



METHODIST HOMES REPORT AND ACCOUNTS 31 March 2013

Charity Registered No. 1083995
Company Registered No. 4043124

Photos, front cover left to right:

- 1. Resident and carer at Waterside House, MHA's residential and dementia care home in Wednesfield, Wolverhampton*
- 2. Cedar Lawn, MHA's residential care home in Stratford upon Avon, Warwickshire*
- 3. Scheme members from MHA's Burntwood Live at Home, Staffordshire visiting their local riding school*
- 4. Torwood, MHA's nursing and nursing dementia care home in Wells, Somerset*

Photos, back cover left to right:

- 1. The restaurant at Victoria Court, MHA's assisted living community in Leeds*
- 2. Warde Aldam, MHA's nursing and nursing dementia care home in South Elmsall, West Yorkshire*
- 3. Resident playing with a young friend at MHA's residential and nursing care home in Hathersage, Derbyshire*

METHODIST HOMES
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METHODIST HOMES OFFICERS AND ADVISORS

Patrons

Baroness Kathleen Richardson of Calow, OBE
Pam Rhodes

Board

	Born	Term of office		Committee memberships
		Start	Finish	
Chair				
Keith Salsbury	1946	2008		Remuneration Committee
Other Board Members				
Andrew Robinson	1947	Jul 2006	Jul 2012	
Mike Bamford	1945	Jul 2010	Dec 2012	
Rev Wes Blakey	1947	Jul 2009		
Malcolm Johnson	1943	Jul 2010		
Joan Rippingale	1933	Jul 2010		
Moira Simpson	1943	Jul 2010		Audit Committee
Anne Gibson	1947	Apr 2011		
Chris Paley	1953	Apr 2011		
Graham Smith	1950	Apr 2011		Audit Committee
David Hobbs	1947	Jul 2012		
Shelagh Morgan	1953	Jul 2012		
David Hall	1941	Jun 2011	Jul 2012	
reappointed		Aug 2013		

METHODIST HOMES

OFFICERS AND ADVISORS

Corporate Management Team

Name	Born	Joined	Position
Rev Dr Keith Albans	1956	2001	Group Director - Chaplaincy & Spirituality
Carol Artis	1953	2005	Group Director - Care Homes
Jane Barker	1961	1999	Group Director - Retirement Living
Roger Davies	1959	1999	Group Chief Executive
Steve Fraser	1965	2012	Group Director - Finance
Anna Marshall-Day	1972	2006	Group Director - People & Corporate Affairs
Paul Milner	1964	2002 - Mar 2013	Group Director - Commercial

Company Secretary

Roger Davies

Registered Office

Methodist Homes (MHA)
Epworth House
Stuart Street
DERBY
DE1 2EQ

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Fax: (01332) 296925
Email: enquiries@mha.org.uk
Website: www.mha.org.uk

Charity Registered Number

1083995

Company Registered in England and Wales Number

4043124

METHODIST HOMES
OFFICERS AND ADVISORS

Professional Advisors

Solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
External Auditor	Baker Tilly UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham B2 5AF
Bankers	HSBC Plc 70 Pall Mall London SW1Y 5EZ AIB Group (UK) Plc 61 Temple Row Birmingham B2 5LS Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW Barclays Bank Plc 1 Snowhill Snowhill Queensway Birmingham B3 2WN Royal Bank of Scotland PO Box 6743 1st Floor Crompton House Derwent Street Derby DE1 2XR
Investment Advisors	Central Finance Board of the Methodist Church 9 Bonhill Street London EC2A 4PE

METHODIST HOMES

BOARD OF DIRECTORS' REPORT including TRUSTEES' ANNUAL REPORT

31 March 2013

I. 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 Memorandum and Articles of Association dated 31 March 2011.

For the year ended 31 March 2013 Methodist Homes has been the parent company of the connected charitable organisations Methodist Homes Housing Association and MHA Auchlochan.

Organisational Structure

The Board consists of up to twelve Board Members, one of whom is nominated by the Methodist Church.

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

- The Audit Committee advises the Board on all matters relating to the annual financial statements, external audit, risk management and internal financial control.
- The Remuneration Committee determines, on behalf of the Board, the remuneration of the corporate management team.

Election and Appointment of Board Members

The Church nominee is nominated by the Conference of the Methodist Church.

Board Members are appointed by the Board. The recruitment of new Board Members is through a process of advertisement, application and interviews ensuring collectively we have a range of skills, knowledge and experience.

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

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

Induction and Training of Board Members

New Board members receive full induction which includes our Code of Conduct, constitutional documents, policies and information relevant to the work of the Charity. In addition, all Board members visit services and further develop understanding of the work of the organisation. Visits to services are also an annual feature of Board meetings. Training of all Board members is provided in accordance with requirements and as a result of annual performance appraisals. Insurance has been taken to indemnify Board members against liability for wrongful acts.

The Board Members decide the strategic aims of the Charity and hold to account management to perform executive functions. Decisions are taken in accordance with the instructions laid down in the Charity's Standing Orders and related policy documents.

METHODIST HOMES

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Patrons

We would like to take this opportunity to thank our Patrons, Baroness Kathleen Richardson of Calow, OBE and Pam Rhodes. Their support is invaluable in raising the profile of the organisation and helping the Charity to reach out to more older people in need. Opening new developments and services, supporting national events and backing major capital appeals generates essential charitable income and the time and contribution given by our Patrons is greatly appreciated.

Connected Charities

During the year to 31 March 2013 Methodist Homes worked closely with two associated charitable organisations:

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

Risk Management

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

The key risks likely to affect the Group's ability to meet its objectives include: the impact of the economic recession on the care and housing sector and particularly the availability of state funding affecting our ability to serve older people with limited personal means, final salary scheme funding and a seriously poor reputation at one or more schemes, undermining confidence of supporters and lenders. These risks are monitored and appropriate actions taken.

2. Objectives and Activities

The objects of Methodist Homes and its subsidiary undertakings are to provide the following services for older people and other adults in need:

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

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

Our beneficiaries are split broadly 50:50 into those that are fully self-funded and those that are partially or fully funded by the local authority or the NHS.

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31 March 2013

Methodist Homes' mission is to improve the quality of life for older people, inspired by Christian concern. Our values underpin all our services which combine compassionate care for each individual and high professional standards.

Our main objectives for the coming year are to continue to provide high quality services and to reach out to more older people by developing new care accommodation and support services to meet the needs and expectations of Britain's ageing society.

Significant Activities

The significant charitable activities undertaken are:

i. Care Homes

Residential, Dementia and Nursing Care Homes offer 24-hour person-centred care and support in specially designed accommodation with private en suite bedrooms and spacious dining facilities, communal areas and gardens. Full and varied activities programmes, including shared worship, are made available to meet the needs of each individual.

ii. Retirement Living

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

iii. Live at Home

Community-based support for older people living in their own home. Companionship, outings and help with shopping, nourishing hot meals and social activities - all designed to help older people stay independent and supported in their own home and community. This service is provided largely by volunteers working with MHA's management infrastructure and support.

METHODIST HOMES

BOARD OF DIRECTORS' REPORT including TRUSTEES' ANNUAL REPORT

31 March 2013

3.Achievements and Performance

In 2012/13, for Methodist Homes we said we would:	Here's what we did:
Maintain and enhance the quality of our services and improve satisfaction levels among residents and service users	<ul style="list-style-type: none"> Commissioned Satisfaction Survey 'Your Care Rating' to provide residents living in care homes with the opportunity to give their views via an independent confidential survey. Our results showed a satisfaction level of 89% for our care homes and 89% would recommend their home. MHA's care services are regulated and latest assessments by industry experts Laing & Buisson show MHA with the highest quality compliance of the top ten providers.
Extend our services to more older people	<ul style="list-style-type: none"> Offered accommodation, care and support services to around 16,000 older people: <ul style="list-style-type: none"> 5,000 older people living in over 90 care homes – residential, nursing and dementia specialist care 2,000 older people living independently – in a range of purpose-built apartments with flexible support and personalised care 9,000 older people supported by over 70 Live at Home schemes in the community. Sought new locations for services combining both care homes and independent living. Initiated new Live at Home schemes for older people in local communities with the support of volunteers at: <ul style="list-style-type: none"> Housing with care schemes: Rhos-on-Sea, Barnstaple, Chester, Newcastle, Chippenham and Ben Rhydding in Ilkley. Reviewed the pilot Live at Home-style services operated from existing MHA services initiated in 2010 and expanded successful models: <ul style="list-style-type: none"> Community hubs established at Epworth Court, Swindon; West Court, Banbury; Grace Court, Folkestone; Bradley Court, Huddersfield and Ash Court, Clapham. Work is in hand to develop hubs at Willcox Close, Glastonbury; Field Court, York; Hinton Court, Guisborough and Taransay Court, Milton.

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BOARD OF DIRECTORS' REPORT including TRUSTEES' ANNUAL REPORT

31 March 2013

3.Achievements and Performance (continued)

In 2012/13, for Methodist Homes we said we would:	Here's what we did
Develop new care homes and independent living apartments to meet the needs of the growing number of older people	<ul style="list-style-type: none"> Falmouth – completed major upgrade and extension of existing care home, Langholme. Following the acquisition of 18 care homes in 2011 – MHA has upgraded, implemented improvements and re-configured services to meet the needs of residents. Ben Rhydding, Ilkley – completed the development of 56 apartments with the opening of Emmandjay Court. Dovercourt, Essex – offered 14 apartments adjacent to the brand new care home. Headingley, Leeds – completed development of 50 new apartments at Victoria Court. Completed Fulwood Court – offered 33 apartments to older people with flexible care and support to replace our original Fulwood Park Care Home. Chippenham – completed the development of a care home with 60 places and completed hub. Southport – commenced the development of 33 apartments with 24-hour care and support for couples where one partner has dementia.
Develop our dementia care	<ul style="list-style-type: none"> 'The Person Inside' specialist dementia training programme for MHA staff members has been developed in conjunction with, and accredited by Bradford University. A growing number of 32 trained MHA Dementia Facilitators are training their colleagues in key areas including: <ul style="list-style-type: none"> Positive Communication, Understanding Care Planning and Life Story. Continued our specialist dementia care with Music Therapy and Reflexology supporting our approach.
Support staff to achieve the skills and knowledge required to serve older people	<ul style="list-style-type: none"> Continued to improve induction and foundation training for care staff members. Apprenticeship schemes are available to new and existing staff through MHA's partnership with Age UK Training. MHA currently has over 200 employees registered on an Apprenticeship programme.

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BOARD OF DIRECTORS' REPORT including TRUSTEES' ANNUAL REPORT

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3.Achievements and Performance (continued)

In 2012/13, for Methodist Homes we said we would:	Here's what we did
Support staff to achieve the skills and knowledge required to serve older people (continued)	<ul style="list-style-type: none"> Care staff now work towards the QCF Diplomas in Health & Social Care, tailored to meet the needs of quality care for older people. MHA's Leadership Academy programme continues to be developed to offer a range of training resources and learning opportunities for career development. 13 managers are currently enrolled on the 'Developing Leaders' programme, leading to the ILM Level 5 Certificate in Leadership. Four Senior Managers are studying towards an MSc in Leadership, Management & Change in Health & Social Care with Bradford University. Care Home Service Managers have undertaken a personal development programme. MHA's graduate programme offers management development to its own recruited graduates as well as hosting graduates from the National Skills Academy for Adult Social Care.
In 2012/13, for Methodist Homes Housing Association we said we would:	Here's what we did:
Extend our services to more older people	<ul style="list-style-type: none"> Construction of 4 additional flats at Muswell Hill completes in 2013.
Develop additional services at all our housing projects	<ul style="list-style-type: none"> Developed our offer of additional services such as cleaning and shopping in our other sheltered housing. Sought to improve the environment in some of our older properties, with more imaginative interior décor.

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31 March 2013

3.Achievements and Performance (continued)

In 2012/13, for MHA Auchlochan we said we would:	Here's what we did:
Widen the spread and range of services with the development of the next phase of The Retreat	<ul style="list-style-type: none">Phase 2a to create four further apartments completed in July 2012 offering purpose-built properties with flexible care and support, as required.
Create a Village centre, linking Auchlochan House and Courtyard	<ul style="list-style-type: none">The new Village Centre facilities were completed and opened in June 2012

Staff Members

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

Consultation with staff members has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interest, and that all staff members are aware of the quality measures and financial performance of their local service and of MHA as a whole.

Communication with all staff members continues through regular 1-1 meetings, team meetings and newsletters.

MHA understands and values the differences in people and has a commitment to creating an environment that treats each individual fairly. A commitment not to discriminate against any person or group on any basis, 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 ensure we reflect the diversity of the local population.

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4. Financial Review

The Statement of Financial Activities shows total incoming resources of £179.7m (2012 £153.7m), a 16.9% increase on the previous financial year; this is due to the growth in new services for older people noted above and includes a full year impact of £31.4m (2012 £14.8m) from the 18 former Southern Cross care homes.

The surplus generated by our Care Homes has not increased proportionally with income in 2012-13. As well as local authority and NHS austerity measures impacting adversely on occupation and fee levels, we have been remodeling a number of the acquisitions to provide a better service which has resulted in a short-term impact on some Homes' occupancy and expenditure. We are pleased to have achieved an operating surplus percentage of 18.0% in this environment and expect performance to improve in 2013-14.

We have been investing in our Retirement Living services and creating new services with partners. Purpose-built apartments offering 24/7 support and flexible care packages are popular with single older people and couples and is a focus for future growth for MHA. The flexibility we offer in our terms, and the option of renting, buying, or a combination, are key to the service. Retirement Living income is lower than that of Care Homes but the margin is similar at 19.1%.

We are grateful for the generous donations received of circa £6.6 million which we have used to:

- Provide chaplaincy services in all our residential services
- Provide reflexology in all our care services and music therapy in our dementia care services
- Underpin the Live at Home services
- Contribute towards the capital costs of our new and existing services

The net movement of funds of £42.0m is added to the total balances brought forward of £182.5m (after revaluation). MHA's owned Care Homes have been revalued to reflect current market value. This has resulted in an uplift to fixed assets of £30.9m in 2012/13, with a prior year adjustment amounting to an uplift of £63m in total.

The directors consider the market value at 31 March 2013 of the Freehold and Leasehold land and buildings to be in excess of the costs or valuation as stated in note 9 to the financial statements, based on independent valuations.

METHODIST HOMES

BOARD OF DIRECTORS' REPORT including TRUSTEES' ANNUAL REPORT

31 March 2013

Key Indicators

	2012/13 Actual £m	2011/12 as restated Actual £m	2010/11 Actual £m
Total income	179.7	153.7	118.3
Operating costs	168.7	143.1	107.2
Surplus for the year (before investment gains and losses)	11.0	10.6	11.1
<i>Service users</i>			
Care homes	4,700	4,600	3,227
Retirement Living	2,200	2,000	1,956
Community services	9,000	9,000	8,000
<i>Occupancy</i>			
Care homes	92.7%	91.3%	95.0%
Retirement Living	98.5%	99.3%	99.3%
<i>Residents satisfaction - Care homes</i>	89%	88%	87.6%
<i>Residents satisfaction - Retirement Living</i>	N/A	90%	N/A
<i>Cost of fundraising to charitable income</i>	10.1%	12.1%	11.2%

Reserves Policy

The Board of Directors have considered the level of reserves which should be maintained within the Group and this is reviewed annually. Such reserves are needed to cover, for example, working capital, the risk of possible shortfalls in charitable income and other contingencies. The Board considers that minimum reserves of cash and investments of approximately £6m are needed to cover such items, and to enable the Group to continue to operate to meet its charitable objectives. Actual reserves were £13.4m (2012 £14.0m).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.

The level of free reserves, excluding long-term loans (which have been taken out to finance the development programme), restricted and designated funds and those invested in fixed assets are £37.7m (2012 £24.9m).The reserves are intended for future service development.

Investment Policy

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

- General funds to provide working capital in line with the reserves policy.
- Restricted funds (excluding Live at Home and Amenity Funds).
- Permanent endowment funds.

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BOARD OF DIRECTORS' REPORT including TRUSTEES' ANNUAL REPORT

31 March 2013

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

The equity investments increased in value by 13.3% against FTSE All Share index increase of 12.6%. The fixed interest investments increased in value between 2.0% and 3.4% against FTSE Short Gilt Index Composite Index of 3.8%.

Principal Funding Sources

MHA has fully drawn loan facilities with the Allied Irish Bank, (current balance of £32.2m) and Barclays Bank Plc., (current balance of £48.3m). A further loan facility of £20m (drawn £7.8m) has been arranged with the Royal Bank of Scotland. Methodist Homes Housing Association has arranged a loan facility with the Nationwide Building Society to draw up to £5m (current balance of £4.3m). MHA Auchlochan has arranged a loan facility with the Allied Irish Bank which has been fully drawn at 31 March 2012, the current balance is £14.7m. Fixed asset additions of £23.2m were financed by a combination of new borrowing and existing reserves. This expenditure enables us to redevelop existing properties to meet new standards as well as to build new ones and extend services for older people.

5. Change of Chief Executive in 2014

Roger Davies will be standing down as Chief Executive of MHA in 2014 after fifteen successful years' service. Roger will leave us in a position of strength, with high quality people, high quality services and a strong financial covenant. The Board is now engaged in a recruitment process and aims to appoint a successor to build on our very solid foundations. Roger will remain with MHA until mid 2014 to enable a full handover period to take place.

6. Future Developments

Quality

We will continue to focus on achieving high standards to improve quality of life for older people. The basis of our performance management is MHA's Standards, measuring performance in quality of care, staffing and finance.

New Services

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

Apartments to provide care and support

- Wisbech (Edina Court) – complete 8 apartments
- Pickering and Corsham, Wilts – care suites/apartments/bungalows with 24/7 service – in partnership with Rangeford and start on site on phase 1
- Stockport – complete 51 apartments and commission flexible service tailored to the needs of older people in partnership with Gladman

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31 March 2013

Building Upgrades / Replacements

We will take the following action to improve our current buildings:

- Poole – to re-provide on existing site with 69 apartments / care suites
- Shirley – to commence re-provision of home with additional 22 apartments on site
- Bromley – to plan service re-configuration with freeholder


Statement as to Disclosure of Information to Auditor

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

Auditor

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

The report of the board was approved on 15th August 2013 and signed on its behalf by:



KEITH SALSURY
Chair

Epworth House
Stuart Street
Derby
DE1 2EQ

METHODIST HOMES

STATEMENT OF THE BOARD'S RESPONSIBILITIES

31 March 2013

Financial Statements

The Board of Directors (whose members are also trustees of Methodist Homes) is responsible for preparing the Board of Directors' Report including Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group, and of the group's incoming resources and application of resources, including its income and expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group and company will continue in business.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable group and company and enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Internal Financial Control 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 confirms there is an ongoing process for identifying, evaluating and managing significant risks to the achievement of the group strategic objectives.

It has established the following key procedures, which are designed to provide effective internal financial controls:

- **Control environment and procedures:**

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

METHODIST HOMES

STATEMENT OF THE BOARD'S RESPONSIBILITIES

31 March 2013

- **Risk management:**

The Board has adopted Financial Strategies, which are designed to identify and control significant risks facing the organisation. All significant initiative and capital investments are subject to formal authorisation procedures.

- **Management information:**

The Board approves annually a rolling Plan, which incorporates an Annual Budget, and receives regular financial and management reports which identify variances from budget and key financial indicators.

- **Monitoring systems:**

The Board has an Audit Committee, which reviews reports from management, external auditors and internal auditors to provide reasonable assurance that control procedures are in place and being followed. The Committee makes regular reports to the Board.

The Board has reviewed the effectiveness of the system of internal financial control for the year ended 31 March 2013 and until 15 August 2013. No weaknesses were found which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report of those financial statements.

METHODIST HOMES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST HOMES

We have audited the group and parent charity financial statements of Methodist Homes ('the financial statements') for the year ended 31 March 2013 on pages 22 to 53. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of the Board's Responsibilities set out on page 18, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at: www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources, including its 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Board of Directors' Report including Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

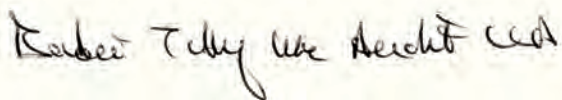
METHODIST HOMES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST HOMES

Matters on which we are required to report by exception

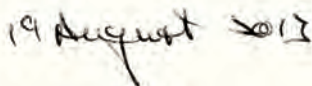
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.



GARY MORETON
(Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP,
Statutory Auditor
St Philips Point
Temple Row
Birmingham
B2 5AF



METHODIST HOMES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure account)

For the year ended 31 March 2013

		Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2013 Total £'000	(as restated) 2012 Total £'000
	Note					
Incoming resources						
Voluntary income	2	4,604	1,949	-	6,553	4,976
Investment income	3	178	48	18	244	297
Incoming resources from generated funds		4,782	1,997	18	6,797	5,273
Charitable activities - continuing	4	171,002	1,898	-	172,900	148,470
Total incoming resources		175,784	3,895	18	179,697	153,743
Resources expended						
Charitable expenditure	4/5	164,373	3,060	18	167,451	141,732
Costs of generating funds	5	663	-	-	663	809
Governance costs	5	546	-	-	546	550
Total resources expended	5	165,582	3,060	18	168,660	143,091
Net incoming resources/net income before other recognised gains and losses						
- continuing		10,202	835	-	11,037	10,652
Total Net Income		10,202	835	-	11,037	10,652
Gains/(losses) on investment assets	8	254	111	15	380	30
Actuarial (loss)/gain on pension scheme	21	(248)	-	-	(248)	(5,391)
Revaluation gain on fixed assets		30,868	-	-	30,868	-
Net movement in funds for the year		41,076	946	15	42,037	5,291
Brought forward at 1 April (as restated)	23	159,097	22,529	850	182,476	177,185
Carried forward at 31 March		200,173	23,475	865	224,513	182,476

The Statement of Financial Activities includes all gains and losses in the year.

METHODIST HOMES

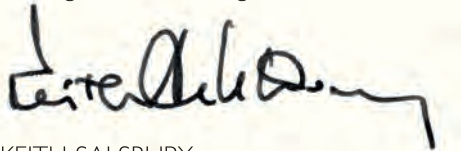
CONSOLIDATED BALANCE SHEET

As at 31 March 2013

Company Registered No. 4043124

		Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2013 Total £'000	(as restated) 2012 Total £'000
	Note					
Fixed assets						
Tangible fixed assets		329,114	19,496	-	348,610	305,000
Social housing and other grants		(47,470)	-	-	(47,470)	(47,469)
Net tangible fixed assets	9	281,644	19,496	-	301,140	257,531
Investments – Securities	11	3,467	398	719	4,584	4,204
		285,111	19,894	719	305,724	261,735
Current assets						
Retirement housing stock	12	33,196	-	-	33,196	25,942
Debtors	13	12,954	-	-	12,954	10,135
Cash at bank and in hand		9,935	3,896	146	13,977	14,711
		56,085	3,896	146	60,127	50,788
Creditors: Amounts falling due within one year	14	(27,523)	(315)	-	(27,838)	(25,523)
Net current assets		28,562	3,581	146	32,289	25,265
Total assets less current liabilities		313,673	23,475	865	338,013	287,000
Creditors: Amounts falling due after more than one year	15	(103,227)	-	-	(103,227)	(93,232)
Pension liability	21	(10,273)	-	-	(10,273)	(11,292)
Net Assets		200,173	23,475	865	224,513	182,476
Funds						
Endowment funds	17	-	-	865	865	850
Restricted income funds	18	-	23,475	-	23,475	22,529
Unrestricted income funds	19					
General fund		135,654	-	-	135,654	125,826
Revaluation reserve		64,519	-	-	64,519	33,271
		200,173	23,475	865	224,513	182,476

The financial statements on pages 22 to 53 were approved on behalf of the Board and authorised for issue on 15 August 2013 and signed on their behalf by



KEITH SALSURY
Chair
Epworth House Stuart Street Derby DE1 2EQ

METHODIST HOMES

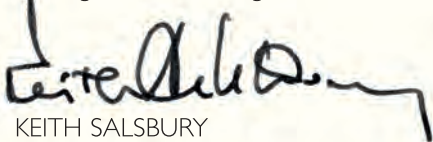
BALANCE SHEET (PARENT COMPANY)

As at 31 March 2013

Company Registration No. 4038631

					(as restated)	
Parent Company	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	2013 Total £'000	2012 Total £'000
Fixed assets						
Tangible fixed assets	9	243,497	19,496	-	262,993	220,674
Investments – Securities	11	3,467	398	719	4,584	4,204
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		246,964	19,894	719	267,577	224,878
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Current assets						
Retirement housing stock	12	28,519	-	-	28,519	20,169
Debtors	13	18,626	-	-	18,626	14,037
Cash at bank and in hand		6,796	3,884	146	10,826	11,616
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		53,941	3,884	146	57,971	45,822
Creditors: Amounts falling due within one year						
	14	(24,370)	(306)	-	(24,676)	(22,295)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		29,571	3,578	146	33,295	23,527
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		276,535	23,472	865	300,872	248,405
Creditors: Amounts falling due after more than one year						
	15	(84,062)	-	-	(84,062)	(71,545)
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets		192,473	23,472	865	216,810	176,860
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Funds						
Endowment funds	17	-	-	865	865	850
Restricted income funds	18	-	23,472	-	23,472	22,528
Unrestricted income funds	19					
General fund		128,937	-	-	128,937	121,595
Revaluation reserve		63,536	-	-	63,536	31,887
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		192,473	23,472	865	216,810	176,860
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The financial statements on pages 22 to 53 were approved on behalf of the Board and authorised for issue on 15 August 2013 and signed on their behalf by



KEITH SALSBURY
Chair
Epworth House Stuart Street Derby DE1 2EQ

METHODIST HOMES
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2013

		2013		2012	
	Notes	£'000	£'000	£'000	£'000
Net cash inflow from operating activities	22		15,571		15,234
Returns on investments and servicing of finance					
Investment income		244		297	
Interest paid and similar charges		(3,581)		(2,838)	
			(3,337)		(2,541)
Capital expenditure					
Payments to acquire tangible fixed assets		(25,768)		(41,839)	
Receipts from sale of tangible fixed assets		931		1,178	
			(24,837)		(40,661)
Net cash flow before use of liquid resources and financing			(12,603)		(27,968)
Financing					
Loans received		16,800		29,300	
Loans repaid		(4,931)		(3,213)	
			11,869		26,087
(Decrease) in cash	22		(734)		(1,881)

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS
For the year ended 31 March 2013

	2013	As restated 2012
	£'000	£'000
Net income for the year	11,037	10,652
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	2,362	2,335
Historical cost net income for the year	13,399	12,987

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

I. Principal Accounting Policies

Basis of Accounting

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 market value, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (revised 2005), except for the treatment of MHHA Social Housing Grants which would normally be shown through the Statement of Financial Activities as Restricted Funds. MHA has chosen to maintain the Housing Association treatment of putting the grant to the balance sheet as a deduction to fixed assets, this is a departure from the Charity SORP and the Companies Act 2006, but is in line with the Statement of Recommended Practice "Accounting by Registered Housing Providers" which is adopted by MHHA. The Directors believe this is the appropriate policy to use within the consolidated accounts.

From this year the group has changed policy with regard to the balance sheet valuation of owned Freehold and Long Leasehold Care Homes. Previously this class of assets was valued on a historical cost basis, from this year they will be valued on a revaluation basis. The group believes that this method of valuation shows a truer picture of the asset value. Prior year results have been amended to show the historical impact. Last year's figures have been restated to a valuation method. The properties will be externally valued every five years and in the intervening years they will be subjected to a review by the Board.

Basis of Consolidation

The Group financial statements consolidate the financial statements of Methodist Homes and its subsidiary undertakings using acquisition accounting on a line by line basis. Intra-group profits are eliminated on consolidation.

The wholly controlled subsidiaries which are consolidated are:
Methodist Homes Housing Association - Registered Provider of Social Housing
MHA Auchlochan - Charity

Incoming Resources from Generating Funds

Donations, legacies and other voluntary income – these are included in the Statement of Financial Activities when the Group is certain of receipt, the income can be measured reliably and entitlement has been achieved. The Group 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.

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

Charitable Activities

Fees, charges and rents – Income represented the amounts charged for occupation costs and services provided in the year; and is recognised on a receivable basis.

Grants receivable – Grants are recognised in the Statement of Financial Activities as they become receivable.

Supported 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 exchange of contracts, where the contract is unconditional and the risks and rewards of ownership have passed. Sales with a guaranteed buyback arrangement are recognised as income when the risks and rewards of ownership have passed.

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 to three items:

(i) Charitable Activities

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

(ii) Costs of generating funds

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

(iii) Governance costs

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

Social Housing Grants

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

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

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

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

Fixed assets with a cost of more than £10,000 are capitalised and depreciated. Improvements which enhance the future economic benefits of the property or extend its overall useful life are capitalised and are fully written off over the expected useful life of the property.

Freehold and long leasehold buildings are depreciated (net of Social Housing and other grants) over their expected useful life of forty years, or the life of the lease if shorter, on a straight-line basis.

Freehold and Long Leasehold Care Homes are depreciated at the revalued amount, over the useful life of the asset.

Assets in the course of construction are not depreciated.

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

Retirement Housing Stock

Unsold units of retirement housing stock and work in progress at the year end are treated as stock and are therefore valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Cost includes capitalised interest incurred on specific projects during the period of development and any other relevant applicable costs.

Revaluation Reserve

This reserve represents the unrealised surpluses arising from the revaluation of investments and Freehold and Long Leasehold Care Homes.

Impairment

Where care/housing properties or retirement housing stock 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.

Investments

Investments are stated at market value. Changes in market value are recorded in the Statement of Financial Activities. Unrealised gains and losses are calculated based on the carrying value of the investments in the Balance Sheet.

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

Liquid Resources

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

Restricted income funds

These balances represent voluntary income or grants from statutory authorities and fees and charges in Live at Home schemes, which have been received for purposes set out in note 18. The application of these funds is restricted by the terms of a special appeal, the expressed wishes of the donor, the will of the testator, or the terms of the grant.

Endowment funds

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

Pensions: Group

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 balance sheet. Actuarial gains and losses for these schemes are included in the Consolidated SOFA. 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 SOFA represents the contributions payable in the year.

The defined benefit schemes are funded, with the assets held separately from the Group in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reducing future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date.

A pension scheme liability is recognised to the extent the Group has a legal or constructive obligation to settle the liability.

For defined contribution schemes contributions are charged to the Consolidated SOFA as they become payable in accordance with the rules of the scheme.

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

Pensions: Company

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

Taxation

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

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

Liabilities

Liabilities are recognised when either a constructive or legal obligation exists.

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

2. Voluntary Income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2013 Total £'000	2012 Total £'000
Donations	486	1,613	-	2,099	1,951
Big Lottery Fund Grant	-	103	-	103	64
Legacies receivable	4,118	233	-	4,351	2,961
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,604	1,949	-	6,553	4,976
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

3. Investment Income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2013 Total £'000	2012 Total £'000
Investment securities – UK	112	11	-	123	120
Bank and deposit interest	66	37	18	121	177
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	178	48	18	244	297
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. Charitable Activities

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

	Homes £000	Retirement Living £000	Live at Home £000	Other £000	2013 Total £000	(as restated) 2012 Total £000
Incoming Resources from Charitable Activities						
Fees and charges	136,638	11,956	783	-	149,377	125,951
Rents	290	4,576	-	-	4,866	4,149
Grants	-	-	1,115	-	1,115	1,073
Consultancy income	-	-	-	374	374	378
Sale of Housing	-	17,168	-	-	17,168	16,919
Total income	136,928	33,700	1,898	374	172,900	148,470
Resources expended - Charitable Activities						
Staff costs	(81,063)	(7,559)	(1,783)	(8,049)	(98,454)	(83,313)
Operational costs	(44,396)	(19,019)	(1,239)	(4,343)	(68,997)	(58,419)
Allocated support costs	(7,747)	(3,522)	(326)	11,595	-	-
Total (note 5)	(133,206)	(30,100)	(3,348)	(797)	(167,451)	(141,732)
Total Surplus from charitable activities 2013	3,722	3,600	(1,450)	(423)	5,449	
Total Surplus from charitable activities 2012	5,485	2,990	(1,380)	(357)		6,738

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

5. Analysis of Total Resources Expended

	Staff costs (note 7) £'000	Operational costs (note 6) £'000	(as restated)	
			2013 Total £'000	2012 Total £'000
Cost of generating funds				
Employment costs	189	-	189	235
Other costs	-	474	474	574
	189	474	663	809
Charitable activities (note 4)	98,454	68,997	167,451	141,732
Governance costs				
Employment costs	258	-	258	223
Trustees' expenses	-	8	8	11
External Auditor's - audit services				
Parent	-	59	59	40
Subsidiaries	-	24	24	24
Prior year under accrual		20	20	8
External Auditor's - taxation services				
Compliance	-	37	37	17
Advisory	-	23	23	19
Internal audit fees	-	10	10	11
Other costs	-	107	107	197
	258	288	546	550
Total charitable expenditure	98,901	69,759	168,660	143,091

	2013 Total £'000	2012 Total £'000
Operating Leases		
The following lease payments were made during the year in respect of operating leases:		
Land and Buildings	8,928	5,197
At 31 March the Group and Charity had annual commitments under non-cancellable operating leases as follows:		
Land and Buildings expiring in more than five years	8,928	8,928

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

6. Analysis of Operational and Allocated Support Costs

	2013	as restated 2012
	£'000	£'000
Supplies and services	21,997	18,764
Repairs and rents	15,409	10,949
Retirement housing cost of sales	13,563	14,495
Depreciation	9,287	7,760
Bank loan interest	3,194	2,755
Other costs	6,309	4,597
	<hr/>	<hr/>
	69,759	59,320
	<hr/>	<hr/>

Included within other costs are those associated with promotional and direct mail materials and regional and head office costs relating to telephone, stationery, IT and rent.

7. Staff

Average monthly number employed (Full-time equivalent)	2013 Number	2012 Number
Care homes	3,772	3,527
Retirement Living	372	311
Live at Home	86	84
Office staff	160	153
	<hr/>	<hr/>
	4,390	4,075
	<hr/>	<hr/>
Group staffing costs	£'000	£'000
Wages and salaries	91,715	78,151
Social security costs	6,037	5,359
Other pension costs	1,149	261
	<hr/>	<hr/>
	98,901	83,771
	<hr/>	<hr/>

Wages and salaries includes agency costs of £2,378,000 (2012 £1,175,000)

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

The number of directors who received reimbursement for the cost of travel to and from meetings was 9 (2012 9). The cost of travel expenses reimbursed was £3,521 (2012 £4,322). No emoluments were paid during the year to any director. 16 employees earned over £60,000 in the year excluding pension contribution within the following bands:-

		2013 Number	2012 Number
Between	£60,001 and £70,000	9	8
Between	£70,001 and £80,000	2	2
Between	£80,001 and £90,000	-	1
Between	£90,001 and £100,000	1	-
Between	£100,001 and £110,000	-	3
Between	£110,001 and £120,000	3	-
Between	£150,001 and £160,000	-	1
Between	£160,001 and £170,000	1	-

14 (2012 13) employees were members of the defined contribution pension scheme.
The employer's pension contribution for the higher paid staff was £100,443 (2012 £114,067). During the year an insurance premium of £8,374 (2012 £8,374) was paid to indemnify directors against liability for wrongful acts.

8. Gains on Investment Assets

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2013 Total £'000	2012 Total £'000
Unrealised gains	254	111	15	380	30

METHODIST HOMES
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

9. Tangible Fixed Assets - Company

	Care Homes freehold land and buildings at valuation £'000	Care Homes long leasehold land and buildings at valuation £'000	Other freehold land and buildings at cost £'000	Other leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Total £'000
Cost or valuation						
At 1 April 2012 (restated)	163,562	8,237	35,934	12,445	11,647	231,825
Transfer to supported housing	-	-	(2,871)	-	(76)	(2,947)
Additions during the year	6,832	365	8,522	4,751	2,731	23,201
Disposals during the year	-	-	(856)	-	-	(856)
Revaluation	19,552	366	-	-	(636)	19,282
At 31 March 2013	189,946	8,968	40,729	17,196	13,666	270,505
Accumulated depreciation						
At 1 April 2012 (restated)	5,085	298	3,776	378	1,614	11,151
Charge for the year	5,778	314	990	146	1,120	8,348
On disposals	-	-	-	-	-	-
Revaluation	(10,863)	(612)	-	-	(512)	(11,987)
At 31 March 2013	-	-	4,766	524	2,222	7,512
Net book value						
At 31 March 2013	189,946	8,968	35,963	16,672	11,444	262,993
At 1 April 2012 (restated)	158,477	7,939	32,158	12,067	10,033	220,674

The net book value at 31 March 2013
represents fixed assets for:

Direct charitable purposes						
Homes	189,946	8,968	10,262	16,313	9,100	234,589
Independent living	-	-	22,390	359	495	23,244
Support offices	-	-	3,311	-	1,849	5,160
	189,946	8,968	35,963	16,672	11,444	262,993

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

9. Tangible Fixed Assets (continued)

On an historical cost basis the revalued fixed assets would have been included at:

	Company		Group	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Freehold land and buildings				
Cost	158,154	151,321	174,106	165,848
Aggregate depreciation	(23,222)	(19,527)	(24,382)	(20,383)
Net book value	134,932	131,794	149,724	145,465
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Leasehold land and buildings				
Cost	6,702	6,336	6,702	6,336
Aggregate depreciation	(1,025)	(851)	(1,025)	(851)
Net book value	5,677	5,485	5,677	5,485
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Care home equipment				
Cost	7,871	7,246	7,939	7,313
Aggregate depreciation	(1,484)	(1,244)	(1,484)	(1,244)
Net book value	6,387	6,002	6,455	6,069

The revalued equipment relates to equipment in place at care homes and is included within the equipment column within the fixed assets note. The value these items are shown at in the fixed assets equipment column is £6,455,000 for the group and £6,387,000 for the company. The remaining equipment relates to equipment not for care homes, which is held at cost.

Included within freehold land and buildings above is land of £40,290,000 (2012 £31,056,000) which is not depreciated.

Additions to freehold land and buildings includes capitalised interest of £230,000 (2012 £254,000). The cumulative amount of capitalised interest included is £2,527,000 (2012 £2,297,000).

Included within freehold land and buildings is £402,968 (2012 £6,209,000) of assets in the course of construction. Also included are three homes with a net book value of £2,168,000 which are currently not operational as sale or development is being considered.

METHODIST HOMES
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

9. Tangible Fixed Assets - Group

	Care Homes freehold land and buildings at valuation £'000	Care Homes long leasehold land and buildings at valuation £'000	Other freehold land and buildings at cost £'000	Other leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Total £'000
Cost or valuation						
At 1 April 2012 (restated)	179,553	8,237	107,186	12,445	11,892	319,313
Transfer to supported housing	-	-	(2,871)	-	(76)	(2,947)
Additions during the year	7,166	365	10,859	4,751	2,857	25,998
Disposals during the year	-	-	(1,058)	-	-	(1,058)
Revaluation	18,375	366	-	-	(646)	18,095
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	205,094	8,968	114,116	17,196	14,027	359,401
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation						
At 1 April 2012 (restated)	5,474	298	6,608	378	1,555	14,313
Charge for the year	6,176	314	1,501	146	1,150	9,287
On disposals	-	-	(35)	-	-	(35)
Revaluation	(11,650)	(612)	-	-	(512)	(12,774)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	-	-	8,074	524	2,193	10,791
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Grants						
At 1 April 2012	-	-	47,469	-	-	47,469
Received in year	-	-	1	-	-	1
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	-	-	47,470	-	-	47,470
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value						
At 31 March 2013	205,094	8,968	58,572	16,672	11,834	301,140
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2012 (restated)	174,079	7,939	53,109	12,067	10,337	257,531
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

9. Tangible Fixed Assets (continued)

The net book value at 31 March 2013 represents fixed assets used for:

	Care Homes freehold land and buildings at valuation £'000	Care Homes long leasehold land and buildings at valuation £'000	Other freehold land and buildings at cost £'000	Other leasehold land and buildings at cost £'000	Furniture, equipment and vehicles at cost £'000	Total £'000
Direct charitable purposes						
Homes	205,094	8,968	13,813	16,313	9,252	253,440
Independent living	-	-	39,749	359	529	40,637
Support offices	-	-	5,010	-	2,053	7,063
	205,094	8,968	58,572	16,672	11,834	301,140

The valuation of land and buildings for care homes for both the company and the group was made in 2013 by Knight Frank, a firm of independent chartered surveyors, 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 care homes were valued as fully equipped and on an individual basis, based on trading results, age and state of repair of property and location.

Included within freehold land and buildings above is land of £47,900,000 (2012 £33,667,000) which is not depreciated.

Additions to freehold land and buildings includes capitalised interest of £230,000 (2012 £254,000). The cumulative amount of capitalised interest included is £4,600,000 (2012 £4,370,000).

Included within freehold land and buildings is £402,968 (2012 £6,209,000) of assets in the course of construction.

Also included are three homes with a net book value of £2,168,000 which are currently not operational as sale or development is being considered.

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

10. Capital Commitments

	Company		Group	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Expenditure contracted, less certified	19,897	23,617	20,833	24,964

11. Investments - Group and Company

	Unrestricted Funds	Restricted Funds	Endowment Funds	2013 Total	2012 Total
	£'000	£'000	£'000	£'000	£'000
1 April 2012	3,097	405	702	4,204	4,174
Transfers	116	(118)	2	-	-
Net gain on revaluation	254	111	15	380	30
31 March 2013	3,467	398	719	4,584	4,204
The securities represent					
Methodist Church Central Finance Board					
Equity Fund units	2,593	239	1	2,833	2,500
Fixed Interest Fund units	874	159	718	1,751	1,704
31 March 2013	3,467	398	719	4,584	4,204

The above investments are listed and located in the UK.

12. Retirement Housing Stock

Group

Included in stock is capitalised interest of £311,000 (2012 £190,000) charged in the year.The cumulative charge is £1,233,000 (2012 £922,000).

Company

Included in stock is capitalised interest of £311,000 (2012 £178,000) charged in the year.The cumulative charge is £1,218,000 (2012 £907,000).

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

13. Debtors

	Company		Group	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade debtors	7,141	5,872	7,764	6,398
Due from group members	5,105	3,291	-	-
Other debtors	6,380	4,874	5,190	3,737
	<u>18,626</u>	<u>14,037</u>	<u>12,954</u>	<u>10,135</u>

14. Creditors: Amounts falling due within one year

	Company		Group	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Trade creditors	1,566	2,805	1,852	3,114
Accruals	3,194	1,406	3,475	1,834
Taxation and social security	2,957	3,043	3,078	3,181
Unpaid pension contributions	152	121	152	121
Pension Scheme Buyout debt	-	1,441	-	1,441
Charges and rents in advance	5,454	4,152	5,606	4,272
Loans – interest	369	316	483	469
Loans – principal	4,284	2,555	5,713	3,839
Other creditors	6,700	6,456	7,479	7,252
	<u>24,676</u>	<u>22,295</u>	<u>27,838</u>	<u>25,523</u>

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

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

	Company		Group	
Loans	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Between one and two years	4,352	4,284	5,819	5,597
Between three and five years	40,615	38,123	45,545	42,361
In five years or more	39,095	29,138	51,863	45,274
	<hr/>	<hr/>	<hr/>	<hr/>
	84,062	71,545	103,227	93,232
	<hr/>	<hr/>	<hr/>	<hr/>

The loans are secured on certain care home and housing properties, representing 41% of the value of Freehold Land and Buildings (2012 43%).

The interest rates payable on these loans, plus the short-term loans (£5.7m), are as follows:

Company

- £5,000,000 is fixed at a rate of 5.89% until February 2014,
 - £4,399,824 is fixed at a rate of 5.52% until August 2015,
 - £5,000,000 is fixed at a rate of 1.01% until May 2016,
 - £5,000,000 is fixed at a rate of 1.60% until May 2016,
 - £5,000,000 is payable at LIBOR but limited within the range of 5.675% to 6.775% including a margin until November 2017,
 - £5,000,000 is at a fixed rate of 3.34% until July 2020,
 - £5,000,000 is at a fixed rate of 3.97% until March 2021,
 - £5,000,000 is at a fixed rate of 3.50% until July 2021,
 - £23,335,000 is payable at LIBOR plus a margin of 2.25%,
 - £17,811,176 is payable at a margin of 0.775% above LIBOR.
 - £7,800,000 is payable at LIBOR plus a margin of 2.75%.
-
- £88,346,000

Subsidiaries

- £5,000,000 is fixed at a rate of 5.327% until June 2016,
 - £2,620,000 is fixed at a rate of 5.44% until June 2018,
 - £5,863,000 is payable at a weighted interest rate of 4.19%,
 - £7,111,000 is payable at LIBOR plus a margin of 1%.
-
- £108,940,000 Group total
-

The loans are repayable in varying installments until 2049.

The Company has fixed interest rates to guard against future rate movements. The fair value of the interest swaps as at 31st March 2013 is £2.8m (2012 £1.9m) representing the cost of exiting this arrangement, which is not currently intended by the Company. The effect of this interest rate swap is to increase bank loan interest by £0.5m (2012 £0.4m) above LIBOR.

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

16. Share Capital

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

17. Endowment funds

Group and Company	1 April 2012 £'000	Movement in Funds		Gains on investment assets £'000	31 March 2013 £'000
		Incoming £'000	Outgoing £'000		
H D Clarke Memorial Fund	785	17	(17)	15	800
Redcroft Residential Home	65	1	(1)	-	65
	<u>850</u>	<u>18</u>	<u>(18)</u>	<u>15</u>	<u>865</u>

18. Group Restricted income funds

	1 April 2012 £'000	Movement in Funds		Gains on investment assets £'000	31 March 2013 £'000
		Incoming £'000	Outgoing £'000		
Homes	14,306	614	(72)	104	14,952
Independent Living	2,099	14	(29)	1	2,085
Retirement Housing	3,523	210	(160)	1	3,574
Big Lottery Fund Grant	-	103	(103)	-	-
Live at Home	1,891	2,582	(2,361)	3	2,115
Amenity funds	710	372	(335)	2	749
	<u>22,529</u>	<u>3,895</u>	<u>(3,060)</u>	<u>111</u>	<u>23,475</u>
Group	<u>22,529</u>	<u>3,895</u>	<u>(3,060)</u>	<u>111</u>	<u>23,475</u>
	<u>22,528</u>	<u>3,890</u>	<u>(3,057)</u>	<u>111</u>	<u>23,472</u>
Company	<u>22,528</u>	<u>3,890</u>	<u>(3,057)</u>	<u>111</u>	<u>23,472</u>

The Homes, Independent Living and Retirement Housing funds relate to amounts donated for use and subsequently used to improve specific homes or schemes. The Live at Home 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. Other Big Lottery Fund Grants of £103,000 (2012 £64,000) were received in the year to support Live at Home.

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

21. Pensions and Similar Obligations

A defined contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 470 (2012 484) employees. The contribution rate of MHA for the year varied between 3% and 10% depending on the employees contribution, which is a minimum of 3%.

Prior to 1 April 2010 MHA operated 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 on 31 March 2010.

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

	2013 %pa	2012 % pa	2011 % pa
Inflation (CPI)	2.4%	2.2%	2.9%
Inflation (RPI)	3.3%	3.1%	3.4%
Rate of increase in salaries	4.3%	4.6%	4.9%
Rate of increase for pensions in payment	2.0%	1.8%	2.2%
Rate of increase for deferred pensions	3.3%	3.1%	3.4%
Discount rate	4.4%	4.6%	5.5%
Expected return on scheme assets	5.4%	5.7%	6.7%

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

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

	2013	2012	2011
Life expectancy	S I PA Year of birth CMI09 with a minimum improvement of 1.5% p.a. for males and 1.25% p.a. for females	S I PA Year of birth CMI09 with a minimum improvement of 1.5% p.a. for males and 1.25% p.a. for females	S I PA Year of birth CMI09 with a minimum improvement of 1.5% p.a. for males and 1.25% p.a. for females

The assumed life expectations on retirement age 65 are:

	2013 Years	2012 Years	2011 Years
Pensioner currently aged 65:			
Male	23.3	23.1	22.4
Female	25.3	24.9	24.2
Non-Pensioner currently aged 45:			
Male	25.5	25.4	24.6
Female	27.2	26.8	26.1

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 balance sheet date, whilst the expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

21. Pensions and Similar Obligations (continued)

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

	2013		2012	
	Fair Value	Long-term rate of return expected	Fair Value	Long-term rate of return expected
	£'000	%	£'000	%
Equities	20,214	7.0	17,674	7.3
Government bonds	13,184	3.5	12,699	3.9
Property	2,304	6.0	1,893	6.3
Cash	1,491	0.5	1,469	0.5
Total market value of assets	37,193		33,735	5.7
Present value of scheme Liabilities	(47,466)		(45,027)	
Deficit in the scheme	(10,273)		(11,292)	

The last formal valuation of the scheme was performed as at 30 September 2010 by a professionally qualified actuary. For the purpose of FRS 17, the valuation has been updated as at 31 March 2013.

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

The Group's pension charge for the year calculated under FRS 17 assumptions is included in the financial statements.

Analysis of amounts charged to net incoming resources	31 March 2013 £'000	31 March 2012 £'000
Current service cost	(136)	(125)
Expected return on scheme assets	1,914	2,070
Interest on pension scheme liabilities	(2,041)	(2,115)
Net cost	(127)	(45)

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

21. Pensions and Similar Obligations (continued)

Analysis of amount recognised as Actuarial losses

	31 March 2013 £'000	31 March 2012 £'000
Actuarial (loss) recognised in the year	(248)	(5,391)
Actuarial (loss) recognised in the Consolidated SOFA	(248)	(5,391)
Total charge credited to Consolidated SOFA	(511)	(5,561)

Cumulative actuarial losses	(13,066)	(12,818)
-----------------------------	----------	----------

Balance sheet impact

	2013 £'000	2012 £'000
Present value of funded obligations	(47,466)	(45,027)
Fair value of scheme assets	37,193	33,735
Deficit in scheme at 31 March	(10,273)	(11,292)

Changes in the present value of the defined benefit obligation

	2013 £'000	2012 £'000
Opening defined benefit obligation	45,027	38,984
Service cost	136	125
Interest cost	2,041	2,115
Actuarial losses	1,722	5,232
Net benefits paid including expenses	(1,460)	(1,429)
Closing defined benefit obligation	47,466	45,027

Changes in the fair value of plan assets

	2013 £'000	2012 £'000
Opening fair value of plan assets	33,735	29,862
Expected return	1,914	2,070
Actuarial gains/(losses)	1,474	(159)
Contributions by employer	1,530	3,391
Net benefits paid including expenses	(1,460)	(1,429)
Closing fair value of plan assets	37,193	33,735
Actual return on plan assets	3,388	1,911

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

21. Pensions and Similar Obligations (continued)

History of experience gains and losses	31 March 2013 £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Defined benefit obligation	(47,466)	(45,027)	(38,984)	(44,476)	(30,526)
Scheme assets	37,193	33,735	29,862	28,268	21,201
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	(10,273)	(11,292)	(9,122)	(16,208)	(9,325)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Experience gains and losses on scheme liabilities:					
- Amount	416	517	3,414	175	105
Actual return less expected return on scheme assets					
- Amount	1,474	(159)	50	4,804	(6,663)

- (ii) The previous Growth Plan is a multi-employer defined benefit scheme which was administered by The Pensions Trust. The actuary has completed a tri-annual valuation as at 30 September 2012 showing a funding level of 84.1%. The actuary is seeking additional contributions of £62,774 per year from MHA from 1 April 2013. No contributions were made in the year (2012 £nil).
- (iii) The contribution by the group to the defined benefit scheme paid during the year amounted to £1,530,000 (2012 £3,391,000). The contribution for 2011/12 includes £3m of additional payments made to fund the pension deficit of which £1.5m relates to the year 2012/13. £1.5m of additional payments are made again this year. Further payments will be made in future years to further reduce the pension deficit.
- (iv) The current growth plan is a multi-employer defined contribution scheme. Contributions paid during 2012/13 in respect of the defined contribution scheme were £1,027,000 (2012 £836,000).

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

22. Notes to the Cash Flow Statement

a) Reconciliation of net incoming resources to net cash inflow from operating activities

	2013 £'000	2012 £'000
Net incoming resources	11,037	10,652
Investment income	(244)	(297)
Interest paid	3,194	2,755
(Surplus)/Deficit on sale of fixed assets	92	(123)
Depreciation charges	9,287	7,760
Loan indexation	(13)	(13)
Defined benefit scheme pension contributions paid in the year	(1,530)	(3,391)
Defined benefit scheme pension cost charged in the year	136	125
Increase in Supported Retirement Housing for sale	(3,996)	(2,829)
Increase in debtors	(2,819)	(2,759)
Increase in creditors	427	3,354
	<hr/>	<hr/>
Net cash inflow from operating activities	15,571	15,234
	<hr/>	<hr/>

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

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

	2013 £'000	2012 £'000
Decrease in cash	(734)	(1,881)
Movement in borrowings (note 22c)	(11,869)	(26,087)
	<hr/>	<hr/>
Change in net funds resulting from cash flows	(12,603)	(27,968)
	<hr/>	<hr/>
Movement in net debt	(12,603)	(27,968)
Net debt at 1 April	(82,360)	(54,392)
	<hr/>	<hr/>
Net debt at 31 March	(94,963)	(82,360)
	<hr/>	<hr/>

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

22. Notes to the Cash Flow Statement (continued)

c) Analysis of changes in debt

	1 April 2012 £'000	Cash flow £'000	Other non-cash changes £'000	2013 £'000
Cash in bank and in hand	14,711	(734)	-	13,977
Loans due within one year	(3,839)	-	(1,874)	(5,713)
Loans due after more than one year	(93,232)	(11,869)	1,874	(103,227)
	<u>(82,360)</u>	<u>(12,603)</u>	<u>-</u>	<u>(94,963)</u>

23. Prior Period Adjustment

The group has changed its accounting policy for care home assets, and moved from a policy of depreciated historical cost to a revaluation policy, on the basis that the new accounting policy is considered to be more appropriate, as this reflects the worth of the group's care homes as described in the accounting policy on page 26.

The impact of the prior period adjustment on the financial statements, and the impact of the change in accounting policy on the current period financial statements is summarised as follows:

Statement of Financial Activities

	Company £'000	Group £'000
Increase in depreciation charge for the year ended 31 March 2012	2,224	2,335
Decrease in surplus	(2,224)	(2,335)

The impact of the change in accounting policy on the 2012/13 financial statements for 2013 is an increase of £2,362,000 in the depreciation charge, and a gain on revaluation of £30,868,000 is shown on the face of the Statement of Financial Activities and in note 9. The impact on the tangible fixed assets is also shown in note 9.

Balance Sheet

	Company £'000	Group £'000
Tangible fixed assets cost/valuation (note 9)		
At 31 March 2012 as previously reported	218,732	305,853
Prior year adjustment in relation to revaluation	13,093	13,461
At 31 March 2012 as restated	<u>231,825</u>	<u>319,314</u>

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

23. Prior Period Adjustment (continued)

Depreciation on tangible fixed assets (note 9)	Company £'000	Group £'000
At 31 March 2012 as previously reported	27,159	30,788
Prior year adjustment in relation to revaluation	(18,232)	(18,808)
Additional depreciation charged in the year to 31 March 2012	2,224	2,335
At 31 March 2012 as restated	11,151	14,315

Company

	Endowment reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	General fund £'000	Total £'000
Overall reconciliation of reserves					
At 1 April 2011 - as previously reported	804	22,101	532	115,682	139,119
Prior year adjustment	-	-	31,325	-	31,325
At 1 April 2011 - restated	804	22,101	31,857	115,682	170,444
2012 revaluation of investments	46	(2)	30	(44)	30
2012 surplus	-	429	-	5,957	6,386
At 31 March 2012 - restated	850	22,528	31,887	121,595	176,860
2013 revaluation of investments	15	111	380	(126)	380
2013 surplus	-	833	-	7,468	8,301
2013 revaluation of fixed assets	-	-	31,269	-	31,269
At 31 March 2013	865	23,472	63,536	128,937	216,810

METHODIST HOMES
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2013

23. Prior Period Adjustment (continued)

Group	Endowment reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	General fund £'000	Total £'000
Overall reconciliation of reserves					
At 1 April 2011 - as previously reported	804	22,130	971	121,010	144,915
Prior year adjustment	-	-	32,270	-	32,270
At 1 April 2011 - restated	804	22,130	33,241	121,010	177,185
2012 revaluation of investments	46	(2)	30	(44)	30
2012 surplus	-	401	-	10,251	10,652
Actuarial loss on pension scheme	-	-	-	(5,391)	(5,391)
At 31 March 2012 - restated	850	22,529	33,271	125,826	182,476
2013 revaluation of investments	15	111	380	(126)	380
2013 surplus	-	835	-	10,202	11,037
Actuarial loss on pension scheme	-	-	-	(248)	(248)
2013 revaluation of fixed assets	-	-	30,868	-	30,868
At 31 March 2013	865	23,475	64,519	135,654	224,513

24. Group Structure

Methodist Homes has the following subsidiary undertakings:

Methodist Homes Housing Association Limited

Incorporation:	Industrial and Provident Societies Act 1965
	Registered Number LH2343
Principal activity:	Charitable provision and management of social housing.

	2013 £'000	2012 £'000
Assets	20,328	20,028
Liabilities	(6,589)	(7,046)
Funds	13,739	12,982
Incoming resources	4,978	5,550
Resources expended	(4,221)	(3,833)
Movement in funds	757	1,717

METHODIST HOMES

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

24. Group Structure (continued)

MHA Auchlochan

Incorporation:

Charity Registered Number SCO40155

Company Registered Number SC352117

Principal activity:

Charitable provision and management of residential care homes.

	2013 £'000	2012 £'000
Assets	25,447	25,481
Liabilities	(20,654)	(20,972)
Funds	4,793	4,509
Incoming resources	10,588	10,587
Resources expended	(9,904)	(9,151)
Revaluation of care homes	(400)	-
Movement in funds	284	1,436

The two organisations are deemed to be subsidiaries of Methodist Homes by means of various inter-group agreements.

The Charity has taken advantage of the exemption in FRS8: Related Party Disclosures, that transactions with wholly owned subsidiaries do not need to be disclosed.



Methodist Homes Annual Report & Accounts 2012-13

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Company Limited by Guarantee - No. 4043124

