not being able to resume our usual community fundraising activities.

Being true to our roots in social justice, we launched our #FixCareForAll campaign with five key asks, including the need for urgent reform of the adult social care sector, investment in the care workforce and a long-term funding solution.



Some of our calls were partially met. In September 2021, the Government announced an additional £5.4 billion for health and social care reforms, funded through a rise in National Insurance contributions. However, this amount falls far short of the estimated billions needed by the sector just in order to stand still. Additionally, the money won't start to flow to social care for a few years, as it is promised first to the NHS.

After years of successive governments promising – and failing – to publish proposals to reform social care, the current Government announced its plans in the White Paper *People at the heart of care*, which sets out a ten-year plan for reform.

There is much to welcome in the White Paper on social care reform, as it recognises the need for change, including its focus on the potential for technology to support people, their aspirations and how it can transform care for all. However, while it sets out a longer-term plan for reform, it failed to recognise the immediate issues facing the sector, such as the staffing crisis which became acute for MHA and others during the winter months. Unfortunately, a number of our care homes had to close to new residents for a few weeks so that we were still able to provide quality care safely.

Staffing was also impacted after the Government announced care home workers needed to be double vaccinated against Covid by law. Sadly a number of colleagues left our employment before the November 2021 deadline, adding to pressures on remaining colleagues and on MHA more broadly.

Our care homes and retirement living schemes continued to rate highly in any inspections carried out. Currently, 100% of our retirement living schemes are rated outstanding, good or equivalent (in Scotland and Wales), and 92% of our care homes.

People have continued to support MHA both financially and with their time. Through their generosity we have been able to continue to provide our life-enhancing services, such as

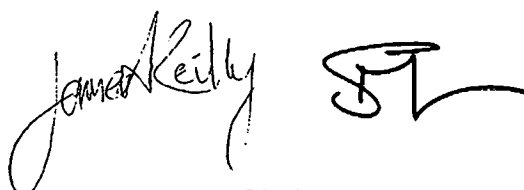
chaplaincy and music therapy, as well as new initiatives such as helping people stay connected through Famileo, buying robotic pets and investing in Tiny Tablets. In addition, trusts and foundations have been generous in their support for MHA and have helped, for example, fund a minibus for MHA Communities Bradford, helping members to get out and about.

Work on increasing our profile through the media continued to gain momentum and we have responded to a number of national policy consultations throughout the year. Local Members of Parliament (MPs) have continued to visit our services, when possible, showing their support publicly for the work we do and making representations to Government ministers on our behalf.

But there is still much more to do and new challenges to rise to as we move into a new business year.

In line with other providers, increasing costs of energy and general price rises are starting to have an effect on finances and we have had to increase fees and charges more than we would have liked to in 2022/23 to accommodate these. In addition, many of the Government funds we relied on over the past two years are ending, placing increased pressures on us.

However, we are confident that with our refreshed OneMHA strategy and our constant vigilance on cost-effective spending we will come through this next year and be ready to celebrate MHA's 80th anniversary in 2023 with renewed confidence.



James Reilly, Chair
Sam Monaghan, Chief Executive



Strategic report

OneMHA – Our Strategy 2019/24 – Our Business Plan 2021/22

Our Mission, Values and Vision

Our Mission

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

Our Values

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

Our Vision

By 2024, we will have connected our communities, realising our potential as OneMHA, to increase the reach, impact and quality of care and support we provide to people in later life.

Our Strategic Objectives

MHA In Community

Connecting, developing and co-locating our services; working with partners to improve access to support, activities and local faith and intergenerational engagement; increasing quality, effectiveness and efficiency through greater collaboration; and widening our influence locally, including the potential for increased volunteering and fundraising.

MHA Enhancing Later Life

Encouraging the development and sharing of new ways of working and new models of care and support; better evidencing the impact of our services such as chaplaincy and music therapy to improve delivery and more broadly influence and benefit all older people; and enhancing the quality and consistency of dementia, end-of-life care and other practice developments through accreditation.

MHA Fit for the Future

Improving our infrastructure and processes and embracing digital technology to support increased quality, effectiveness, efficiency and financial and service planning.

MHA People

Attracting, developing and retaining the right people to build and enhance our mix of experience and skills; maximising their ongoing potential through professional, personal and career development within a collaborative, supportive and inclusive culture.

Our Focus: Business Plan 2021/22

Covid-19 Management

Managing the ongoing day-to-day implications of Covid-19, including testing, vaccinations, visiting, PPE and supporting our people.

Covid-19 Recovery Programme

Rebuilding and reimagining our care and support services; ensuring MHA's financial resilience; and sustaining and developing our people. The programme will comprise eight objectives, some drawn from our existing strategy work streams:

- Occupancy recovery
- Deliver our refreshed People offer
- Refine our Retirement Living offer
- Develop our MHA Communities offer
- Innovation, research and technology
- Increase the effectiveness and efficiency of central support services
- Sustainable property and services
- Sector reform

MHA was founded in 1943 by the Methodist Church, as an expression of the church's mission to care for and support those who are particularly vulnerable and in need, whatever their faith or background. Today we serve 19,212 older people across our 89 care homes, 70 retirement living communities and 50 MHA Communities hubs (formerly known as Live at Home Schemes), supported by 6,509 staff and 3,200 volunteers. Our founders can be proud of MHA's work today as we prepare to mark our 80th anniversary in 2023.

MHA includes the subsidiaries MHA Auchlochan, our retirement living village in Scotland, and Methodist Homes Housing Association Ltd, our registered social landlord which provides rented accommodation at social rent.

Our mission, vision and values hold steady and guide all we do. Our strategy for 2019-2024 details our objectives for the next few years. During 2021/22 we confirmed our focus on Covid-19 Management and recovery, detailing how we would rebuild following the pandemic.

Our OneMHA Strategy builds on MHA's history in serving the needs of older people. It brings together our operational activities, connecting care homes, retirement living and MHA Communities in regions for greater collaboration, knowledge exchange and a stronger local offering to communities.



“

Our OneMHA strategy builds
on our history in serving the
needs of older people.

”

Strategic objective 1

MHA In Community

Connecting, developing and co-locating our services; working with partners to improve access to support, activities and local faith and inter-generational engagement; increasing quality, effectiveness and efficiency through greater collaboration; and widening our influence locally, including the potential for increased volunteering and fundraising.

Where MHA has services in a community, we want to make sure we work more collaboratively to make sure we are fulfilling our vision of enabling older people to live later life well.

Our 2021/22 objectives were to:

- develop a Collaborative Communities model
- develop a market-leading digital platform for older people
- increase the impact of our fundraising and volunteering charitable activities.

We want to make sure our care homes, retirement living schemes and MHA Communities hubs are all working as one towards our vision, caring for and supporting older people whatever their level of need.

And where we don't have a presence in a community, we will look at how we develop closer working relationships with our closest homes, schemes and partners, such as local authorities.

Sadly, the pandemic forced us to delay the launch of our first Collaborative Communities project. We plan to use the former day centre at MHA Hafan Y Haun care home in Aberystwyth, Wales, to provide community-based activities for older people. Despite the delays, the project is now well underway, with the launch set for spring 2022.

Following on from a year of lockdowns and reduced services for our communities of older people, MHA's homes and schemes have started to move towards a new normal. Our care homes and retirement living schemes started to welcome visitors and MHA Communities restarted face-to-face meetings.

When face-to-face MHA Communities meetings weren't possible, we saw a decline in the wellbeing of our members. This led us to quickly develop Digital Communities, a virtual community created for people aged 55 and over. Our online community is designed to support people feeling isolated or lonely within their own home through a variety of activities promoting social inclusion. Activities include arts and crafts, and advice around looking after your health and wellbeing as you get older.





“

A great deal of MHA's work could not be done if it was not for the support of our amazing volunteers. Over 900 volunteers were placed this financial year, bringing our total number of volunteers to 3,200.

”



Number of members supported

11,662



Number of members that have joined our schemes

1,448



Number of service delivery locations

175



Total number of groups, clubs, activities and classes

10,620



71%

of members felt less
lonely and isolated



84%

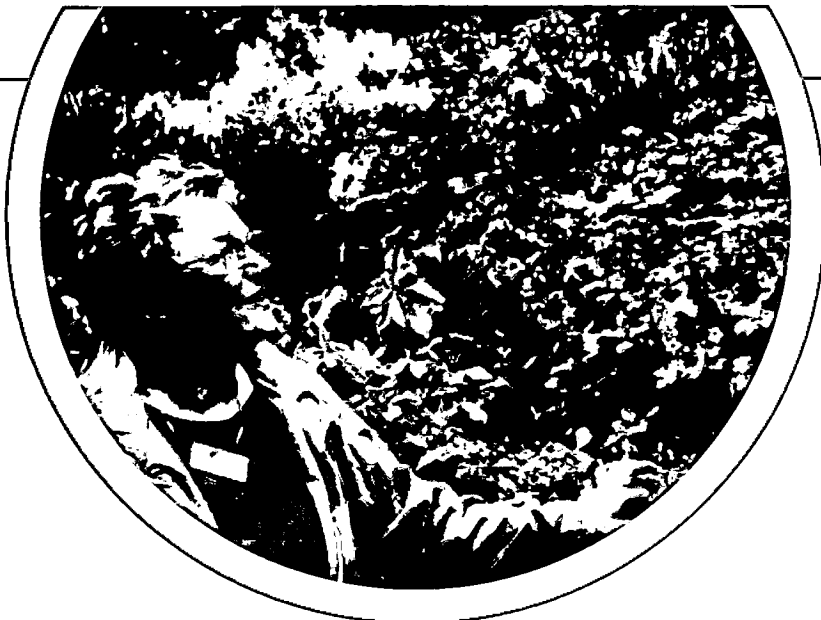
of volunteers felt they
had been able to make
a difference through
their volunteering





6,000+

views on YouTube alone and
featured in the social media feeds
of more than 47,000 people



Over the past year, the team has created more than 300 pieces of video content, totalling over 200 hours. We have had over 6,000 views on YouTube alone and featured in the social media feeds of more than 47,000 people.

Over in MHA Communities North Staffordshire, we carried out an evaluation of the Better Together project with a local charity Father Hudson's Care, which aims to expand services for older people in the area. This showed 71% of members felt less lonely and isolated and 22 new social groups had been set up during the project. Additionally, 84% of volunteers felt they had been able to make a difference through their volunteering.

Our volunteers

A great deal of MHA's work relies on the support of our amazing volunteers. Many of our volunteers helped schemes to provide contact and practical support for older people when they needed it most, particularly in times of lockdown.

MHA's newly created Central Volunteering Team is now working within specific geographic areas across all MHA sites. In addition, we are developing a revised volunteering strategy for implementation early next year.

Thanks to the hard work of volunteer Marilyn Bowles, the gardens at MHA Aigburth care home in Leicester were awarded a Royal Horticultural Society (RHS) It's Your Neighbourhood scheme outstanding award. Marilyn has been volunteering at the home for several years and not only tends the garden in all weathers but also raises funds for new plants and has started a gardening club for residents.

In an effort to bring everyone from all areas of MHA together, we introduced quarterly themed weeks, including Pie Week, Gardening Week, Harvest Week and a month-long celebration for Advent. The events have been a smash hit, with residents, members and colleagues thinking of inventive ways to have fun. These were additional to the celebrations homes and schemes already hold to mark significant birthdays and anniversaries, Mother's Day, Easter, Eid, Diwali and a host of other events.

CASE STUDY

MHA Communities in West Yorkshire



MHA runs its Communities services in eight areas within West Yorkshire, including Bradford, Huddersfield, Wakefield and parts of Leeds, supporting more than 4,500 older people. Additionally, family members, carers and volunteers also benefit indirectly from services in these areas.

In each locality a wide range of services and activities are delivered from community hubs. A snapshot of activities include pub lunches, day trips, holidays, shopping, exercise, yoga and dance classes, singing groups, arts and craft groups, walking groups, book clubs, chess clubs, photography clubs, gardening groups, movie clubs, bereavement groups, men's groups, dementia cafés, reminiscence groups,

intergenerational groups and telephone and face-to-face befriending.

To look at the impact MHA Communities has, we commissioned an independent Social Return on Investment (SROI) evaluation to measure the full social, economic and environmental impact of activities, including the ones that have no direct monetary value.

The research found that MHA Communities is creating a significant social value of £6.19 for every pound of investment and that almost half of the value, almost £4.3m (47%), is created for the public purse. The ratio of return for statutory funders is £6.37 for every £1 invested.

“ My family have commented on how much happier I have been with doing things for myself again. ”

Being members and part of this group has encouraged us to be part of things again following the isolation of the past two years.

During Covid it was a wonderful boost to receive a phone call or a surprise pack of puzzles etc. Those kept me from feeling too isolated.

“ Before finding MHA I was depressed, lonely and only went shopping once a week; now I am out all the time. I love being a member. ”

For our members, the research showed:

- The vast majority of members (95%) reported feeling more connected to their community, and having an increased social network
- Almost all respondents (96%) reported an improvement in their mental health as a result of being a member of MHA Communities
- 90% of members reported that their membership had a positive impact on their physical health
- For 88% of members, being part of MHA Communities gave them a greater sense of purpose and motivation.

For volunteers, the research found:

- 96% saw an increase in their confidence as a result of volunteering for MHA Communities
- 95% of volunteers reported volunteering meant that they were able to contribute more to their community
- 95% volunteers felt more valued as a result of their volunteering role
- Over two-thirds (69%) of volunteers reported that they had learned new skills or gained knowledge as a result of volunteering for MHA Communities.

“ As I live some distance away from my dad who is vulnerable to social isolation and depression, the support and suggestions I have received from MHA have really helped him to have more contact with others, as well as the groups he attends also being a welfare check. I know that I would be contacted by the team if there was a problem. ”

“ I have learnt about the different cultures in our group and learnt about respecting their cultures. ”



97%

members found MHA Communities helped reduce their loneliness and isolation



95%

volunteers said volunteering had a positive impact on their mental health



89%

members reported their confidence had increased

Strategic objective 2

MHA Enhancing Later Life

Encouraging the development and sharing of new ways of working and new models of care and support; better evidencing the impact of our services such as chaplaincy and music therapy to improve delivery and more broadly influence and benefit all older people; and enhancing the quality and consistency of dementia, end-of-life care and other practice developments through accreditation.

The second focus area of our strategy was to support the continuing creativity of our people, by bringing forward innovations which further enhance the lives of those we care for and support.

We also want to engage more with the people using our services, continue to empower and encourage innovation across MHA, broaden and evidence the impact of musical therapy and chaplaincy services and evidence our competence in dementia and end-of-life care.

Our objectives were to:

- launch our #FixCareForAll campaign
- enrich later life through the delivery of our specialist strategies and
- nurture a culture of innovation.

MHA has always been at the forefront of innovation in fields such as music therapy, and is continually looking to see how it can bring in new ideas and products to help its residents and members live later life well.

In a first for any care provider in the UK, we created the role of Digital Chaplain. Eleanor Puttock has been creating digital content so that older people can still engage with their faith and connect with their community when they are at home.

MHA residents went viral at the start of 2022 when an art and crafts fundraising activity at MHA Brookfield care home found worldwide fame. Colleagues created a calendar for 2022, with the help of residents, who featured in different months of the year. The residents dressed up and replicated famous paintings from across the centuries. The pictures were taken and edited by Rebecca Phillipson, one of the home's volunteers. People from all over the world bought a calendar and helped them raise £1,600 for the home.



Barbara – this is a take on Alfred Eberling's Portrait of Ballerina Tamara Karsavina



Win and Bob – this is a take on American Gothic by Grant Wood



Dave - this is taken from Man with Pipe by Modigliani



Anica - this is taken from Young Woman with Bird by Tschaggeny

This year MHA also launched Famileo, a weekly digital gazette that friends and family can populate with stories and photos, before colleagues print and deliver the personalised newsletter to residents. The idea for Famileo came from activity coordinator Amy Clearly at MHA Coed Craig care home in Wales. It has since received full funding via our Innovation Fund and has been rolled out to care homes across MHA. By the end of the year, 74 homes were using Famileo with 5,112 families using it to keep connected and almost 21,000 newsletters published.

Across our dementia care homes and retirement living schemes, we invested in more robotic cats and dogs to help our residents and to bring moments of calm and companionship to people living with dementia. Our residents love to sit with the pets on their lap, stroking them and talking to them and the pets respond, just as a real pet would. They can also evoke memories of past pets, encouraging connection and conversation.

This year also saw the launch of several new MHA strategies which aim to enrich the lives of older people. Our emerging Green Care Strategy was born from the success of the restoration of The Wilderness, a seven-acre historic garden at the rear of MHA Hall Grange care home in Croydon, which has been renovated for the benefit of the

wider community, as well as residents. Several green care activities were born from the project and adopted by our homes and schemes across the UK.

MHA has always been at the forefront of music therapy and has used its holistic approach in its care and support for older people. This year we launched our Music Strategy which sets out commitments on how the use of music enables residents and members to live later life well, as well as how music can play a key role for family members and colleagues.

As part of the strategy, we partnered with keyboard makers Casio and Music For Dementia for the *Light Up My Life* research campaign which aimed to evaluate the impact of music on people living with dementia. As part of this research project, Casio sent 50 light-up keyboards to MHA dementia care homes. The keyboards are being used to engage with residents living with dementia for improved music participation. As well as receiving the musical instruments, carers and music therapists were given training on easy-to-follow piano lessons and musical activities, before delivering musical activities for the residents and recording experiences and sharing feedback during a 12-week period.

In line with our commitment to enhancing later life and as a result of collaboration with residents and their families, we have refreshed our End-of-life Strategy, setting out four commitments that will allow us to provide the best possible end-of-life care and support. At the heart of the refresh is a focus on training our colleagues to have conversations about end-of-life with older people, encouraging an open atmosphere around the topic of death and supporting relatives before, during and after end-of-life care.



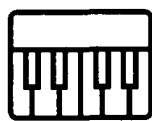
34

music therapists
covering 65 homes



5,653

music therapy one-to-one
sessions delivered



2,194

group music
therapy sessions



2,952

residents attending group
music therapy sessions

CASE STUDY

#FixCareForAll campaign

Over the last 20 years the adult social care sector has felt the brunt of many broken promises. There have been Green Papers, White Papers, commissions, reviews – yet still the system remains broken.

To combat this, MHA launched its first-ever national influencing campaign called #FixCareForAll in May 2021.

The campaign has five asks:

1. A new social care system must be fully resourced with a fair price for care
2. A national workforce strategy that values our people
3. Transparency and accountability, delivered through financial regulation
4. Care which is co-produced and co-designed by older people and the sector
5. Seamless pathways and collaboration between health and social care.

As a result of the campaign, ten MPs contacted MHA to support the campaign, by raising questions in Parliament, giving supportive comments and visiting services in their area.

A massive 100 local and regional newspapers printed an open letter from MHA CEO Sam Monaghan asking them to support the campaign, which also received coverage on the BBC.

Our joint letter calling for reform to the Secretary of State for Health and Social Care, the Chancellor and the Home Secretary was signed not just by MHA but by other leading not-for-profit care providers Sanctuary Group, Anchor Hanover, Orders of St John Care Trust and the National Care Forum.

To find out more about #FixCareForAll please visit www.FixCareForAll.co.uk





amha
Living better life now



91%

of care home
residents satisfied
with their home



84%

of residents satisfied
with their retirement
living scheme as a
place to live



510

care packages
delivered each
month to retirement
living residents

Strategic objective 3

MHA Fit for the Future

Improving our infrastructure and processes and embracing digital technology to support increased quality, effectiveness, efficiency and financial and service planning.

The work under this objective is very much internally focused on enabling MHA to strengthen its infrastructure with investment in systems and processes. This is needed to make sure we can operate effectively, efficiently and with assurance for the organisation.

Our objectives were to:

- create a fit-for-purpose IT, data and digital capability
- deliver a financially, operationally and environmentally sustainable organisation
- reinvigorate our approach to continuous improvement.

We worked with an independent IT consultancy to develop a strategic IT programme for the charity. We have now agreed the outputs and priorities of the programme so we can make sure MHA has a fit-for-purpose IT, data and digital capability.

This work has laid the way for MHA to launch the improvement programme in early 2022/23. Within this, progress is already being made on defining our data knowledge management and governance model. Progress is also being made on the development of an MHA data warehouse capability.

In addition to the work on our IT infrastructure, we also started the development of a long-term financial plan and funding strategy during 2021/22 to ensure MHA's ongoing long-term organisational resilience.

This work will continue into 2022/23 when MHA's Board will consider the strategy.

Our approach to the environmental, social and governance policy (ESG) progressed during the year with the aim that the policy will be launched during 2022/23.

The reinvigoration of MHA's approach to continuous improvement was paused during the year while we continued to deal with the ongoing impact of Covid-19 on the organisation. This will be carried forward in to 2022/23.



Strategic objective 4

MHA People

Attracting, developing and retaining the right people to build and enhance our mix of experience and skills; maximising their ongoing potential through professional, personal and career development within a collaborative, supportive and inclusive culture.

The fourth focus of our strategy is to attract, develop and retain the right leaders, colleagues and volunteers to build and enhance MHA's work.

Our objectives for 2021/22 were to:

- attract the right people with the right skills at the right time
- foster an empowering and inclusive culture to support and deliver high-quality services
- inspire and support people to fulfil their potential.

We continued to pay the Real Living Wage for all roles and all were given a 1% minimum increase in 2020/21.

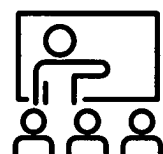
To support recruitment and retention we also further increased the salary of the following roles:

- all senior care assistant roles by 3%
- all nurse roles by 3%
- cooks and chefs by 2%
- care assistants, activity coordinators and community programme so-coordinators by 1.5% to maintain some differential between roles.

In 2022/23 we are applying a 5% rise for all roles as it has never been so important that we look after our colleagues, especially as they have worked so hard to look after our residents and members.

MHA's investment in the wellbeing of our colleagues has continued this year. Everyone working for MHA continues to have access to free counselling and support through our Care First programme, as well as access to other benefits, including discounts with retailers.

Like the rest of the care sector, MHA has struggled with recruitment. To address this, we reinvigorated our recruitment process, with new IT systems designed to make listing jobs and the recruitment process easier as well as campaigns aimed at specific groups, such as colleagues who work nights. We also ran a series of virtual recruitment events where we were able to interview potential colleagues online and worked with recruitment website Indeed to introduce one-click applications making it easier for potential employees.



132

family and friends attended
MHA dementia training

visit fixcareforall.co.uk



#FixCareForAll

Despite all of this work, recruitment in the care sector remains challenging and we are continuing to monitor our vacancies closely, as well as raising the issue with Government.

2021 saw the triumphant return of the MHA OSCARS Awards (Outstanding Service, Contribution and Recognition). Colleagues and residents are asked to nominate someone who has gone above and beyond expectations in one of several award categories. Altogether we had 14 fantastic winners who each received a trophy, certificate and gift voucher.

We also hosted a virtual Managers Conference in November to help inspire managers from across MHA. Our Chief Executive and ELT gave updates on our strategy, discussed a number of areas as a whole management team, and started to look forward to 2022/23.

At every point in the organisation, MHA is fully committed to the principles of equality, diversity and inclusion (EDI). Our EDI Strategy is underpinned by three values:

- MHA will embrace the diversity of our colleagues, volunteers, residents, service users, visitors and everyone associated with MHA to create a harmonious environment, accessible to all, reflective of the communities in which we work, where people are comfortable to be themselves and realise their full potential
- MHA will challenge inequality in all its forms and will promote dignity, respect and understanding within MHA and our wider community
- MHA will attract, select and retain a talented and diverse range of people to work at MHA and we value the contribution made by everyone.

We have dedicated colleague networks that drive EDI progress across MHA. They inform us about relevant issues and work to generate ideas and initiatives that promote diversity and inclusion. They also organise a series of events and awareness-raising sessions for colleagues which have included Black History Month, Race Equality Week, and Pride.

CASE STUDY



Our OSCAR Awards recognise those within our organisation who have gone above and beyond in their dedication and service to older people.

The winner of this year's Volunteer of the Year award was Shaun Walsh. Shaun joined MHA Communities Huddersfield as a volunteer driver during the earliest days of the pandemic. Shaun quickly took on more tasks including befriending members and helping them with their day-to-day needs, leading walking and curling clubs and doing training so that he could help with the day-to-day running of the service.

His nomination read "Shaun is truly a part of the team, liked by all, and it would be great if he could get more recognition for what he has done as it's not just one example where he has gone above and beyond it is countless examples. Shaun does anything asked of him without hesitation and with a smile on his face".

Our MHA Communities services were hit hard by the pandemic, with all face-to-face sessions cancelled. Without volunteers like Shaun, members' mental and physical health would have declined during the pandemic.

Strategic focus: Covid-19 management and recovery

Covid-19 Management

Managing the ongoing day-to-day implications of Covid-19, including testing, vaccinations, visiting, PPE and supporting our people.

Covid-19 Recovery Programme

Rebuilding and reimagining our care and support services; ensuring MHA's financial resilience; and sustaining and developing our people. The programme will comprise eight objectives, some drawn from our existing strategy work streams:

- **Occupancy recovery**
- **Deliver our refreshed People offer**
- **Refine our Retirement Living offer**
- **Develop our MHA Communities offer**
- **Innovation, research and technology**
- **Increase the effectiveness and efficiency of central support services**
- **Sustainable property and services**
- **Sector reform**

While many of the strategic objectives relate to MHA's management of, and recovery from, Covid-19, it was felt a specific objective was needed to specifically address this area of work.

We continued to manage the effects of the pandemic, including outbreaks, testing, vaccinations, PPE and supporting our people through the Covid Management Group, which continued to meet at least weekly throughout 2021/22. In addition, the recruitment difficulties facing MHA in autumn and winter were managed by the Covid Management Group.

Like many providers, recruiting to care work positions had become a challenge over the past few years but the pandemic exacerbated an already difficult situation and pushed it into crisis. There was also the additional challenge of the Government's announcement that, by November 2021, all people working in care homes must have had two doses of the Covid-19 vaccination.

Unfortunately, several colleagues left MHA as a result of the Government's Vaccination as Condition of Deployment (VCOD) policy, putting strain on an already stretched workforce. Plans announced by the Government to expand VCOD to the NHS and all those working in social care, were announced but then dropped for all in February 2022.

It does, however, remain the policy of MHA that new starters should be vaccinated against Covid-19.

Lobbying on the staffing crisis by MHA and by our membership body the National Care Forum, meant the Government recognised the situation and embarked on a national care recruitment campaign. Despite this and a push on recruitment by MHA, the situation remains incredibly difficult and Government action to improve the salaries of those working across adult social care needs to be a part of the reform programme. MHA will continue to push for local authorities to be able to fund care at a level that means we can pay our colleagues what they deserve.





Our care homes' occupancy levels had slowly started to recover during the first half of the year but rising cases due to the Omicron variant during early winter meant many once again had to close their doors to new residents due to infection outbreaks.

Guidance on visiting was gradually eased and, barring outbreaks, residents were able to have more meaningful visits as the year progressed. It meant that many families were able to once again see each other over significant dates, such as Christmas and Mothers' Day.

By the end of 2021/22, care home occupancy had once again started to improve and is expected to continue the upward trajectory into the next year.

Pre-pandemic volunteering levels in our care homes were impressive and stable but Covid-19 has had a significant impact on these levels. Many care home volunteers were unable to continue their volunteering as it became challenging for homes to accommodate them whilst trying to implement strict infection controls.

Financial pressures due to the pandemic forced us to consider the viability of some of our homes and schemes, and our Board made the difficult decision to transfer the management of MHA Mickle Hill retirement living schemes to our on-site partner, Rangeford, and to sadly close our MHA Richmond care home in Bexhill-on-Sea. The majority of residents and staff at MHA Richmond will be transferring to our nearby MHA Lauriston care home in St Leonards-on-Sea.

Our public affairs work

Our work in keeping MHA in the spotlight and influencing policies that affect social care continued throughout 2021/22.

The media continued to turn to MHA as a trusted spokesperson for the care sector. Our Chief Executive Sam Monaghan continued to feature in interviews for programmes such as BBC Radio 4's flagship *Today* programme and LBC's drivetime show with Eddie Mair.

Early on in the year, we received the news that the 2020 BBC Two *Newsnight* programme that had featured MHA, looking at the early days of the pandemic and its effect on care homes, had been nominated for a BAFTA award.

The crisis in social care on issues such as staffing and future funding were among the areas MHA highlighted through the media and its lobbying work. ITV's prime time current affairs programme *Tonight* took a look at these areas and featured an interview with Sam Monaghan which was shot at our MHA Mapplewell Manor care home.

We were able to welcome local MPs back to visit their homes and schemes. We met with several MPs through visits and meetings and exchanged correspondence and briefings with many other parliamentarians, helping to share our thoughts and views on a number of areas.

One such visit was from former Vaccines Minister Nadhim Zahawi who went along to MHA Cedar Lodge care home in his constituency.

It wasn't just with elected officials that we interacted with in Government. We established direct connections and working relationships with officials in the Department of Health and Social Care (DHSC) and HM Treasury. This meant we were able to talk directly to people helping shape Government policy about Covid testing, the care workforce and the Fair Cost of Care initiative.

We continued to be active contributors to the All Party Parliamentary Group (APPG) for Adult Social Care. As part of that work, we were able to contribute to their '*A vision for social care*' paper and use the group as an avenue for submitting parliamentary questions on issues facing MHA and the social care sector.

Our first round-table event was held to look at the future of social care and focused on speaking with Conservative Party MPs alongside sector leaders.

We developed policy briefings notes on social care reform and Health and Social Care Levy, Fair Cost of Care, the Integration and Health and Care Bill, People at the Heart of Care – White Paper all aimed at helping MHA navigate key policy changes.

We put forward a number of submissions to Government consultations and reports, including the Comprehensive Spending Review, the Public Accounts Committee on adult social care markets, mandatory vaccinations for care home staff consultation, the Archbishops' Commission on Reimagining Care, the Health and Social Care Select Committee Inquiry into Workforce recruitment and training and retention in health and social care. These submissions give MHA a voice on issues affecting the social care sector and to help influence future policy.

Care homes shut doors to new admissions after exodus of 150 staff over mandatory Covid jabs

MHA (Methodist Homes) has stopped taking new residents at several of its care homes after losing up to 150 members of staff over new rules requiring care workers to be fully vaccinated



Sam Monaghan, CEO of Methodist Homes, with the CEO of a care home from last year to 2021 Methodist Homes



media articles
mentioning MHA



people saw or heard
broadcast items
featuring MHA

Fundraising at MHA

During 2021/22 the majority of our key fundraising objectives were met:

- Net income from fundraising, raised centrally and into local services, exceeded our income target
- The move to legitimate interest as our basis of communication was completed
- The focus of making our fundraising processes more efficient delivered the desired efficiencies.

The only key objective that was not achieved was the development of an acquisition strategy, which was delayed into 2022/23.

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

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

MHA is signed up to the Fundraising Regulators Code of Practice and pays the levy to the regulator. We continue to undertake awareness activities to increase the profile of the code among colleagues outside the fundraising team. There were no failures or breaches of the code at MHA in 2021/22.

MHA received two complaints about fundraising in 2021/22 both of which concerned thank you letters not being received in a timely manner. The fundraising team have identified this as an area to improve upon in 2022/23.

We have a commitment to supporting vulnerable people in our fundraising and have established a fundraising for vulnerable people policy, in 2021/22 we piloted training to support this policy which will be rolled out across MHA in 2022/23.



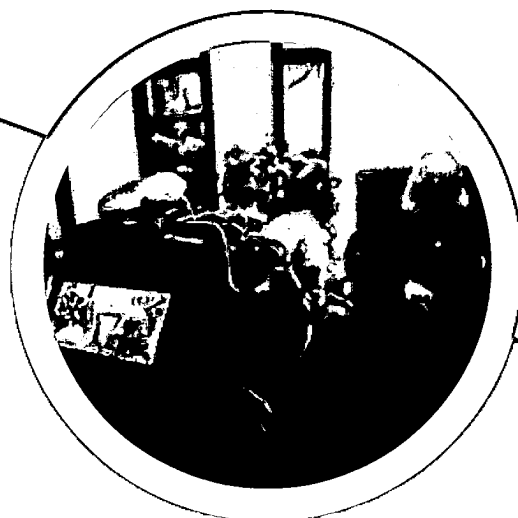
£5,000

raised by runners taking part in the 40th Great North Run



£2,015

raised to support the continued provision of our Famileo family gazette



Fundraising at MHA includes the following key activities:

Philanthropic support

We are fortunate to be supported by several trusts, foundations and companies who choose to support us through grants and gifts of varying sizes. These primarily support our MHA Communities schemes.

We have received specific funding for a selection of projects including providing specific support to clinically vulnerable people, buying computer equipment for members, and delivering wellbeing bags to members' homes.

Legacies

MHA continues to receive significant income from generous gifts given by people in their wills. We are always grateful to people who remember MHA in this special way, whatever the size of the gift.

Digital

The engagement of digital supporters has continued this year, with Facebook fundraisers being particularly successful for specific requests and appeals. These appeals allowed us to support specific products in care homes such as the continued provision of the Famileo family gazette, and the purchase of dementia dolls and robotic pets.

Stewardship

In spring 2021 we completed our move to legitimate interest from consent as our basis of communication for post and phone with our supporters. These changes allow us to better communicate with our supporters in the way they expect a charity to, enabling us to inspire those interested in our work with the impact we have on people in later life.

Community

Fundraising events by supporters started again during the year, albeit on a smaller scale than before the pandemic.

MHA Sunday, an annual event where MHA encourage churches across Britain to hold a service to raise awareness of MHA and pray for those in later life recommenced after the pandemic; we are anticipating churches to return to more familiar worship patterns in 2022 and include MHA Sunday in their plans.

In March 2021 we launched a new fundraising event – the Communi-tea party where we encourage supporters to host an afternoon tea party for friends and family to raise money for our services.

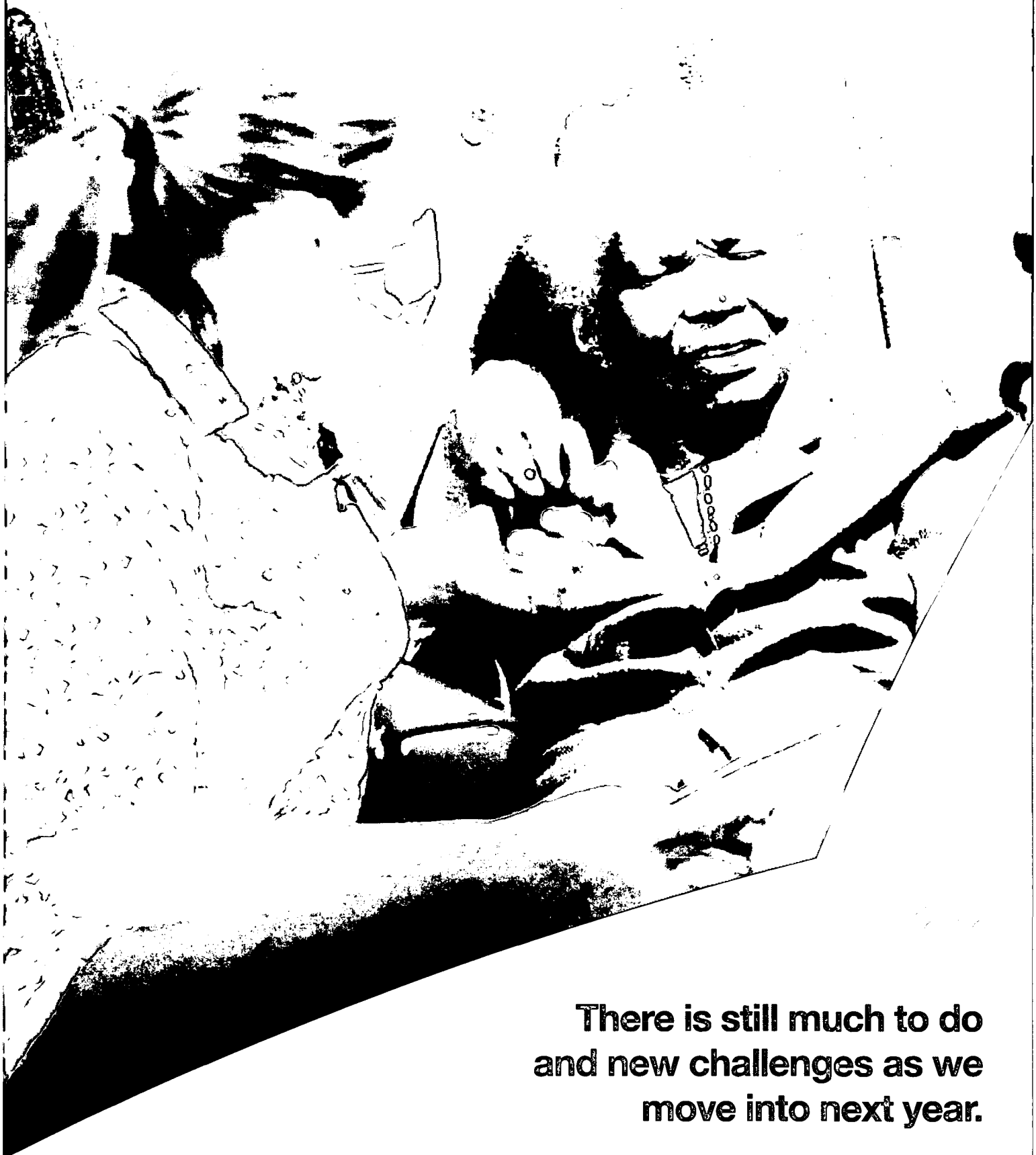


MHA offers our heartfelt thanks to the following trusts and organisations which have supported our work in helping people live later life well in the past year.

Age UK Teesside
Allen Lane Foundation
 Arnold Clark Community Fund
Asda Foundation
 Barratt and David Wilson
 Community Fund
Birmingham City Council
 Bryan and June Amos
 Foundation
Burntwood Town Council
 Catherine Cookson
 Charitable Trust
Central England
Co-operative Limited
 Chapman Charitable Trust
Christopher Rowbotham
Charitable Trust
 City Health Care Partnership
CIC Foundation
 City of Bradford Metropolitan
 District Council
Community First
 Community Foundation
 for Surrey
Community Foundation, Tyne
& Wear and Northumberland
 Co-op Local Community Fund
Cornwall Community
Foundation
 Doncaster Council
Durham County Council
 East Hampshire District Council
Eastleigh Borough Council
 Ecclesiastical Insurance plc
Edward Jackson (Engineer)
Limited
 Enfield Council
Garfield Weston Foundation
 Gateshead Council
Good Things Foundation
 Groundwork Trusts
Hampshire and Isle of Wight
Community Foundation
 Hampshire County Council
Hart District Council
 Heart of England Community
 Foundation
Hobson Charity

Huddersfield Common
 Good Trust
Hull City Council
 IDC LTD
Inspiring Change Leeds
 Jessie Spencer Trust
Joseph and Annie Cattle Trust
 Joseph Strong Frazer Trust
JRT Insurance
 Kirklees Metropolitan
 Borough Council
Leaders of Worship and
Preachers Trust
 Leeds City Council
Leeds Community Foundation
 Leeds Older People's Forum
Leonard Laity Stoate
Charitable Trust
 Localgiving
London Borough of Hillingdon
 Marjory Boddy Charitable Trust
Midcounties Co-operative
 Middlesbrough Council
Millichope Foundation
 National Lottery Community
 Fund
Neighbourly
 NHS Cheshire Clinical
 Commissioning Group
NHS Hampshire, Southampton
& Isle of Wight CCG
 North Bank Forum For Voluntary
 Organisations Limited
Nottinghamshire County
Council
 One Community Foundation
 Limited
Pargiter Trust
 People's Health Trust
Persimmon Charitable
Foundation – Community
champions
 Pilkington Charities Fund
Radian
 Renray Healthcare
Roger & Douglas Turner
Charitable Trust CIO
 Rosepark Trust

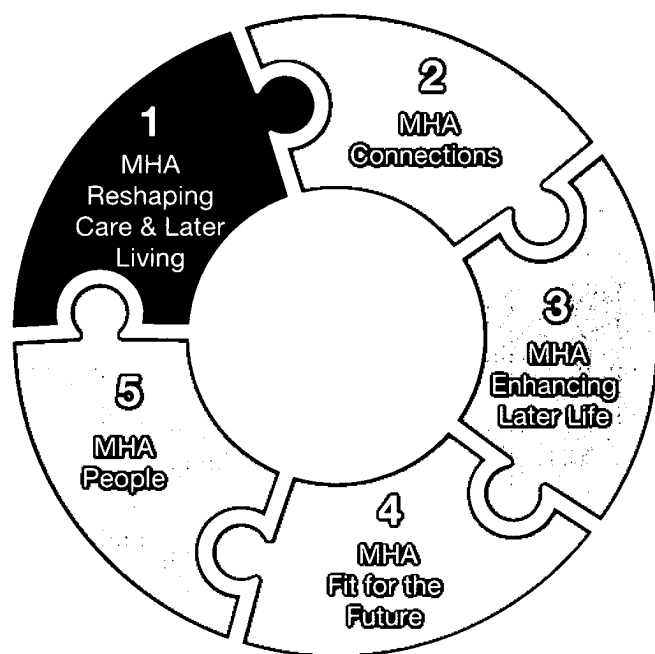
Sandwell Council of Voluntary
Organisations
 Screwfix Foundation
Sheffield Church Burgesses
Trust
 Sheffield City Council
Sheffield Town Trust
 Shepton Mallet Town Council
Sir James Reckitt Charity
 Somerset Activity and Sports
 Partnership
Somerset Community
Foundation
 South Swindon Parish Council
Southampton City Council
 Southampton Voluntary Services
Southern Co-op
 Sovereign Housing Association
 Limited
Staffordshire County Council
 The Hadfield Charitable Trust
The Jones 1986 Charitable
Trust
 The Richard Kirkman Trust
Thomas Roberts Trust
 Together Active Staffordshire
 and Stoke-on-Trent
Touchnote
 Toyota Charitable Trust (TMUK
 Charitable Trust)
W E Dunn Trust
 Wakefield Metropolitan
 District Council
Walter Guinness Charitable
Trust
 Welsh Water
Winchester City Council
 Windmill Community
 Transport LTD
Wisdom Factory CIC
 Wixamtree Trust
Yorkshire Building Society
Charitable Foundation
 Yorkshire Sport Foundation
Zurich Community Trust (UK)
Limited



**There is still much to do
and new challenges as we
move into next year.**

Looking forward

OneMHA Strategy 2022-2025



We are now over half way through our five-year OneMHA strategy, launched before the pandemic in 2019.

At the end of 2019/20, we identified that we needed to adjust our strategy to have a specific focus during the coming year on Covid-19 management and recovery. Likewise, as we entered autumn 2021, it became clear that we needed to reflect the changed landscape of a post-pandemic world in our strategic objectives. This was to make sure we recovered from the toll of the pandemic on our people and the charity as a whole, and to ready MHA for the future in terms of the range of services we deliver and our organisational capability to do this effectively.

Our refreshed strategy for 2022 to 2025 continues to build on what we have achieved and learnt in establishing, running and ensuring the quality of our homes and schemes across the country. It recognises what we can achieve when we work collaboratively as OneMHA to fulfil our mission of helping people live later life well. It is about us working together collaboratively to make sure this happens for the benefit of everyone.

We also now find ourselves in a much changed societal and political landscape with adult social care and its potential reform more keenly in the public gaze, prioritised through the Government's

Key activities by Strategic Objective to 2025

Objective 1

MHA Reshaping Care & Later Living

1. Define and deliver our future approach to care home provision and contacting for placements.
2. Define and deliver a blueprint model for our Housing with Care Schemes.
3. Develop our domiciliary care offer beyond housing with care schemes and into local communities.

Objective 2

MHA Connections

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

Objective 3

MHA Enhancing Later Life

1. Sustain and build our campaign to fix care for all.
2. Enrich later life through the delivery of our specialist strategies.
3. Nurture a culture of innovation.

White Papers People at the Heart of Care and Integrated Care Systems.

Our assessment is that the pandemic has not so much changed the direction of our initial strategy, but hastened the pace at which we need to further develop how we enable people to live later life well with the infrastructure that can best support that. Our ambition and areas of focus hold true, but some of the core objectives and activities under these need to be reprioritised or realigned to best enable us to face our new challenges.

The key changes in our refreshed strategy are:

- Our original first objective, focusing on all three service areas has now been separated into two – MHA Reshaping Care and Later Living, and MHA Connections. This has been done to make sure we have sufficient capacity to address the changing landscape regarding residential care and retirement living, whilst maintaining our focus on developing our digital offering and collaborative communities linking with our own and others' services.
- The strategy also reflects a reprioritising of objectives and activities integrating our Covid

Recovery Plan, particularly addressing the social care staffing crisis and influencing the reform agenda and a fair price for care.

What is unchanged in this refreshed three-year strategy is our drive to enhance the quality of our work in partnership with our residents, their families, our members, colleagues and volunteers, our commitment to innovation and the additional services we are able to provide through our fundraising activity as well as the strength of working collaboratively as OneMHA.

Our key priorities for 2022/23 are:

- care home occupancy recovery
- define and deliver a blueprint model for our housing with care services
- create a fit-for-purpose IT, data and digital capability by delivering the remediation element of the strategic plan
- deliver and roll out the collaborative communities operating model
- deliver a long-term funding strategy
- deliver a property portfolio review
- foster improved retention of our colleagues

Objective 4

MHA Fit for the Future

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

Objective 5

MHA People

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

Public benefit

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

MHA's person-centred care recognises each older person as a unique individual and addresses their own spiritual and physical needs, with reassurance, care and support. Our services are open to everyone, with our care home residents being broadly split 56:44 (2020/21: 57:43) into those places which are fully self-funded and those that are partially or fully funded by the local authority or the NHS, and our commitment to social rent tenants in retirement living.

Our care homes, retirement living and MHA Communities schemes all support people to develop and practise faith and spirituality as it applies to them as individuals. Our work is inspired by the Christian faith, and we welcome people from all religions, beliefs and traditions. We encourage residents to maintain links with their own faiths and communities should they wish to do so. We celebrate religious festivals and events from all faiths throughout the year in our homes and schemes.

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

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

MHA has a robust supplier qualification process when tendering new opportunities and this is also applied to existing suppliers. MHA will exclude suppliers who are unwilling to adopt legal obligations and the ethical position MHA has.

Critical supply chains remain in a number of supply areas and we actively monitor suppliers in these. In addition, we are continually monitoring to make sure we get best value for money even during the current period of sustained price rises.

We continue to invest in robust technologies to support tendering, contract and supplier management and will use these technologies to help in our efforts to manage, educate and support our suppliers so that together we can drive out modern slavery from our supply chains.

MHA provides competitive pay which recognises and rewards dedication. The importance of caring for and supporting older people has never been greater and we value all those working to deliver this mission.

This respect drives out pay principles, fundamental to which is paying at least the Real Living Wage as a minimum for all within MHA since 2018 (and since 2016 for those delivering care). The cost of living, economic circumstances and the market for roles including benchmarking with the NHS and others within the sector and beyond, inform our thinking and decision to award a 5% increase in 2022/23.

Pay is determined as part of the budget process where overall affordability is a key consideration along with our principles of rewarding our colleagues whilst balancing affordability of fee and service charge increases to older people and ensuring our charity is sustainable in the future. Proposals are considered at ELT and Board and as part of our pay agreement with UNISON. All roles are included within this process: with the exception of ELT pay awards which are determined by the Nominations Committee, to avoid any conflict of interest, but within the context of the organisational award.

We also believe that all colleagues who worked so tirelessly throughout the pandemic and continue to deliver critical services to people in need, deserve greater recognition and reward. MHA continues to campaign on their behalf. We recognise that a fundamental shift in pay, conditions and career opportunities for all who work in care is required and we continue to lobby Government for a commitment to fair pay and terms and conditions for all who work in the care sector with fair fees from local authorities.

MHA is fully committed to equality. We pay men and women equally for the same role. Our gender pay data shows the difference in average pay between all men and women in the workforce. MHA's analysis is very positive with a small gap compared to the UK generally, and we remain committed to driving equality through our EDI strategy, policies and practices every day.

MHA's gender pay data in 2022

Across the organisation men were paid 1.7% more than women in 2022, using a median average calculation. Amongst our colleagues, 3% of men and 3.6% of women were paid bonuses, and on average (median), women at MHA were paid 62.5% more in bonuses than men.

MHA employs significantly more women than men, almost a 1:6 ratio which results in reasonably significant fluctuations in our gender pay data. We have a good record of commitment to equality and development of our people. This is augmented through four staff networks which help further awareness and inclusion in relation to gender, race, sexual orientation and disability. The networks host a variety of events and activities to raise awareness among colleagues of issues relating to race, gender, disability and sexual orientation.

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

	Gender pay gap (in favour of men)	Gender bonus gap (in favour of women)
Median	1.7%	-62.5%
Mean	5%	-29.8%



Financial Review

The Statement of Financial Activities for the year 2021-22 shows total incoming resources of £251,089,000 (which last year stood at £242,606,000 (restated)), a 3% increase on the previous financial year. This is largely a result of increased charitable activities within care homes where the previous year was more significantly impacted by Covid-19.

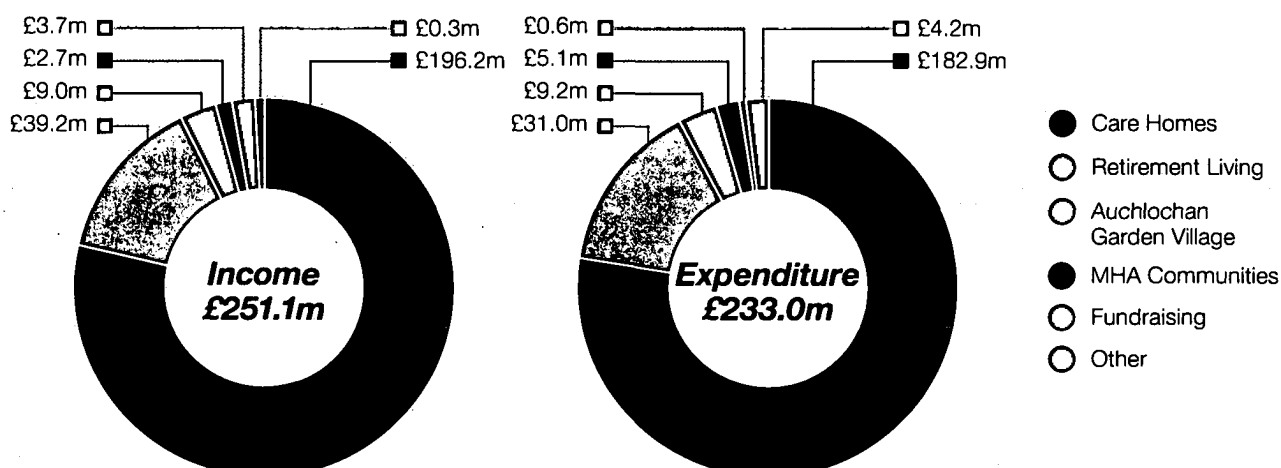
During the pandemic, despite our best efforts and with great regret, we experienced a reduction in the number of people living in our care homes, in line with the sector as a whole. We continued to experience slower occupancy recovery than anticipated in the second half of the year due to ongoing home closures as Covid-19 remained more prevalent in wider society. In addition, the impact of the social care staffing crisis meant we had on occasion to close homes to new admissions to make sure our existing residents were cared for safely. It will take time to build occupancy back to the levels we consistently achieved prior to the pandemic and this continues to be one of our strategic objectives this year.

These financial statements include the financial benefits of accessing Government and local authority funds made available to support the care sector as a result of Covid-19 mainly via the Infection Prevention Control Fund (ICF), the Rapid Testing Fund (RTF) and the Workforce Recruitment and Retention Fund (WRRF). A total of £11,659,000 (2021: £12,902,000) has been received during the financial year to support infection control, testing, visiting, staff absences due to Covid-19 and to support the recruitment and retention of the social care workforce. We have also benefited, to a far lesser extent, from £105,000 (2021: £2,286,000) from the furlough scheme and from the Government provision of free Protective Personal Equipment (PPE). These monies are accounted for within charitable income.

Key Performance Indicators for the group	2021/22 Actual £'000	2020/21 Actual £'000 (restated)
Total income	251,089	242,606
Operating costs excluding exceptional costs	233,308	231,725
Exceptional costs	(309)	5,670
Surplus for the year (after investment gains and losses)	18,090	5,211

Service users, capacity	Number	Number
Care Homes	4,840	4,840
Number of Retirement Living Properties	2,710	2,829
Community services members supported	11,662	11,587

Occupancy	2021/22	2020/21
Care Homes	78%	78%
Retirement Living	90%	90%
Cost of fundraising to voluntary income	17%	13%



2021/22 has been a difficult year for charities and the fundraising sector, which makes us even more grateful for the generous donations that we have received during the year of £3,734,000 (2021: £5,214,000) which have contributed towards:

- underpinning MHA Communities services
- providing chaplaincy services in our residential services
- providing music therapy in our dementia care services
- contributing towards the capital costs of our existing services.

Due to the increase in total incoming resources, careful cost management and often the inability to access homes and schemes to undertake non-essential maintenance works, access to Government and local authority funding, as well as the disposal of some properties, we have reached a surplus of £18,090,000 this year (2021: £5,211,000) which will be reinvested to support older people to live later life well. Operational performance has been adversely impacted by lower than pre-pandemic occupancy alongside exceptionally high staffing costs as a result of Covid-related sickness and absence exacerbated by the social care staffing crisis which has led to a shortage of nurses and care workers.

The net increase in funds of £21,247,000 (2021: £4,740,000) is added to the total balances brought forward of £324,985,000 (restated) which reflect non-cash items.

We are fortunate to have a strong balance sheet, as reflected in these statutory accounts. We have enough liquidity to support our activities for several months and, should we need more working capital, we have access to £25m of rolling credit facilities which have not yet been drawn on.

The Directors consider the market value at 31 March 2022 of the freehold and leasehold land and buildings to be in excess of the costs or valuation as stated in note 13 to the financial statements, based on independent valuations.

Exceptional items in the current year constitute an impairment of MHA Richmond care home in Bexhill-on-Sea, the closure of which was announced in February 2022 £1,311,000. Long-standing financial performance at Richmond alongside the overarching financial pressures led to the difficult decision to close the home; the majority of residents and staff at MHA Richmond are transferring to our nearby MHA Lauriston care home in St Leonards-on-Sea. The impairment of MHA Foxton Grange

care home was also partly reversed (£1,620,000) as the property is now being held for disposal after release of the restricted covenant, the part reversal of the original impairment brings the holding value of the site to its anticipated net realisable value.

Exceptional items in the previous year constitute costs relating to the full impairment of MHA Foxton Grange care home, which was closed in February 2021 £1,903,000; the impairment of the remaining assets of MHA Mickle Hill retirement living scheme £3,267,000 following the transfer of the management to our partners on-site, Rangeford; and a self-provision for insurance following the withdrawal of provision by insurers £500,000.

Reserves Policy

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

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

At the end of 2021/22 total reserves were £346,232,000 (2021: £324,985,000) of which £25,411,000 (2021: £25,192,000) were restricted and endowed and were not available for the general purposes of the charity. There are no designated funds nor are there any funds in deficit.

Total unrestricted funds at the end of 2021/22 were £320,821,000 (2021: £299,793,000) which included the net book value of fixed assets of £417,000,000 (2021: £423,435,000). Fixed assets are excluded from the Group's definition of free reserves as the Group considers the level of cash and other liquid funds as a more appropriate measure of its ability to meet its commitments and invest in the future. Actual free reserves which MHA define as cash or liquid funds were £63,688,000 (2021: £53,992,000). The Board considers that minimum free reserves of approximately £53,000,000 (2021: £60,000,000) are needed to cover such items and to enable the Group to continue to operate to meet its charitable objectives. This level of financial reserves equates to approximately 3.5 months of operational expenditure which is above the reserves policy requirement. Management and Board will manage reserves to reduce and be in line with the three-month requirement during the coming financial year; this will partly be due to the ongoing economic and operational challenges that the sector faces as well as the intention to address the backlog of maintenance and capital expenditure works that we have been unable to undertake due to limitations in access to homes and schemes during the pandemic.

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

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

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

Treasury Management Policy

The Treasury Management Policy sets the boundaries for acceptable financial risks and delegates treasury decisions for managing those risks in a controlled manner. The policy makes sure MHA is actively and regularly monitoring, measuring and managing treasury risks in a robust and consistent manner, clarifying responsibilities between the various stakeholders to ensure that adequate funds are

available for ongoing operational requirements as well as for the longer-term strategic aspirations of the organisation. The policy incorporates the different types of funds held. These are:

- general funds to provide working capital in line with the reserves policy
- restricted funds (excluding MHA Communities and service specific amenity funds)
- permanent endowment funds.

The management of investments is delegated to the Central Finance Board of the Methodist Church. Performance of investments is reviewed annually by the Board and is judged to be satisfactory. Investments are held in equities, fixed interest deposits and cash totalling £1,469,000 (2021 £1,361,000) at the balance sheet date.

Principal Funding Sources

MHA has drawn loan facilities with the Allied Irish Bank, balance at 31 March 2022 being £20,700,000 and Barclays Bank Plc, balance at 31 March 2022 being £70,000,000.

Furthermore, MHA is able to bolster funding by a £25m undrawn revolving cash facility (RCF) that we have in place with Barclays Bank. This is designed to support operational funding and liquidity requirements as required.

Methodist Homes Housing Association Ltd has a loan facility with the Nationwide Building Society with the balance at 31 March 2022 being £2,411,000, and a loan facility with Capita totalling £1,124,000 as at 31 March 2022.

Fixed asset additions of £10,299,000 which comprises additions of £11,237,000 less completions of £938,000, were financed mainly by accessing existing reserves. This expenditure enables us to redevelop existing properties to maintain existing standards and meet new standards where relevant.

As part of care home operations, MHA operates 28 (28 in 2021) leased homes, which have been established via sale and lease back arrangements.

Going Concern

Financial sustainability is a critical issue for the social care sector.

Covid-19, the current social care staffing crisis, the energy and cost of living crises as well as the cessation of Government funding support that the care sector has benefited from throughout the pandemic have magnified that risk. Unfortunately, despite our strong financial position at the beginning of the pandemic, MHA has not been immune to that risk.

Financial strain as a consequence of the Covid-19 pandemic has been further exacerbated by the energy crisis which has significantly increased the burden of energy costs on MHA for 2022/23. Based on this experience and supported by external analysis which is forecasting a long-term occupancy issue for the sector, one of the key areas of focus for the organisation is on mitigating actions to support the ongoing financial sustainability of the organisation. These include:

- attracting more older people to our care homes to recover occupancy rates
- recruitment and retention of colleagues
- reducing costs where feasible, without reducing quality
- increasing the effectiveness and efficiency of the organisation.

As we move into 2022/23, MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, weekly fee levels, staffing costs and the possible impact of further variants of Covid-19. None of the scenarios modelled results in either liquidity shortfalls or covenant breaches at the specified measurement dates. As such MHA is

comfortable with its ongoing financial sustainability with no reasonably plausible circumstances on the horizon that undermine that position.

MHA has existing loan facilities that include a £70 million loan to March 2025 and a £25 million undrawn RCF to February 2025, both with Barclays, and a £24 million loan with AIB to December 2030.

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

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

Risk Management

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

In order to strengthen the organisation's risk management processes, a full review of MHA's risk registers was completed during 2019/20, with regular reviews and evaluation of risk registers being embedded through 2020/21 with these continued in 2021/22. These reviews assess and document risk from both a strategic and operational viewpoint. MHA continues to recognise the following key strategic risks, which are overseen by the Board and reviewed on an ongoing basis by ELT.

Risk management is exercised across MHA through the functional heads of department, ELT, relevant Board Committees and the Board. ELT carry out monthly reviews of key operational risks, and half-yearly reviews of strategic risks for their areas whilst the Board completes six-monthly reviews of strategic risk.

The key risks identified as likely to affect the group's ability to meet its objectives include:

Risk	Explanation	Mitigations
Covid-19 Pandemic	<p>The financial pressures caused by the ongoing impact of the Covid-19 pandemic as well as the impact of state funding available in the care and housing sector.</p> <p>Local Authority funding continues to be at a level significantly below that needed to deliver the quality of care for older people that MHA seeks to provide. This has been particularly highlighted against a backdrop of rising costs due to the inflationary pressures and further exacerbated by the additional cost increases as a result of the Covid-19 pandemic in addition to the energy crisis and the social care staffing crisis.</p>	Management monitor the levels of funding on a monthly basis and report these to the Board who take appropriate commercial and pricing decisions to protect the charity.

Risk	Explanation	Mitigations
Financial Performance	Ongoing poor financial performance and mismanagement of financial resources would significantly disable the group.	<p>The ELT present the annual budget to the Finance and Capital Expenditure Committee who recommend it to the Board.</p> <p>Financial performance is monitored regularly by the ELT and reported to the Finance and Capital Expenditure Committee for further scrutiny.</p> <p>MHA has a policy of maintaining cash reserves to mitigate the risk of inadequate working capital.</p> <p>The group takes a risk-averse approach to the effect of interest rates on its borrowings and has entered into the appropriate hedging.</p>
Reputational Risk	A poor reputation can undermine the confidence of potential residents, supporters and external stakeholders such as lenders.	<p>Quality management is a high priority for MHA.</p> <p>We have an internal system of risk monitoring that focuses on key factors that might indicate potential quality concerns which are then investigated. Alongside this there is a programme of regular quality-focused audits across all our regulated settings. The Board, relevant Board Committees and ELT are regularly appraised of the results of this monitoring and associated actions.</p>
Our People	The resilience and capacity of MHA's people has been tested throughout the Covid-19 pandemic which has exacerbated the long-standing pressures on our workforce.	<p>MHA continues to pay the Real Living Wage as a minimum and has offered substantial wellbeing support to the workforce throughout the Covid-19 pandemic.</p> <p>Opportunities offered by the Apprenticeship Levy continue to be explored and progress against the recruitment strategy and key indicators regarding performance are monitored at an ELT and Board level.</p>
Change Management	There are significant change projects being undertaken at MHA. If these projects are managed poorly, operational and financial performance will be adversely impacted, as will the culture of the organisation.	<p>MHA operates within a dynamic sector and has adopted an integrated approach to managing cultural, process and systems change.</p> <p>The framework that this team operates within has been refined and governance around key strategic projects strengthened by the inclusion of an Internal Audit review of these fundamental projects to ensure benefit realisation.</p>

Risk	Explanation	Mitigations
Technological innovation	The introduction and use of innovative technology is critical to continue to best support our residents and members.	A strategic review of IT, Data and Digital services has been launched to ensure that MHA's approach to technological advances is coordinated and fit for the future.
External Factors	<p>MHA alongside other adult social care providers continues to operate in a challenging external environment.</p> <p>Government plans to address the longer-term future state of social care have been announced which impact on many of the risks identified above.</p>	MHA has sought to highlight concerns and work alongside the UK Government to develop meaningful solutions to these issues.

Directors' Duties

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

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

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

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

As is typical in charities and large organisations, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to ELT. Further details can be found in the Governance Report on pages 43 to 48.

The following summarise how the Directors fulfil their duties:

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

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

Community and Environment – Through the OneMHA strategy, MHA has the objective to build strong relationships with partners and connect our services as MHA in Community. The charity's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable our people to support the communities around us.

Energy and Emissions Consumption

We take our impact on the global climate seriously and in 2022/23 we will develop our strategy to reduce our carbon and energy admissions. MHA are committed to year-on-year improvements in our operational energy efficiency. As such, a register of available energy efficiency measures has been compiled, with a view to determining and implementing these measures over the coming years in line with the strategy being implemented.

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

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

Natural gas consumption accounts for 73% of the total energy consumption, with most of our homes using this for heating and hot water, laundry and cooking.

Transport accounts for 1% of the total energy consumption covering the minibuses that some of our services use and a small number of company cars, as the majority of employees use their own vehicles for business use. Data for this grey fleet has been derived from mileage, sourced from the expense claims of individual colleagues.

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

Energy Category	2021/22 Consumption (kWh)	2020/21 Consumption (kWh)	2021/22 %	2020/21 %	2021/22 Emissions (tCO ₂ e)	2020/21 Emissions (tCO ₂ e)
Electricity (Scope 2)	23,106,950	23,339,861	26%	25%	4,906	5,441
Gas (Scope 1)	66,410,634	69,752,547	73%	74%	12,187	12,841
Transport (Scope 3)	946,807	493,987	1%	1%	221	116
Total	90,464,391	93,586,395	100%	100%	17,314	18,398

An intensity metric of 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 of 53.15kgCO₂e/kWh (2021: 56.30kgCO₂e/kWh) per m² occupied floor area.

The consumption during 2021/22 has reduced by 3% compared to 2020/21 with energy efficiency measures implemented over the last two years reducing electricity and gas consumption. Transport consumption has increased following the easing of restrictions on business travel following the pandemic.

Measures ongoing and undertaken in 2021/2022

The ongoing utilisation of Zoom conferencing hardware, which was implemented as a direct consequence of the Covid-19 pandemic continues to allow colleagues to join meetings from anywhere. This has considerably reduced our organisational requirement to travel.

Despite the ongoing difficulties accessing services during the Covid-19 lockdowns we have continued to update lighting with LED replacements, with over 22 sites benefiting from partial or full roll-outs improving light levels and reducing energy usage and carbon whilst also minimising future maintenance. Improvements to heating plant were undertaken through 2021/22 to 16 properties, these included full and partial boiler replacements, new water cylinders and calorifiers which has improved plant efficiency and reduced energy usage on-site. Inverter replacements took place for a Solar PV installation to ensure maximum system output and generation; new inverter lifetimes will ensure the system is working optimally for at least the next 10 years.

MHA have also bolstered already rigorous recycling measures for all wastepaper, plastics and food waste resulting from operations; additional measures were introduced to accommodate the increased level of PPE usage in services.

Measures prioritised for implementation in 2022/2023

- Energy and Environment Strategy – MHA are working towards implementing an Energy and Environment Strategy that ensures ongoing energy and carbon reductions over the coming years in line with the UK's 2050 net zero targets.
- Lighting replacement policy – We will continue to replace lighting in our refurbishment programme with energy efficient LED.
- Renewal of invertors and the cleaning of solar panels and the crown clearing of trees to ensure the full performance of previously installed solar panels are upheld to ensure maximum recovery of the Solar FIT.
- Renewable heat implementation – MHA are investigating renewable heating options for Auchlochan and are currently completing site feasibilities with a view to future implementation.
- All Capital and Revenue investment programme contractors will need to demonstrate their 'green credentials' as part of the procurement process before being awarded capital projects.
- Capital and Revenue programmes via procurement will target local contractors (where feasible) for specific elements of work to limit travel and carbon footprint.
- National contractors will need to demonstrate their strategic shift to electric and/or hybrid fleet vehicles as well as regional office locations that limits travel and carbon footprint.

Reporting Methodology

Scope 1: consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, and grey fleet.

Scope 2: consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following Emission Factor Databases consistent with the 2019 UK Government environmental reporting guidance have been used, utilising the current published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for reporting year [01/04/2021 – 31/03/2022]:

• Database 2020, Version 1.0

- Estimations undertaken to cover missing billing periods for properties directly invoiced to Methodist Homes were calculated on a kWh/day pro rata basis at meter level. These estimations equated to 7% of reported consumption.
- Intensity metrics have been calculated utilising the 2021/2022 reportable figures for the following metrics, and kgCO₂e for both individual sources and total emissions were then divided by this figure to determine the kgCO₂e per metric:
 - Gross internal area (m²) 326,757.

Structure, governance and management

Governing Document

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

Methodist Homes is the parent company of two connected charitable organisations Methodist Homes Housing Association Ltd and MHA Auchlochan Ltd.

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

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

Organisational Structure

The Board consists of up to fifteen members, one of whom is nominated by the Methodist Church. Board Members decide the strategic aims of the charity and hold management to account in performing executive functions. Decisions are taken in accordance with the instructions laid down in the charity's Delegated Authorities and related policy documents.

The Board has the following committees, all of which have a group-wide remit. The work of each committee in respect of the year is summarised below:

Audit and Risk Committee

- Carried out a self-review of its terms of reference and method of operating to ensure that they are appropriate and relevant to the current financial reporting and governance environment.
- Considered key accounting judgements made by ELT in the 2021 and 2022 financial statements.
- Challenged and supported ELT to consider key risks for MHA, together with mitigation plans. This led to the ongoing review and evaluation of risk registers being embedded through 2021/22 with a summary of key risks maintained by ELT and approved by the Board as a whole.
- Undertook a comprehensive tender process to appoint the external statutory auditors Crowe U.K. LLP.
- Reviewed the work of our external statutory auditors, Crowe U.K. LLP, including their independence and non-audit services provided.

- Reviewed the work of our tax advisors, Deloitte LLP.
- Agreed a programme of work with the Quality Assurance and Internal Audit team and received reports on the audits undertaken as well as the progress of any remedial actions.
- Reviewed the progress on gap analysis between MHA governance practice and best practice set out in the Charity Governance Code.

Finance and Capital Expenditure Committee

- Revised the terms of reference to ensure they covered the full remit of the new committee and obtained approval of the Board.
- Reviewed financial performance, comparing management account actuals to forecast and budget including cash flow and scrutinised the forecasting process.
- Reviewed the financial aspects of the business plan, alongside the longer-term cash needs compared to funding plans.
- Evaluated the annual budget for recommendation to the Board including planned capital expenditure and agreed the programme of work with ELT.
- Reviewed the funding strategy and recommended it to the Board, assessing bank facilities and the adequacy of available funding.
- Reviewed investment policies including our stance on ethical investments, the performance of investments and the investment manager.
- Monitored and reviewed the pension schemes and the performance of the fund managers as well as the asset allocation for the final salary scheme.
- Brought to the Board's attention material financial issues on a timely basis.
- Reviewed that all fundraising activities were ethical and compliant.

Operations Committee

- Reviewed its terms of reference to ensure they covered the wider remit and obtained the approval of the Board.
- Oversaw how MHA worked to maintain and improve quality and how it has addressed, and is learning from, issues of concern raised by internal and external assessments, complaints and unexpected events.
- Oversaw the delivery of improvement plans for those homes and schemes which required improvement.
- Monitored the external environment for our regulated services, working to continually develop our own definition of quality.
- Continued the tracking of health and safety issues, fire safety and infectious disease reporting, as well as coroner inquiries into deaths in our care. There have been a number of complex cases during the year with important lessons for our practice.
- Reviewed the significance for practice of safeguarding incidents for which MHA has a low threshold for reporting. All incidents are reported.
- Ongoing tracking of MHA success in the recruitment and retention of staff as well as the quality of leadership offered by our registered managers.

Nominations Committee

- Determined, on behalf of the Board, the remuneration of ELT, in line with our People Strategy at a fair rate and competitive in our markets.
- Oversaw the delegated responsibilities for ensuring good governance of the charity and identified and proposed new Board Members.
- Oversaw the restructure of Board committees and their membership.
- Appointed two new Trustees to replace those who retired in summer 2021.

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

Charity Governance Code

The Charity's governance is currently broadly aligned with the Charity Governance Code endorsed by the Charity Commission. It also draws on guidance from other appropriate governance codes reflecting the size and complexity of the organisation. For the last eighteen months the Charity has been working to improve governance in areas where it identified that current practice was not in line with best practice set out in the Code. This work is now largely complete and the Charity intends to formally adopt the Charity Governance Code in the 2022/23 financial year.

Election, Appointment and Training of Board Members

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

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

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

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

Members who served on the Board during the year are shown in the list of officers on page 49.

Remuneration

The remuneration of Executive Directors and other colleagues is reviewed annually. Remuneration levels are benchmarked against the care sector and organisations of a similar size run on a not-for-profit basis, from time to time to ensure we retain our talent and remain competitive. Board members receive no remuneration.

Patrons

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

Connected Companies

During the year to 31 March 2022 Methodist Homes worked closely with two associated charitable organisations:

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

Colleagues

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

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



Statement of Board's Responsibilities

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

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

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

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

The Directors are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Internal Financial Controls Assurance

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

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

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

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2022 and until the date of approval of the financial statements. No weaknesses were found that resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Statement as to Disclosure of Information to Auditors

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

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

Independent Auditors

Crowe U.K. LLP were recommended as MHA's auditors during the year following a comprehensive tender process. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

The Board of Directors' Report including the strategic report was approved on 28 July 2022 and signed on its behalf by:



James Reilly
Chair
Epworth House
Stuart Street
Derby
DE1 2EQ

Reference and administrative details

Patrons

Baroness Kathleen Richardson of Calow, OBE

Dame Denise Platt

Pam Rhodes

Board	Term of Office		Committee Membership
	Start	Finish	
John Robinson (Chair)	Aug 2017	Sept 2021	Nominations Committee
James Reilly (Chair)	July 2016, appointed Chair Sept 2021		Nominations Committee

Other Board Members

Hilary Cocker	Aug 2014	Operations & Nominations Committees
Ian Ailles	Nov 2014	Finance and Capital Expenditure Committee
Andrew Cozens	Aug 2015	Operations & Nominations Committees
Bala Gananpragasam	Aug 2015	Operations Committee
Martin Burkitt	Oct 2016	Finance and Capital Expenditure Committee
Ruth Gee	Apr 2019	Operations & Nominations Committees
Lisa Commane	Apr 2019	Finance and Capital Expenditure Committee
Janet Haugh	Apr 2019	Audit and Risk Committee
Keith Hickey	Apr 2019	Audit and Risk Committee
Catherine Biddle	Oct 2021	Finance and Capital Expenditure Committee
Denise Sanderson-Estcourt	Oct 2021	Operations Committee

Executive Leadership Team

Name	Appointed	Resigned	Position
Anna Marshall-Day	2006		Director of People & Communications
Rev Dr Chris Swift	2017		Director of Chaplaincy & Spirituality
Simon (known as Sam) Monaghan	2018		Chief Executive
Mandy Mottram	2018		Company Secretary & General Counsel
Andrew White	2019		Director of Property
Daniel Ryan	2019		Director of Operations
Victoria Parkinson	2020		Director of Finance and IT
Jonathan Mace	2022		Director of Communities

Company Secretary

Mandy Mottram

Registered Office

Methodist Homes

Epworth House

Stuart Street

Derby

DE1 2EQ

Tel: (01332) 296200

Website: www.mha.org.uk

Charity Registered Number – 1083995

Company Registered in England and Wales Number – 4043124

Professional Advisors

Solicitors

Capsticks Solicitors LLP

1 St George's Road

Wimbledon

London

W19 4DR

External Independent Auditors

Crowe U.K. LLP

55 Ludgate Hill

London

EC4M 7JW

Bankers

Barclays Bank Plc

Corporate Banking

1 Churchill Place

Canary Wharf

London

E14 5HP

HSBC Plc

70 Pall Mall

London

SW1Y 5EZ

Bankers – continued

AIB Group (UK) Plc

Podium Floor

St. Helens

1 Undershaft

London

EC3A 8AB

Nationwide Building Society

Kings Park Road

Moulton Park

Northampton

NN3 6NW

Tax Advisors

Deloitte LLP

Four Brindley Place

Birmingham

B1 2HZ

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

Opinion

We have audited the financial statements of Methodist Homes ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprise The Consolidated Statement of Financial Activities, Group and Company Balance Sheets, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Use of our report

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



Julia Poulter

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

10 August 2022



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MHA's person-centred
care recognises each
older person as a unique
individual.

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Consolidated Statement of Financial Activities

For the year ended 31 March 2022

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 (restated) £'000
Income and endowments from:						
Donations and legacies	2	225	3,509	-	3,734	5,214
Charitable activities						
Homes (restated)		190,348	10,996	-	201,344	196,705
Retirement Living (restated)		42,197	880	-	43,077	35,542
MHA Communities		-	2,706	-	2,706	3,139
Other		189	-	-	189	1,846
Total charitable activities	3/6	232,734	14,582	-	247,316	237,232
Investments	4	22	12	5	39	160
Total		232,981	18,103	5	251,089	242,606
Expenditure on:						
Raising funds		647	-	-	647	672
Charitable activities						
Homes (restated)		176,332	11,669	-	188,001	188,993
Retirement living (restated)		33,840	1,049	-	34,889	37,786
MHA Communities		-	5,116	-	5,116	5,030
Other		3,260	-	-	3,260	4,043
Total charitable activities	6	213,432	17,834	-	231,266	235,852
Other	7	1,087	1	2	1,090	916
Total	5	215,166	17,835	2	233,003	237,440
Net (losses)/gains on investments		(1)	39	(34)	4	45
Net income		17,814	307	(31)	18,090	5,211
Transfer between funds		57	(57)	-	-	-
Other recognised (losses)/gains:						
Actuarial (loss)/gain on defined benefit pension schemes	24	(1,586)	-	-	(1,586)	(1,539)
Other – interest rate swaps gains/(losses)	17	4,743	-	-	4,743	1,068
Net movement in funds		21,028	250	(31)	21,247	4,740
Reconciliation of funds:						
Total funds brought forward (previously stated)	23a	299,793	24,179	1,013	324,985	302,528
Prior year adjustment	18	-	-	-	-	17,717
Total funds brought forward (restated)	23a	299,793	24,179	1,013	324,985	320,245
Total funds carried forward		320,821	24,429	982	346,232	324,985

All activities in both years are continuing activities.

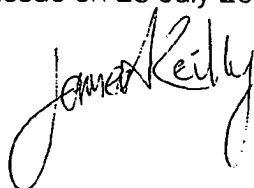
Consolidated Statement of Financial Position

As at 31 March 2022

Company Registered No. 4043124

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 (restated) £'000
Fixed assets						
Intangible fixed assets	11a	1,309	-	-	1,309	894
Tangible fixed assets	12a	401,852	15,585	-	417,437	423,435
Investments	14	192	547	730	1,469	1,360
		403,353	16,132	730	420,215	425,689
Current assets						
Debtors	15	17,685	-	-	17,685	13,587
Cash at bank and in hand		63,688	11,290	252	75,230	64,306
Total current assets		81,373	11,290	252	92,915	77,893
Liabilities						
Creditors: Amounts falling due within one year (restated)	16	(40,931)	(2,993)	-	(43,924)	(38,139)
Net current assets/(liabilities)		40,442	8,297	252	48,991	39,754
Total assets less current liabilities		443,795	24,429	982	469,206	465,443
Creditors: Amounts falling due after more than one year (restated)	17	(92,755)	-	-	(92,755)	(99,630)
Provisions for liabilities (restated)	19	(30,219)	-	-	(30,219)	(40,828)
Total net assets before defined benefit pension liability		320,821	24,429	982	346,232	324,985
Defined benefit pension scheme liability	24	-	-	-	-	-
Total net assets		320,821	24,429	982	346,232	324,985
Funds						
Endowment funds	21a	-	-	982	982	1,013
Restricted income funds	22a	-	24,429	-	24,429	24,179
Unrestricted income fund: General fund (restated)	23a	320,821	-	-	320,821	299,793
Total Funds	23a	320,821	24,429	982	346,232	324,985

The financial statements on pages 56 to 95 were approved on behalf of the Board and authorised for issue on 28 July 2022 and signed on its behalf by:



James Reilly
Chair

Statement of Financial Position (Parent Company)

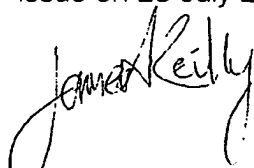
As at 31 March 2022

Company Registered No. 4043124

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2022 £'000	Total 2021 £'000
Fixed assets						
Intangible fixed assets	11b	1,309	-	-	1,309	894
Tangible fixed assets	12b	311,489	15,585	-	327,074	331,813
Investments	14	191	547	730	1,468	1,360
		312,989	16,132	730	329,851	334,067
Current assets						
Debtors	15	39,589	-	-	39,589	35,640
Cash at bank and in hand		50,093	11,250	252	61,595	50,262
Total current assets		89,682	11,250	252	101,184	85,902
Liabilities						
Creditors: Amounts falling due within one year	16	(38,190)	(2,993)	-	(41,183)	(36,081)
Net current assets		51,492	8,257	252	60,001	49,821
Total assets less current liabilities		364,481	24,389	982	389,852	383,888
Creditors: Amounts falling due after more than one year	17	(89,004)	-	-	(89,004)	(95,565)
Provisions for liabilities	19	(19,627)	-	-	(19,627)	(27,594)
Total net assets before defined benefit pension liability		255,850	24,389	982	281,221	260,729
Defined benefit pension scheme liability	24	-	-	-	-	-
Total net assets		255,850	24,389	982	281,221	260,729
Funds						
Endowment funds	21b	-	-	982	982	1,013
Restricted income funds	22c	-	24,389	-	24,389	24,128
Merger Reserve	23c	-	-	-	-	(1,566)
Unrestricted income fund: General fund	23c	255,850	-	-	255,850	237,154
Total Funds	23c	255,850	24,389	982	281,221	260,729

A surplus before gains and losses for year of £17,335,000 (2021: £4,637,000) has been included within these financial statements for the company.

The financial statements on pages 56 to 95 were approved on behalf of the Board and authorised for issue on 28 July 2022 and signed on its behalf by:


James Reilly
Chair

Consolidated Cash Flow Statement

For the year ended 31 March 2022

	Note	2022		2021	
		£'000	£'000	£'000	£'000
Cash flow from operating activities:					
Net cash inflow by operating activities	25a		15,100		20,851
Cash flow from investing activities:					
Investment income		39		160	
Purchase of tangible fixed assets		(10,299)		(2,778)	
Purchase of Intangible fixed assets		(965)		-	
Purchase of Investment		(105)		-	
Proceeds from the sale of tangible fixed assets		12,439		5,998	
Net cash generated (outflow) investing activities			1,109		3,380
Cash flow from financing activities:					
Interest paid and similar charges		(3,373)		(3,490)	
Repayments of borrowings		(1,912)		(2,170)	
Net cash outflow financing activities			(5,285)		(5,660)
Net change in cash and cash equivalents			10,924		18,571
Cash and cash equivalents at the beginning of the year			64,306		45,735
Cash and cash equivalents at the end of the year			75,230		64,306

Notes to the Financial Statements

For the year ended 31 March 2022

1 Principal Accounting Policies

Statement of Compliance

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

General information

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

Summary of significant accounting policies

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

Basis of preparation

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

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

The properties have been valued separately with the exception of Nethanvale and Lower Johnshill which would be sold as a single asset. As a result the values reported on an individual basis are an apportionment of the value as a whole.

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

1 Principal Accounting Policies (continued)

The subject properties are valued having regard to trading potential, having been well maintained and effectively operated, offering high standards of care and meeting the requirements of the relevant regulatory bodies.

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

Going concern

The Charity's business activities, its current financial position and factors likely to affect its future development are set out in the Board of Directors' Report. The Charity has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Charity's day-to-day operations. The Charity also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy, weekly fee levels, the impact of further waves of Covid-19, rising inflation and the impact of current cost of living crisis. None of the scenarios modelled results in either liquidity shortfalls or covenant breaches at the specified measurement dates; as such MHA is comfortable with its ongoing financial sustainability with no reasonably plausible circumstances on the horizon that undermine that position. MHA has existing loan facilities that include a £70 million loan to March 2025 and a £25 million undrawn RCF to February 2025, both with Barclays, and a £21 million loan with AIB to December 2030.

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

Basis of consolidation

The consolidated Group financial statements of Methodist Homes and its subsidiary undertakings are presented using acquisition accounting on a line-by-line basis. Intra-Group profits are eliminated on consolidation. A separate Statement of Financial Activities and Income and Expenditure Account for the company has not been presented because the company has taken advantage of the exemption afforded by section 408 of the Companies Act 2006. The performance of the Charity is set out in note 23.

The wholly controlled subsidiaries which are consolidated are:

Methodist Homes Housing Association Ltd – Registered Provider of Social Housing

MHA Auchlochan Ltd – Charity

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

Income recognition

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

1 Principal Accounting Policies (continued)

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

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

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

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

Charitable activities

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

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

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

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

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

1 Principal Accounting Policies (continued)

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

Expenditure recognition

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

Central costs

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

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

(i) *Charitable activities*

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

(ii) *Expenditure on raising funds*

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

(iii) *Governance costs*

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

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel and payroll. Governance costs comprise all costs involving the public accountability of the Charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 7.

Intangible assets and amortisation

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

- Customer relationships 2 years
- Goodwill 2 years
- Software 3-5 years

1 Principal Accounting Policies (continued)

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

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

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

Tangible fixed assets and depreciation

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

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

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

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

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

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

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

Furniture, equipment and motor vehicles are depreciated over between three and 20 years on a straight-line basis dependent upon their component type except for minibuses financed from restricted funds, which are written off in the year of purchase.

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

1 Principal Accounting Policies (continued)

Social housing grants

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

The Group accounts for its housing property at cost and recognises Government grants using the performance model. Under this model in line with the Charity SORP (FRS102), grants are recognised in income through the Statement of Financial Activities on entitlement to the funds. This represents a change in accounting policy on prior years when the group accounted for Social housing grants using the accrual method, recognising income on a systematic basis over the expected useful life of the housing property. A prior year adjustment to reflect this change has been included in these accounts. Details of the prior year adjustment can be found in note 18.

On disposal of an asset for which government grants were received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the statement of financial position related to such asset is derecognised as a liability and recognised as revenue in the statement of financial activities.

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

Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction value unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated Statement of Financial Activities.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated Statement of Financial Activities.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

1 Principal Accounting Policies (continued)

ii) *Financial liabilities*

Basic financial liabilities, including trade creditors, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their mark-to-market fair value based on current market conditions. Changes in the fair value of derivatives are recognised in "Other recognised gains/(losses)" of the Statement of Financial Activities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

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

Retirement housing stock

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

Impairment of non-financial assets

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

1 Principal Accounting Policies (continued)

Fund accounting

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

i) Restricted income funds

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity. They represent voluntary income or grants from statutory authorities and fees and charges in MHA Communities Schemes, which have been received for purposes set out in note 22.

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

ii) Endowment funds

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

Pensions

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

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

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

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

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

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

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

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

1 Principal Accounting Policies (continued)

The Charity participates in a defined benefit scheme, as detailed in note 24, which was closed to new entrants on 31 March 2010. Where it is not possible in the normal course of events to identify the scheme's underlying assets and liabilities belonging to individual participating employers, under accounting standards the accounting charge for the year represents the employer contributions payable. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Employee benefits

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

Taxation

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

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

Leased assets and obligations

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

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

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

Critical judgements in applying the accounting policies

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

i) Provisions for liabilities

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

1 Principal Accounting Policies (continued)

ii) Exceptional items

Judgements are required as to whether items that are material in size, unusual or infrequent in nature should be disclosed as exceptional. Details of these items categorised as exceptional are outlined in note 8.

Future amendments to FRS102

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

2 Donations and legacies

	2022 Total £'000	2021 Total £'000
Donations	572	1,822
Big Lottery Fund grant	76	192
Legacies receivable	3,086	3,200
	3,734	5,214

The estimated value of legacies notified but neither received nor recognised in income is £3,483,000 (2021: £1,511,000).

3 Charitable activities

	2022 Total £'000	2021 Total (restated) £'000
Fees and charges	213,452	204,776
Rents	7,306	7,175
Grants (restated 2021)	2,380	2,660
Government Funding	11,764	15,188
Sale of Housing	10,189	6,804
Miscellaneous property sales (restated 2021)	2,225	629
	247,316	237,232

Forms of Government assistance from which the Charity has benefited amounts to £11,764,000 (2021: £15,188,000). The Government assistance consists of £692,000 (2021: £909,000) Government grants for our MHA Communities schemes; £11,659,000 (2021: £12,902,000) infection control support and £105,000 (2021: £2,286,000) from the Government Covid Job Retention Scheme.

4 Investments

	2022 Total £'000	2021 Total £'000
Investment securities – UK	14	13
Bank and deposit interest	25	147
	39	160

5 Analysis of expenditure

	Note	Homes £'000	Retirement Living £'000	MHA Communities £'000	Other £'000	2022 Total £'000	2021 Total (restated) £'000
Staff costs		110,150	14,754	3,831	11,562	140,297	144,613
Operational costs/(income):							
Supplies and services		35,293	5,963	661	6,664	48,581	46,303
Repairs and rents		16,920	2,674	201	35	19,830	19,237
Retirement housing cost of sales		-	3,493	-	115	3,608	3,214
Depreciation	12a	7,933	4,871	22	426	13,252	12,695
Amortisation	11a	-	-	-	550	550	155
Finance charges		-	32	-	1	33	12
Bank loan interest		2,865	577	-	33	3,475	3,546
Other (income)/costs		765	181	16	1,634	2,596	1,079
(Profit) on disposals (restated)	18	-	-	-	-	-	-
Exceptional items	8	(308)	-	-	(1)	(309)	5,670
Allocated costs/(income)		14,383	2,344	385	(17,112)	-	-
Governance costs	7	-	-	-	1,090	1,090	916
Total expenditure		188,001	34,889	5,116	4,997	233,003	237,440
Total expenditure 2021 (restated)		188,496	37,654	5,030	5,631		237,440

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

6 Summary analysis of expenditure and related income for charitable activities

	Note	Homes £'000	Retirement Living £'000	MHA Communities £'000	Other £'000	2022 Total £'000	2021 Total (restated) £'000
Income from charitable activities							
Fees and charges		189,234	23,758	326	134	213,452	204,776
Rents		37	7,269	-	-	7,306	7,175
Grants (restated)		-	-	2,380	-	2,380	2,660
Government Funding		10,848	861	-	55	11,764	15,188
Sale of Housing		-	10,189	-	-	10,189	6,804
Miscellaneous Property sales (restated)	18	1,225	1,000	-	-	2,225	629
Total income	3	201,344	43,077	2,706	189	247,316	237,232
Expenditure on charitable activities							
Staff costs		(110,150)	(14,754)	(3,831)	(11,057)	(139,792)	(144,156)
Operational costs	18	(63,776)	(17,791)	(900)	(9,316)	(91,783)	(85,397)
Allocated (costs)/income		(14,383)	(2,344)	(385)	17,112	-	-
Exceptional items		308	-	-	1	309	(5,670)
Total		(188,001)	(34,889)	(5,116)	(3,260)	(231,266)	(235,223)
Total surplus/(deficit) from charitable activities 2022		13,343	8,188	(2,410)	(3,071)	16,050	
Total surplus/(deficit) from charitable activities 2021 (restated)		7,712	(1,223)	(1,891)	(3,218)		1,380

7 Analysis of governance and support costs

The Group initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the key charitable activities undertaken (see note 6) in the year. Refer to the table on the following page for the basis for apportionment and the analysis of support and governance costs.

	Support Costs £'000	Governance Costs £'000	2022 Total £'000	2021 Total £'000	Basis of allocation
Employment costs	-	828	828	575	Staff time
Director expenses	-	7	7	8	Invoiced events
External auditors – audit services:					
Parent	-	186	186	175	Governance
Subsidiaries	-	30	30	30	Governance
Bank covenants	-	5	5	5	Governance
Directors' Insurances	20	-	20	9	Cost
Other costs	-	14	14	123	Governance
Total	20	1,070	1,090	925	
Total 2021	9	916		925	

8 Exceptional items

	2022 £'000	2021 £'000
Impairment of assets	1,311	5,170
Impairment reversal of assets	(1,620)	-
Self-provision	-	500
Total costs	(309)	5,670

The current year exceptional items constitute an impairment of the MHA Richmond care home, announced for closure in February 2022 £1,311,000 and the reversal of the impairment of MHA Foxton Grange care home, which is being held for disposal £1,620,000.

Exceptional items in the previous year constitute costs relating to the impairment of MHA Foxton Grange care home, which was closed in February 2021 £1,903,000, the impairment of the assets of a retirement living site where MHA terminated its management contract and wish to dispose of our remaining assets £3,267,000 and a self provision for insurance following the withdrawal of provision by our insurers £500,000.

9 Operating lease commitments

	2022 Total £'000	2021 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	12,141	11,866
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	2022 Land & Buildings Total £'000	2021 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	12,370	12,014
- expiring in one to two years	12,370	12,014
- expiring in two to five years	37,110	36,042
- expiring in more than five years	208,942	213,778
	270,791	273,848

10 Analysis of staff costs and remuneration of key management personnel

	2022 Number	2021 Number
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Average monthly number employed

Care Homes	4,510	4,810
Retirement Living	604	781
MHA Communities	105	123
Office staff	376	347
	5,595	6,061

The average number of staff employed represents the full-time equivalent including staff on zero hour contracts. The total number of staff employed on zero hour contracts was 757 (2021: 922). The use of zero hour contracts for care staff allows the employee the flexibility to control their work preferences. The average monthly number of employees was 6,509 (2021: 7,249).

	2022 £'000	2021 £'000
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Group staffing costs

Wages and salaries	127,348	131,382
Social security costs	10,203	10,023

Other pension costs

- Defined benefit pension costs (note 24)	120	121
- Defined contribution pension costs	3,406	3,660
	141,077	145,186

10 Analysis of staff costs and remuneration of key management personnel (continued)

The key management personnel is comprised of the Executive Leadership Team alongside the Directors of the Charity. During the year the total remuneration received by the Executive Leadership Team was £1,108,662 (2021: £1,002,989). The employer's pension contribution for the key management personnel staff was £55,652 (2021: £49,984).

The key management personnel of the Group are all remunerated from the parent Charity. These comprise the Leadership Team listed on page 49 of the financial statements. The total employee benefits of the Executive Leadership Team of the Charity were £Nil (2021: £Nil).

The number of Directors who received reimbursement for the cost of travel to and from meetings was nine (2021: 3). The cost of travel expenses reimbursed was £2,000 (2021: £2,000). During the year an insurance premium of £20,160 (2021: £8,848) was paid to indemnify Directors against liability for wrongful acts. No remuneration or benefits were paid during the year to any Director of the Board. 94 (2021:91) employees earned over £60,000 in the year excluding pension contribution within the following bands:

	2022 Number	2021 Number
Between £60,001 and £70,000	56	56
Between £70,001 and £80,000	20	19
Between £80,001 and £90,000	9	6
Between £90,001 and £100,000	3	2
Between £100,001 and £110,000	-	2
Between £110,001 and £120,000	2	2
Between £120,001 and £130,000	1	1
Between £130,001 and £140,000	2	2
Between £190,001 and £200,000	1	1

172 (2021:173) employees were members of the defined contribution pension scheme.

Included in staff costs are £224,000 (2021: £887,000) of redundancy payments made to employees on termination of employment following a restructure of staff within the Retirement living operations. Previous year costs were as a result of restructures of staff following the Covid-19 pandemic and the closure of a care home. Redundancy costs are accounted for on an accruals basis with no unpaid commitments carried forward at the balance sheet date.

11 Intangible Fixed Assets

11a Intangible Fixed Assets

Group	Customer relationships £'000	Goodwill £'000	Software £'000	Total £'000
Cost				
At 1 April 2021	2,782	379	1,281	4,442
Additions	-	-	27	27
Transfers	-	-	938	938
At 31 March 2022	2,782	379	2,246	5,407
Accumulated amortisation				
At 1 April 2021	2,782	379	387	3,548
Amortisation charge	-	-	550	550
At 31 March 2022	2,782	379	937	4,098
Net Book Value				
At 31 March 2022	-	-	1,309	1,309
At 31 March 2021	-	-	894	894

Amortisation charges of £550,000 have been recognised in other expenditure.

11b Intangible Fixed Assets

Company	Software £'000	Total £'000
Cost		
At 1 April 2021	1,281	1,281
Additions	27	27
Transfers	938	938
At 31 March 2022	2,246	2,246
Accumulated amortisation		
At 1 April 2021	387	387
Amortisation charge	550	550
At 31 March 2022	937	937
Net Book Value		
At 31 March 2022	1,309	1,309
At 31 March 2021	894	894

12 Tangible Fixed Assets

12a Tangible Fixed Assets

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

1 April 2021	264,334	37,986	187,396	7,019	32,934	1,790	531,459
Additions during the year	861	-	1,397	-	2,213	6,766	11,237
Completions during the year	669	-	1,157	-	556	(3,320)	(938)
Disposals during the year	-	-	(4,097)	-	-	-	(4,097)
Impairment during the year	(157)	-	-	-	(268)	-	(425)
Transfer between category	-	-	(2,287)	2,517	(230)	-	-
31 March 2022	265,707	37,986	183,566	9,536	35,205	5,236	537,236

Accumulated depreciation/impairment

1 April 2021	44,910	8,453	33,101	1,239	20,321	-	108,024
Charge for the year	5,698	911	4,239	169	2,235	-	13,252
On disposals	-	-	(743)	-	-	-	(743)
Impairment	(642)	-	-	-	(92)	-	(734)
Transfer between category	-	-	(686)	686	-	-	-
31 March 2022	49,966	9,364	35,911	2,094	22,464	-	119,799

Net book value

31 March 2022	215,741	28,622	147,655	7,442	12,741	5,236	417,437
31 March 2021	219,424	29,533	154,295	5,780	12,613	1,790	423,435

Completions during the year relate to the reclassification of assets in the course of construction upon completion of the relevant project. Any assets in the course of construction, whose nature does not meet the definition of capital expenditure or where the project was aborted, are taken to the Statement of Financial Activities upon project completion. The cost of such projects in the year was £60,000 (2021: £64,000).

The current year impairments relate to the MHA Richmond care home, announced for closure in February 2022 £1,311,000 and the reversal of the impairment of MHA Foxton Grange care home, which is being held for disposal £1,620,000.

The prior year impairments relate to Foxton Grange which was closed in February 2021 £1,903,000 and the impairment of the assets of a retirement living site where MHA wish to dispose of the assets £3,267,000.

12 Tangible Fixed Assets (continued)

Included within our freehold land and buildings above is land of £51,578,000 (2021: £51,587,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2021: £Nil). The cumulative amount of capitalised interest included is £3,917,000 (2021: £3,917,000).

12b Tangible Fixed Assets

Company	Care Homes: Freehold land and buildings at cost £'000	Care Homes: Leasehold land and buildings at cost £'000	Other: Freehold land and buildings at cost £'000	Other: Leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Assets in the course of construction at cost £'000	Total £'000
Cost/valuation							
1 April 2021	241,380	37,986	109,851	139	27,635	1,790	418,781
Additions during the year	853	-	515	-	1,598	5,735	8,701
Completions during the year	127	-	911	-	556	(2,526)	(932)
Disposals during the year	-	-	(3,082)	-	-	-	(3,082)
Impairment during the year	(157)	-	-	-	(268)	-	(425)
31 March 2022	242,203	37,986	108,195	139	29,521	4,999	423,043
Accumulated depreciation/impairment							
1 April 2021	42,226	8,453	19,124	26	17,139	-	86,968
Charge for the year	5,185	911	2,348	3	1,884	-	10,331
Impairment	(642)	-	-	-	(92)	-	(734)
On disposals	-	-	(596)	-	-	-	(596)
31 March 2022	46,769	9,364	20,876	29	18,931	-	95,969
Net book value							
31 March 2022	195,434	28,622	87,319	110	10,590	4,999	327,074
31 March 2021	199,154	29,533	90,727	113	10,496	1,790	331,813

Included within freehold land and buildings above is land of £44,391,000 (2021: £44,399,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2021: £Nil). The cumulative amount of capitalised interest included is £3,813,000 (2021: £3,813,000).

13 Capital Commitments

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Expenditure contracted, less certified	2,947	624	2,893	599

Included within the capital commitments of the Group and Company are contracts relating to the development of sites which are executory contracts in nature as at 31 March 2022. A liability for these items has not been recorded in the financial statements as neither party has yet performed their obligations and the contracts are not onerous.

14 Investments – Group and Company

	2022 Total £'000	2021 Total £'000
1 April 2021	1,360	1,315
Additions during the year	105	-
Net (loss)/gain on revaluation	4	45
31 March 2022	1,469	1,360

The securities represent:

Methodist Church Central Finance Board:

Equity fund units	443	400
Fixed interest fund units	1,026	960
31 March 2022	1,469	1,360

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

15 Debtors

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	9,087	8,276	7,925	7,384
Due from group undertakings	-	-	23,274	23,062
Other debtors	485	791	443	737
Prepayments and accrued income	8,113	4,520	7,947	4,457
	17,685	13,587	39,589	35,640

Amounts receivable from Group undertakings comprise a formal loan of £3,500,000 (2021: £3,500,000) which is interest bearing at a rate of 1% per annum (2021: 1%) unsecured and repayable on demand, and £19,774,000 (2021: £19,562,000) recharges arising from operational activities which is not interest bearing, is unsecured and payable on demand.

16 Creditors: Amounts falling due within one year

	Group		Company	
	2022 £'000	2021 (restated) £'000	2022 £'000	2021 £'000
Loans – principal and interest	1,900	1,780	1,649	1,529
Trade creditors	5,514	4,898	5,512	4,899
Charges and rents in advance	5,241	3,219	5,119	3,112
Deferred Income – buy-back properties	241	424	146	301
Unpaid pension contributions	976	986	961	971
Taxation and social security	5,222	4,826	5,056	4,685
Other creditors (Group only restated 2021)	13,653	12,951	12,955	12,338
Accruals and deferred income	11,177	9,055	9,785	8,246
	43,924	38,139	41,183	36,081

17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2022 £'000	2021 (restated) £'000	2022 £'000	2021 £'000
Derivative financial instruments	195	4,938	195	4,938
Loans:				
- Between one and two years	2,164	2,035	1,909	1,781
- Between three and five years	77,265	76,848	76,589	76,148
- In five years or more	12,835	15,412	10,421	12,771
Less loan arrangement fees	(264)	(396)	(264)	(396)
	92,000	93,899	88,655	90,304

Unamortised grants – deferred income:

- Between one and two years	-	991	-	-
- Between three and five years	-	2,821	-	-
- In five years or more	-	11,471	-	-
Restated 2021	-	(15,283)	-	-
	-	-	-	-

Deferred Income – buy-back properties:

- Between one and two years	143	294	52	186
- Between three and five years	286	365	68	103
- In five years or more	131	134	34	34
	560	793	154	323
Total	92,755	99,630	89,004	95,565



17 Creditors: Amounts falling due after more than one year (continued)

The loans are secured on certain Care Home and housing properties, representing 51% of the value of Freehold Land and Buildings (2021: 51%) with a Net Book Value of £143,356,000 (2021: £145,395,000). The interest rates payable on these loans, plus the short-term loans of £1,900,000 (2021: £1,780,000), are as detailed below, confirming the drawn-down amounts as at 31 March 2022, the interest rate and the respective terms.

Company £'000

£70,000 is payable at LIBOR plus a margin of 2.2% until March 2025

£20,700 is payable at LIBOR plus a margin 0.8% until December 2030

£90,700 **Company total**

Subsidiaries £'000

£1,300 is a variable rate of 0.5% until April 2033

£1,111 is a variable rate of 0.5% until May 2033

£61 is fixed at a rate of 4.5% until 1 January 2024

£1,124 is fixed at a rate of 10.7% until 31 March 2049

£3,596 **Subsidiaries total**

£94,296 **Group total**

Below are the drawn-down amounts as at 31 March 2021, the interest rate and the respective terms.

Company £'000

£70,000 is payable at LIBOR plus a margin of 2.2% until March 2025

£22,361 is payable at LIBOR plus a margin 0.8% until December 2030

£92,361 **Company total**

Subsidiaries £'000

£1,415 is a variable rate of 0.5% until April 2033

£1,210 is a variable rate of 0.5% until May 2033

£88 is fixed at a rate of 4.5% until 1 January 2024

£1,132 is fixed at a rate of 10.7% until 31 March 2049

£3,845 **Subsidiaries total**

£96,206 **Group total**

Of the outstanding loan balance £70,000,000 (2021: £70,000,000) relates to loans that are non-amortising.

17 Creditors: Amounts falling due after more than one year (continued)

The Company has fixed interest rates to guard against future rate movements on £70,000,000 (2021: £70,000,000) of the loan balance through an interest rate swap. The overall cost of the derivative arrangement is fixed at 4.3%. The fair value of the interest swaps as at 31 March 2022 is a £195,000 liability (2021: £4,938,000 liability) representing the cost of exiting this arrangement, which is not currently intended by the company. The recognised gain on cash flow hedges in the year is £4,743,000 (2021: gain of £1,068,000). This reflects the net of the fair value gain on derivatives of £3,545,000 (2021: loss of £1,198,000) and the losses recycled to bank loan interest of £1,346,000 (2021: losses recycled of £1,207,000). The amounts recycled to bank loan interest represent the cash paid on derivatives during the year.

18 Prior year adjustment

A prior year adjustment has been made to reflect a change in accounting policy on the Group's treatment of Social housing grants to recognise grants as income on entitlement in accordance with the Charity SORP (FRS102).

The impact of the adjustment to the accounts is as follows:

	2021
Consolidated Statement of Financial Activities	
Charitable Income – retirement living	(1,021)
	(1,021)
Consolidated Statement of Financial Position	
Creditors: Amounts falling due within one year	991
Creditors: Amounts falling due after more than one year	15,283
Unrestricted Funds	(16,274)
Prior year adjustment	(17,295)

Profit/loss on miscellaneous property sales has been moved in the prior year from charitable expenditure to charitable income and this has affected the following:

	2021
Consolidated Statement of Financial Activities	
Charitable Income – care homes	497
Charitable Income – retirement living	132
Charitable Expenditure – care homes	(497)
Charitable Expenditure – retirement living	(132)
	-

The impact of the release of the remediation provision in Auchlochan on the prior year is as follows:

	2021
Consolidated Statement of Financial Position	
Provision for liabilities	422
Unrestricted Funds	(422)
	-

19 Provisions for liabilities

	1 April 2021 £'000	Prior year adjustment £'000	1 April 2021 (restated) £'000	Created on new transactions £'000	Charge for year £'000	Increase/ (release) in provision £'000	Utilisation of provision £'000	31 March 2022 £'000
Group								
Guarantee property buy- backs	38,323	-	38,323	1,039	27	-	(9,670)	29,719
Remediation provision	422	(422)	-	-	-	-	-	-
Retirement Living provision	1,915	-	1,915	-	-	(1,915)	-	-
Housing for Sale provision	90	-	90	-	-	(90)	-	-
Public Liability provision	500	-	500	-	-	-	-	500
	41,250	(422)	40,828	1,039	27	(2,005)	(9,670)	30,219
Company								
Guarantee property buy- backs	25,089	-	25,089	286	(162)	-	(6,086)	19,127
Retirement Living provision	1,915	-	1,915	-	-	(1,915)	-	-
Housing for Sale provision	90	-	90	-	-	-	(90)	-
Public Liability provision	500	-	500	-	-	-	-	500
	27,594	-	27,594	286	(162)	(1,915)	(6,176)	19,627

The guarantee property buy-backs provision arises when MHA enters into transactions to sell the leasehold interest in Retirement Living properties with an option (exercisable by either party) for MHA to repurchase the leasehold at a pre-agreed amount. Buy-back commitments have been estimated to average nine years (2021: nine years). Provisions are discounted at the appropriate risk-free rate. The relevant nine- and five-year Government bond rates have been used depending on the remaining expected life of the individual commitments by property, these being 1.63% and 1.51% respectively (2021: 0.9% and 0.4%). The approximate effects of changes to the discount rate by 1% or a one-year change to the buy-back commitment life has been sensitised and deemed not to have a material effect on the provision.

A prior year adjustment has been included to remove the remediation provision that had been held for ongoing works at Auchlochan village, as it is felt that there is no obligation to make future payments.

The Retirement Living provision related to a possible outflow from a consultation process which was completed in the year with no resultant liabilities and has therefore been released.

19 Provisions for liabilities (continued)

The Housing for Sale provision related to an onerous contract at a retirement living scheme regarding the operational management of the site. MHA have terminated this contract in October 2021 with the balance of the provision at 31 March 2021 being utilised against the cost of operational services to the termination date.

The Public Liability Provision provides for the potential costs of future Covid-19 public liability claims following the withdrawal of provision by our insurers.

20 Share Capital

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

21 Endowment Funds

21a Endowment funds (current year)

Movement in Funds

Group and Company	1 April 2021 £'000	Incoming £'000	Outgoing £'000	(Losses)/ gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
H D Clarke Memorial	944	5	(2)	(34)	-	-	913
Redcroft Residential Home	69	-	-	-	-	-	69
	1,013	5	(2)	(34)	-	-	982

21b Endowment funds (prior year)

Movement in Funds

Group and Company	1 April 2020 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2021 £'000
H D Clarke Memorial	952	6	(2)	(12)	-	-	944
Redcroft Residential Home	68	1	-	-	-	-	69
	1,020	7	(2)	(12)	-	-	1,013

22 Restricted income funds

22a Restricted income funds (current year)

Movement in Funds

Group	1 April 2021 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
Care Homes	14,386	11,386	(11,364)	39	-	(40)	14,407
Retirement Living	4,872	883	(1,017)	-	-	19	4,757
Big Lottery Fund grant	-	76	(76)	-	-	-	-
MHA Communities	2,919	5,346	(5,040)	-	-	(75)	3,150
Amenity funds	2,002	412	(338)	-	-	39	2,115
Other	-	-	-	-	-	-	-
	24,179	18,103	(17,835)	39	-	(57)	24,429

22b Restricted income funds (prior year)

Movement in Funds

Group	1 April 2020 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2021 £'000
Care Homes	14,562	15,081	(14,735)	57	(92)	(487)	14,386
Retirement Living	4,910	632	(786)	-	(124)	240	4,872
Big Lottery Fund grant	-	192	(192)	-	-	-	-
MHA Communities	3,048	4,680	(4,838)	-	60	(31)	2,919
Amenity funds	1,815	572	(385)	-	-	-	2,002
Other	-	111	(111)	-	-	-	-
	24,335	21,268	(21,047)	57	(156)	(278)	24,179

22 Restricted income funds (continued)

22c Restricted income funds (current year)

Movement in Funds

Company	1 April 2021 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2022 £'000
Care Homes	14,386	11,033	(11,011)	39	-	(40)	14,407
Retirement Living	4,872	782	(916)	-	-	19	4,757
Big Lottery Fund grant	-	76	(76)	-	-	-	-
MHA Communities	2,920	5,346	(5,040)	-	-	(75)	3,151
Amenity funds	1,950	398	(320)	-	-	46	2,074
Other	-	-	-	-	-	-	-
	24,128	17,635	(17,363)	39	-	(50)	24,389

22d Restricted income funds (prior year)

Movement in Funds

Company	1 April 2020 £'000	Incoming £'000	Outgoing £'000	Gains on investment assets £'000	Transfers between restricted funds £'000	Transfers between restricted and unrestricted funds £'000	31 March 2021 £'000
Care Homes	14,562	14,793	(14,447)	57	(92)	(487)	14,386
Retirement Living	4,910	628	(782)	-	(124)	240	4,872
Big Lottery Fund grant	-	192	(192)	-	-	-	-
MHA Communities	3,048	4,681	(4,838)	-	60	(31)	2,920
Amenity funds	1,779	544	(373)	-	-	-	1,950
Other	-	111	(111)	-	-	-	-
	24,299	20,949	(20,743)	57	(156)	(278)	24,128

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

Big Lottery Fund Grants of £76,000 (2021: £192,000) were received in the year to support MHA Communities Schemes.

23 Funds

23a Funds (current year)

Group	Total £'000
At 1 April 2021	324,985
Surplus for the year	18,090
Actuarial gain	(1,586)
Deficit on interest rate swaps	4,743
Transfers	-
At 31 March 2022	346,232

23b Funds (prior year)

Group	Total £'000
At 1 April 2020 (restated)	320,245
Surplus for the year	5,211
Actuarial gain	(1,539)
Deficit on interest rate swaps	1,068
Transfers	-
At 31 March 2021	324,985

23c Funds (current year)

Company	Total £'000
At 1 April 2021	260,729
Surplus for the year	17,335
Actuarial gain	(1,586)
Deficit on interest rate swaps	4,743
Transfers of subsidiary	-
Transfers	-
At 31 March 2022	281,221

23d Funds (prior year)

Company	Total £'000
At 1 April 2020	256,563
Surplus/(loss) for the year	4,637
Actuarial gain	(1,539)
Deficit on interest rate swaps	1,068
Transfer of subsidiary	-
Transfers	-
At 31 March 2021	260,729

23 Funds (continued)

The company's surplus before donations for the year to 31 March 2022 amounted to £13,611,000 (2021: loss of £539,000). The company's surplus after donations for the year to 31 March 2022 amounted to £17,335,000 (2021: surplus of £4,637,000) from a gross income of £233,677,000 (2021: £228,871,000).

24 Pensions and Similar Obligations

A defined contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 172 (2021: 205) employees. The contribution rate of MHA for the year varied between 3% and 6% depending on the employee's contribution, which is a minimum of 5%.

MHA operates a number of pension schemes:

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

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

The FRS102 disclosures below have been produced by TPT Retirement Solutions, the group actuaries using the projected unit method to calculate the Scheme liabilities at 31 March 2022. No adjustments have been made to measure the defined benefit obligation at the reporting date to their valuation.

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

	2022 %pa	2021 %pa	2020 %pa	2019 %pa
Inflation (CPI)	3.3%	2.9%	1.7%	2.3%
Inflation (RPI)	3.6%	3.3%	2.7%	3.3%
Rate of increase in salaries	0.0%	0.0%	3.2%	3.8%
Rate of increase for pensions in payment	2.4%	2.3%	1.5%	1.8%
Rate of increase for deferred pensions	3.6%	3.3%	2.7%	3.3%
Discount rate	2.8%	2.1%	2.3%	2.4%

Pensions accrued before 1 January 2000 for members who joined the scheme before 1 November 1998 are subject to guaranteed fixed increases of 5% (2021: 5%) per annum in deferment and in payment.

24 Pensions and Similar Obligations (continued)

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

Life expectancy	2022 S1PA Year of birth CMI21 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females	2021 S1PA Year of birth CMI20 with a minimum improvement of 1.3% p.a. for males and 1.3% p.a. for females	2020 S1PA Year of birth CMI19 with a minimum improvement of 1.3% p.a. for males and 1.0% p.a. for females	2019 S1PA Year of birth CMI18 with a minimum improvement of 1.5% p.a. for males and 1.3% p.a. for females
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The assumed life expectations on retirement age 65 are:

	2022 Years	2021 Years	2020 Years	2019 Years
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Pensioner currently aged 65:

Male	21.7	21.4	21.9	22.0
Female	24.1	23.4	23.7	23.7

Non-Pensioner currently aged 45:

Male	23.3	22.7	23.2	23.4
Female	25.6	24.9	24.9	24.9

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

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

	Fair value 2022 £'000	Fair value 2021 £'000
Equities	417	7,020
Government bonds	28,939	16,912
Property	9,142	3,871
Cash	1,442	3,808
Other	11,906	19,477
LDI	14,376	14,159
Total market value of assets	66,222	65,247
Present value of scheme liabilities	(58,279)	(63,766)
Surplus/(deficit) in the scheme	7,943	1,481
Effect of asset ceiling	(7,943)	(1,481)
Net pension asset/(liability) under FRS102	-	-

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

The last formal valuation of the scheme was performed as at 30 September 2018 by a professionally qualified actuary.

24 Pensions and Similar Obligations (continued)

The actuary has confirmed that the existing contribution level can be reduced given the deficit which is forecast to be removed within 10 years.

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

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

Analysis of amounts charged to net incoming resources

	2022 £'000	2021 £'000
Current service cost	-	-
Expenses	(120)	(121)
Expected return on scheme assets	1,369	1,446
Interest on pension scheme liabilities	(1,321)	(1,341)
Net cost	(72)	(16)
Interest on effect of asset ceiling	(48)	(105)
Total cost	(120)	(121)

Analysis of amount recognised as Actuarial gain/(loss)

	2022 £'000	2021 £'000
Actuarial gain/(loss) recognised in the Consolidated Statement of Financial Activities	(1,586)	(1,539)
Employer contribution adjustment	0	0
	(1,586)	(1,539)
Total (charge)/credit to Consolidated Statement of Financial Activities	(1,706)	(1,555)
Cumulative actuarial losses	(13,052)	(11,466)

Statement of Financial Position impact	2022 £'000	2021 £'000
Present value of funded obligations	(58,279)	(63,766)
Fair value of scheme assets	66,222	65,247
Surplus/(deficit) in the scheme at 31 March	7,943	1,481
Effect of asset ceiling	(7,943)	(1,481)
Net pension asset/(liability) under FRS102	0	0

Changes in the present value of the defined benefit obligation	2022 £'000	2021 £'000
Opening defined benefit obligation	63,766	59,577
Service cost	0	0
Interest cost	1,321	1,341
Actuarial gain/(loss)	(5,087)	5,395
Net benefits paid	(1,721)	(2,547)
Closing defined benefit obligation	58,279	63,766

24 Pensions and Similar Obligations (continued)

Changes in fair value of plan assets	2022 £'000	2021 £'000
Opening fair value of plan assets	65,247	63,366
Interest Income	1,369	1,446
Actuarial gain	(259)	1,443
Contributions by employer	1,706	1,660
Net benefits paid	(1,721)	(2,547)
Expenses	(120)	(121)
Closing fair value of plan assets	66,222	65,247
Return on plan assets	1,110	2,889

- (ii) The previous Growth Plan is a multi-employer-defined benefit scheme which is administered by TPT Retirement Solutions. The actuary has completed a tri-annual valuation as at 30 September 2018 showing a funding level of 74%. Additional contributions of £56,000 (2021: £55,000) were paid during the year.
- (iii) The contribution by the Group to the defined benefit scheme paid during the year amounted to £1,706,000 (2021: £1,660,000). Further payments will be made in future years to further reduce the pension deficit shown in the last tri-annual valuation.
- (iv) The current growth plan is a multi-employer-defined contribution scheme. Contributions paid during 2021/22 in respect of the defined contribution scheme were £294,000 (2021: £553,000).
- (v) During the year all employees were eligible to join the auto-enrolment scheme. The new scheme is compulsory for all employees who have not specifically opted out of the scheme. MHA contributed 3% of pensionable pay for all those included in the scheme from 1 April 2013. The contributions for the year were £3,058,000 (2021: £3,263,000).

25 Notes to the Cash Flow Statement

a) Reconciliation of net income to net cash inflow from operating activities

	2022 £'000	2021 (restated) £'000
Net income	18,090	6,232
Unrealised losses/(gains) on investment	(4)	(45)
Investment income	(39)	(160)
Release of capital grants (restated 2021)	-	-
Interest charge	3,475	3,546
Profit on sale of Retirement Living Housing	(9,085)	5,161
Depreciation charges	13,252	12,695
Amortisation	550	(629)
Impairment of fixed assets	(309)	5,171
Defined benefit scheme pension contributions paid in the year	(1,706)	(1,660)
Defined benefit scheme pension cost charged in the year	120	121
Increase in debtors	(4,098)	1,234
(Decrease)/increase in creditors and provisions (restated 2021)	(5,146)	(10,815)
Net cash provided by operating activities	15,100	20,851

25 Notes to the Cash Flow Statement (continued)

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

Cash and cash equivalents amounting to £252,000 (2021: £250,000) held in endowment funds are not available for use to further charitable activities as they are held for particular purposes and are intended to be permanent.

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

	2022 £'000	2021 £'000
Increase in cash and cash equivalents	10,924	18,571
Cash movement in borrowings	5,431	2,036
Change in net funds resulting from cash flows	16,355	20,607
Change in net funds resulting from non-cash flows	(3,653)	-
Movement in net debt		
Net debt as at 1 April	(31,372)	(51,979)
Net debt as at 31 March	(18,670)	(31,372)

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

	1 April 2021 £'000	Cash flow £'000	Non-cash changes £'000	31 March 2022 £'000
Cash at bank and in hand	64,306	10,924	-	75,230
Loans due within one year	(1,782)	5,431	(5,549)	(1,900)
Loans due after more than one year	(93,896)	-	1,896	(92,000)
	(31,372)	16,355	(3,653)	(18,670)

26 Group Structure

Methodist Homes has the following subsidiary undertakings:

Methodist Homes Housing Association Ltd

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

	2022 £'000	2021 £'000
Assets	72,786	72,188
Liabilities	(19,817)	(21,114)
Funds	52,969	51,074
Incoming resources	7,313	6,940
Resources expended	(5,418)	(5,169)
Movement in funds	1,895	1,771

26 Group Structure (continued)

MHA Auchlochan Ltd

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

	2022 £'000	2021 £'000
Assets	33,204	34,898
Liabilities	(36,867)	(38,413)
Funds	(3,663)	(3,515)
Incoming resources	9,043	7,347
Resources expended	(9,191)	(7,523)
Movement in funds	(148)	(176)

The two (2021: two) organisations are deemed to be subsidiaries of Methodist Homes by means of various intra-group agreements.

27 Related party transactions

The group operates a defined benefit scheme where MHA is the sponsoring employer. The contribution by the group to the scheme paid during the year amounted to £1,706,000 (2021: £1,660,000).

During the financial year to 31 March 2022 one (2021: one) member of the Leadership Team and The Board had close family members residing in the company's Care Homes. In both situations arrangements were established and continue to be monitored in accordance with the company's published relatives' policy. The policy stipulates line management oversight of all instances where MHA services are provided to relatives of Board Members and employees. The policy ensures that there is no preference given to the availability or price of MHA's services and also ensures the safeguarding of family members and carers.

Related party transactions with Group undertakings relate to recharges arising from operational activities. Amounts receivable from Group undertakings comprise a formal loan of £3,500,000 (2021: £3,500,000) which is interest bearing at a rate of 1% per annum (2021: 1%) unsecured and repayable on demand, and £19,774,000 (2021: £19,562,000) recharges arising from operational activities which is not interest bearing, is unsecured and payable on demand.

	2022 £'000	2021 £'000
Transactions		
Recharges to Group Undertakings	7,854	6,392
Pension scheme – Defined benefit	1,706	1,660
	9,560	8,052

27 Related party transactions (continued)

	2022 £'000	2021 £'000
Balances		
Due from Group Undertakings	23,274	23,062
Pension scheme – Defined benefit	-	-
	23,274	23,062

28 Statement of Financial Activities for prior year

	Note(s)	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2021 (restated) £'000
Income and endowments from:					
Donations and legacies	2	2,295	2,919	-	5,214
Charitable activities					
Homes (restated)		182,280	14,425	-	196,705
Retirement Living (restated)		34,893	649	-	35,542
Live at Home		-	3,139	-	3,139
Other		1,735	111	-	1,846
Total charitable activities	3/6	218,908	18,324	-	237,232
Investments	4	128	25	7	160
Total		221,331	21,268	7	242,606
Expenditure on:					
Raising funds		672	-	-	672
Charitable activities					
Homes (restated)		173,902	15,091	-	188,993
Retirement Living (restated)		36,972	814	-	37,786
Live at Home		-	5,030	-	5,030
Other		3,929	112	2	4,043
Total charitable activities	6	214,803	21,047	2	235,852
Other		916	-	-	916
Total	5	216,391	21,047	2	237,440
Net gain/(loss) on investments		-	57	(12)	45
Net income		4,940	278	(7)	5,211
Transfer between funds		434	(434)	-	-

28 Statement of Financial Activities for prior year (continued)

Other recognised gains/(losses):

Actuarial gains on defined benefit pension schemes	25	(1,539)	-	-	(1,539)
Other losses – interest rate swaps		1,068	-	-	1,068
Net movement in funds		4,903	(156)	(7)	4,740

Reconciliation of funds:

Total funds brought forward (restated)		294,890	24,335	1,020	320,245
Total funds carried forward		299,793	24,179	1,013	324,985

29 Contingent assets and liabilities

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

The group had no other contingent assets or liabilities at 31 March 2022 (2021: same).



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MHA is the trading name of a group of companies.

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

MHA Auchlochan is a registered Scottish Charity (No. SC040155) and Company limited by Guarantee (No. SC352117) with registered office Auchlochan House, New Trows Road, Lesmahagow, Lanarkshire ML11 0JS

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