Methodist Homes

Annual Report and Financial Statements

31 March 2026



mha
Live later life well

Companies House No. 04043124 | Registered Charity No. 1083995

About MHA

Mission, vision and values

Our Mission

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

Our Vision

By 2030, MHA will be a stronger, more sustainable organisation, creating opportunities for thousands of people in later life to feel supported, connected, and able to live the life they want to lead.

Our Values

We respect every person, treating them with dignity.

We nurture mind, body and spirit.

We inspire the best in each other.

17,401 older people supported across 167 locations
(16,215 in 2024/25 across 171 locations)

6,061 colleagues
(6,075 in 2024/25)

87% Retention rate

2,190 volunteers
(2,425 in 2024/25)

Your Voice colleague survey

81% engagement score

95% of colleagues feel their work makes a real difference in people's lives

90% enjoy their jobs

£291m Income
(£283m in 2024/25)

£279m expenditure
(£280m in 2024/25)

71 care homes
(75 in 2024/25)

90% of care homes rated good, outstanding or equivalent
(91% in 2024/25)

93% of care home residents satisfied with their care
(94% in 2024/25)

93% of family and friends are satisfied with their loved ones' care
(new for 2025/26)

59 Retirement living communities
(59 in 2024/25)

75% of residents are satisfied

100% Retirement living communities with care services, rated good, outstanding or equivalent (96% in 2024/25)

85% of residents are satisfied with the overall service from scheme staff

87% of residents are satisfied with their retirement living scheme as a place to live

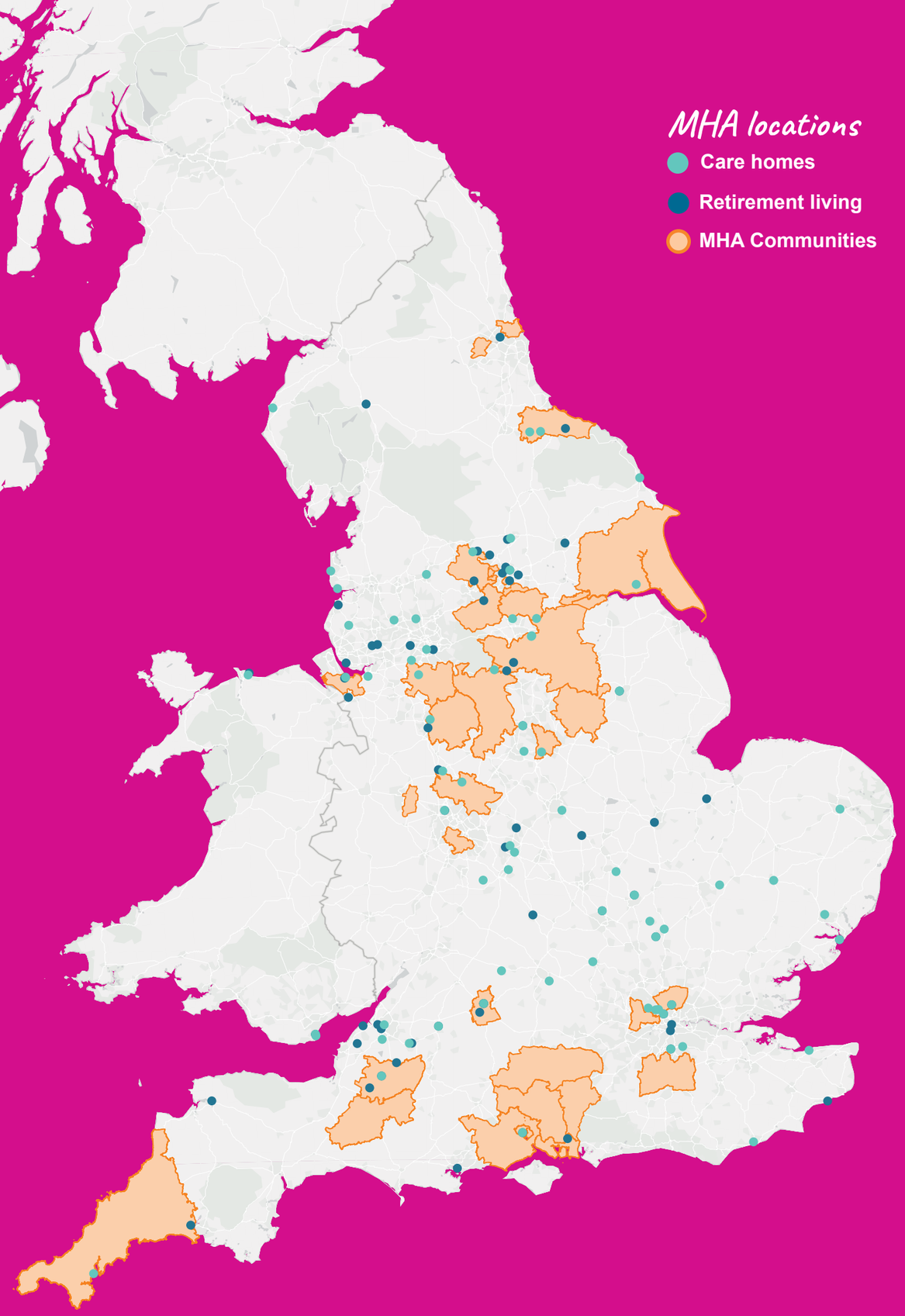
37 MHA Communities localities
(37 in 2024/25)

9,000 befriending calls to 369 older people, from 339 volunteers
(9,000 calls, 450 older people, 273 volunteers in 2024/25)

11,401 members
(9,948 in 2024/25)

5,000 hours of befriending delivered

Social return on investment: **£6.34 for every £1 invested**



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Board of Directors' report

Over the course of 2025 we launched our new five-year strategy – People, Places and Processes: Together as One MHA – setting the direction for MHA until 2030. The strategy will enable MHA to be a stronger, more sustainable organisation, creating opportunities for thousands of people in later life to feel supported, connected, and able to live the life they want to lead.

A key focus for this year has been investing in significant system and process change, improving the ways in which we engage with those who use our services, and enhancing key areas such as Artificial Intelligence (AI), IT infrastructure, finance, charitable giving, property and facilities management.

At the same time, we have continued to progress our work in developing the guiding principles (formerly known as our service blueprints) that will inform the future shape of our homes and schemes, creating environments that support people physically, emotionally, and spiritually. They will help us meet today's challenges while creating opportunities for growth and innovation.

All of these improvements will streamline operations, increase clarity, and ensure that all aspects of our organisation are aligned to focus support on the people living in our homes and schemes, our residents and members, colleagues, and volunteers.

The past year has also been a period of consolidation and stability after an unprecedented few years of challenge for MHA, and the wider charitable and adult social care sectors in which we operate.

And the external environment continues to present challenges for MHA, including ongoing shortfalls in funding from local authorities towards care costs, inflationary pressures and the cost-of-living impact on charitable giving. The UK's political environment over the past year has been characterised by intense economic pressure and high volatility, just as the Labour Government have been gradually rolling out an intensive legislative agenda with significant changes in employment law, health, immigration and housing policy, all of which have an impact on MHA.

Despite all of this, there has been little actual policy change for adult social care during the year, though MHA has been contributing to key policy developments that will impact in the coming years, including the Fair Pay Agreement for adult social care workers, and the Earned Settlement migration policy.

Crucially, the Independent Commission on Social Care was launched in May 2025, led by Baroness Louise Casey of Blackstock. MHA has engaged with the Commission at every opportunity, including submitting a series of case studies detailing the care journeys of people we support to illustrate their individual stories, including the challenges that people can experience in the care system. We will continue to engage with the Commission as it develops its thinking.

Funding for adult social care continues to be a challenge, particularly local authority commissioning – it's not unusual for their fees to be as low as around 50% of the cost of care in certain parts of the country. Funding has also all but disappeared for our community services, which can play a vital role in reducing loneliness and isolation and prevent declines in health and wellbeing. Health funding has also become constrained - we know that if only health and public services worked together and with us, especially in relation to funding, the overall service we could provide would be so much more resilient and improved, for the benefit of not only older people, but our colleagues across social care and health. We will watch the developing Neighbourhood Health Services and seek opportunities to support our local communities.

It's important therefore that we continue our parliamentary engagement work, alongside our partners including the Care and Support Alliance, the APPG for Adult Social Care, and our representative bodies, the National Care Forum and Care Forum Wales, to drive the impetus for positive change for older people in relation to adult social care support, now and in the future.

In contrast to adult social care policy, there has been significant housing policy developments, including the Renters Rights Act 2025 and the Draft Leasehold and Commonhold Reform Bill, which have implications for our retirement living operations. We have worked closely with our membership body, the Associated Retirement Community Operators (ARCO) on this agenda. However, as reported in the media, in some areas there has been a significant downturn in the market for leasehold retirement apartments, impacting families seeking to sell their apartments. MHA is supporting where we can with helpful advice for marketing and enabling rental where appropriate.

There are, however, plenty of positives to highlight and we are delighted to have seen notable improvements and successes:

People

In 2025/26 our care home occupancy returned to pre-pandemic levels of between 91-92%. We've sustained over 90% good or outstanding ratings with our regulators and achieved a combined carehome.co.uk score of 9.5.

We've brought together learning from our specialist strategies (dementia, music therapy, chaplaincy, green care, end-of-life care) into a single Enhancing Later Life Framework to improve purpose, responsiveness and personalised support for our residents. Read more about this on page 24.

In our retirement living schemes, we're at over 95% occupancy, and are sustaining a 100% good or outstanding rating in services where we provide regulated care. In terms of customer feedback, overall satisfaction is 75%, with satisfaction with staff service at 85% and personal care at 95%.

For our MHA Communities our overall membership stands at 11,401 members. This includes our face-to-face and befriending services, sustained by our dedicated 2,190 volunteers, and MHA Active, our digital platform. Our Social Return On Investment (SROI) is £6.34 for every £1 invested, calculated using the benefits and outcomes for members.

In terms of our colleagues, we have maintained a retention rate of 87% (one of the highest in the sector, reducing our reliance on agency workers) and in MHA's Your Voice Survey undertaken in 2025 we had an 81% engagement score (2022: 76%), from 60% response rate (2022: 37%).

- 95% of colleagues feel their work makes a real difference in people's lives
- 90% enjoy their jobs
- 89% feel they have a good relationship with their manager
- 88% feel proud to work for MHA.

Over the course of the year, we have also been working towards accreditation for the Real Living Wage. From 1 April 2026, MHA will become an accredited Real Living Wage employer. We have paid the Real Living Wage since 2018, reflecting our commitment to ensure that colleagues who care for and support older people are valued and feel more financially secure.

We remain focused on enabling colleagues from all backgrounds to reach their potential, fostering an inclusive culture, and sharing best practice as we work towards our ambition of being a sector leader in equality, diversity and inclusion (EDI). We strengthen equality of opportunity through improved data, inclusive behaviours and strong governance, supported by our five EDI staff networks (disability, gender, religion, race and sexual orientation).

We are committed to equal pay, with all colleagues paid equally for the same role regardless of gender. No colleagues receive bonus payments. Our 2026 gender pay gap remains low compared to national averages, with the mean pay gap improving from 1.2% (2025) to 0.7%, while the median pay gap has increased from 0.9% (2025) to 1.5%. The year-on-year improvement in the mean pay gap indicates continued positive movement in higher paid roles. The small year on year increase in the median pay gap reflects changes in workforce composition and role distribution during the year, rather than differences in pay for like for like roles. We monitor this closely through our EDI strategy and workforce planning.

Women represent around 79% of our workforce, which can influence pay gap reporting. 47% of colleagues are part time. We continue to monitor both median and mean measures:

	Female	Male	Pay gap
Mean pay	£16.35	£16.47	0.7%
Median pay	£13.96	£14.17	1.5%

At our Manager's Conference entitled *"People, Places and Processes - Together as One MHA"*, we again acknowledged our committed leaders and celebrated our dedicated colleagues through our Outstanding Service Contribution and Recognition (OSCAR) ceremony. We had an incredible 549 nominations, which is a testament to the exceptional people we employ and who volunteer across MHA.

OSCAR Spotlight - Inspiring Leader of the Year

Anne Fenlon, manager of MHA Riverview Lodge care home, was nominated for this OSCAR as she is the very essence of inspirational leadership, consistently motivating and empowering those around her to achieve their full potential. She has a remarkable ability to articulate it in a way that ignites passion and commitment. She fosters a culture of collaboration and trust, inclusion and respect, where individuals feel valued, supported, and encouraged to contribute their unique talents. What truly sets Anne apart is her ability to inspire, not through authority, but through genuine connection and belief in others. She actively listens, provides constructive feedback, and champions the development of her team members. Riverview Lodge care home has gone from strength to strength under her leadership. Anne was also shortlisted for Care Home Manager of the Year at the National Care Awards.



MHA has also continued to get involved in research aimed at improving later life, whilst being mindful of the need to balance the benefits of research against the necessary investment in staff time. This year's project participation has aligned well with our specialist areas, focussing particularly on spiritual care for people living with dementia, questioning models in chaplaincy, motivation among befriending volunteers and the effectiveness of virtual reality in greencare. Through our links with researchers at the University of Nottingham, we have also begun attending the East Midlands Research into Ageing Network, giving us the opportunity to proactively seek engagement in projects, and to learn from the outcomes of completed work.



Places

Over the past couple of years, we've established what we want our homes and schemes to look like in the future, as well as how central support services will underpin them.

This year, we also completed the sale of a number of our care homes following the strategic review of these services, and paused the sale of 14 retirement living schemes while future options were considered. In terms of the affected care homes, we transferred the operation of Hillside nursing home in Aylesbury to Bondcare, a specialist provider better suited to support younger adults, and sold Belvedere Manor in Colne, Brockworth House in Gloucester and Woodlands in Poynton. This marked the completion of the care home phase of the strategic review to secure sustainable finances for MHA's future.

Our current offices are due for demolition as part of Derby City Council's flood prevention scheme, so a move is unavoidable. We have been fortunate to secure a new office for our Central Support services in Derby, which we anticipate moving to in 2027.

Processes

This year, MHA has advanced in its innovation and use of technology. We have expanded the use of data analytics tools such as Power BI and Microsoft Fabric as well as in-system reporting, to give our leaders clearer, more timely insight into performance and reduce reliance on manual reporting. We have strengthened our cyber security in the face of increasing risks.

We have supported the introduction and testing of AI and technology pilots, to explore practical use cases that enhance colleague efficiency and improve access to information.

These developments are helping to shape MHA's Pathfinder Care Home as a model for design and technology innovation, where new approaches can be tested, refined and scaled. This focus is laying strong foundations for a more digitally enabled, forward-looking organisation that better supports colleagues and the people we serve.

We have also enabled colleagues through our Continuous Improvement Champions Programme to submit proposals about an area of their work where they think they could improve impact or efficiency. Colleagues are then supported through training and mentoring to develop, pilot and implement their projects. Projects have included automation in budget processes, enhancing functions in our customer service centre, digitising Music Therapy assessments into our digital Nourish care planning records, helping to inform improvements in person-centred care for people living with dementia, methods of sustaining the impact of music therapy beyond the individual sessions, and an improved health and safety audit tool for care home managers.

All of these achievements demonstrate that MHA has always been at its strongest when we work as one, united by a shared mission and purpose. Our first One MHA Strategy 2019-2025 laid the foundation for bringing people together across care homes, retirement living schemes, communities, and central support, fostering collaboration and inclusion. Looking forward, this spirit of togetherness continues to shape who we are today and guides us as we move forward.

As we live and breathe our new strategy, it will build upon this legacy, embracing the lessons and successes of the past while addressing the challenges and opportunities of the future. It reaffirms our commitment to enabling people to live the life they want to lead, ensuring that independence, belonging, and connection remain at the heart of everything we do.

James Reilly,
Chair



Sam Monaghan,
Chief Executive



Strategic report 2025-26

Our five-year strategy, which was launched in April 2025, focuses on building the future shape of MHA - our care homes, retirement living schemes and community services, and the infrastructure to support them.

By 2030, MHA will be a stronger, more sustainable organisation, creating opportunities for thousands of people in later life to feel supported, connected, and able to live the life they want to lead.

The overarching themes underpinning our strategy and the business plan flowing from these are:

Our People

Embedding an inclusive culture that prizes compassion and person-centred care. Empowering colleagues and volunteers with skills and support, to enable those living in our homes and schemes, and our members, to live the life they want to lead.

Our Places

Creating and sustaining vibrant, inclusive spaces that enable people in later life and our teams to thrive, supporting their aspirations, wellbeing, and connection.

Our Processes

Creating systems, policies, and practices that empower teams, improve service delivery, and enable those living in our homes and schemes, and our members to live later life well.

Our business plan 2025-2026

The business plan for the first year of our strategy set out the 20 critical objectives, the outcomes of which have been the focus of MHA's activity over the past year.

1. Embed our One MHA culture and behaviours

What we said we would do

Roll out the One MHA Behaviours Framework, Continuous Improvement Champions Network, hybrid working principles and resolution focused approach.

What we have done

Over the past year, we have continued to embed a consistent, values led culture across MHA through the rollout of the One MHA Behaviours Framework, resolution-focused approach and new ways of working.

Our resolution-focused approach to conflict management is now embedded across all areas, supported by organisation-wide training. This has led to a significant reduction in formal grievances and more positive outcomes for colleagues.
An internal network of trained workplace mediators has also been established.

Training for managers on the One MHA Behaviours Framework has been completed, strengthening leadership capability and consistency.

An e-learning programme for all colleagues has also been rolled out.

We have implemented a hybrid working policy and framework, providing a flexible and inclusive approach for eligible roles. This sets clear principles and expectations, supporting wellbeing, productivity and operational needs.

Alongside this, the Continuous Improvement Champions Network has been established, supporting teams to identify opportunities and embed practical improvements across MHA. Ten projects have been completed to date, with a further five nearing completion in June 2026.

Impact spotlight

Since the launch of the new Resolution policy, we have received 45 requests for resolution, the vast majority of which have been resolved at an informal stage, with only six cases progressing to formal stages to date. This is a very positive outcome, as prior to the launch of the new resolution policy the majority of the 45 concerns would have escalated to formal stages of a grievance procedure. Achieving resolution at an informal stage is proven to lead to more sustainable and positive outcomes for colleagues and also reduces the cost of management time spent with ACAS at over £950 per formal grievance. Training for managers on the resolution approach has now been completed across all care areas and has received extremely positive feedback.



2. Improve workforce efficiency and skills mix

What we said we would do

Complete reviews of our nursing skill mix, non-care hours and quality support structures, review our approach to home and scheme maintenance to ensure optimal deployment, and improve workforce planning.

What we have done

During the year, we have strengthened workforce efficiency and the deployment of our resources across MHA. A full review of scheme maintenance has been completed, ensuring a more consistent and optimal approach to deployment across our services. Work is also underway to review our nursing skill mix, helping to ensure we have the right expertise in place to meet current and future needs.

We have completed a review of our quality support structures, introducing new Quality Service Improvement Managers aligned to designated care areas. This provides clearer accountability and more targeted support to drive quality and continuous improvement.

In addition, we have developed enhanced data and insights to support workforce planning, enabling more informed decision making and a stronger, more sustainable approach to resource management.

3. Strengthen leadership and succession planning

What we said we would do

Strengthen career pathways based on succession planning outcomes across MHA and introduce and roll out ‘Management Foundations’, developing leadership capacity at every level.

What we have done

We have continued to strengthen career pathways and develop leadership capability across MHA. In partnership with Skills for Care, we have advanced care career pathways’, with MHA selected as a pioneer organisation. This has included the introduction of new job descriptions for care assistants and senior care assistants, alongside the development of digital skills assessments to support progression and consistency. We have also re-energised our hospitality career pathways and developed competency-based assessments for chaplains, ensuring clearer development routes across a wider range of roles.

Alongside this, we have reviewed our approach to leadership development and are shaping a refreshed, levelled offer focused on first line, middle and senior managers. This programme will provide targeted development aligned to four key areas of the MHA Strategy - My Self, My People, My Place and My Processes, building leadership capability at every level.

Colleague spotlight



Aravind Nair started working at MHA Lawnfield House, which provides residential dementia care for 41 residents, as a care assistant in 2023. In January 2026 he was promoted to a senior care assistant following the completion of his Level three diploma in Health and Social Care. Moving forward Aravind wants to keep developing his skills and has plans to complete his level four and five qualifications. Aravind said:

“I came to the UK from India on sponsorship and had previously worked in mental healthcare. I joined MHA Lawnfield House as a bank/relief care assistant and applied for a permanent role as soon as I saw an opportunity." Aravind finds his career rewarding and “would recommend a career in care. Patience is essential, every day has its challenges, but you will have plenty of fun which makes up for the slightly tougher times.”

4. Expand volunteer engagement and community membership

What we said we would do

Grow MHA Communities membership and volunteer base, launch ‘One MHA’ membership to increase participation and build loyalty.

What we have done

We have made progress in growing overall engagement with MHA Communities, particularly through digital innovation. Through MHA Active (a platform of wellbeing resources designed to help older people to live later life well), we are now reaching over 3,000 people, significantly extending our ability to connect with and support individuals beyond our traditional, place-based services. This represents an important step forward in broadening access and building a more inclusive, flexible model of community.

While our physical membership and volunteer base have seen a slight reduction, this reflects wider external pressures, including the cost-of-living crisis and the need to ensure long-term sustainability. Volunteering patterns are evolving, and we are responding by exploring new, more flexible ways for people to get involved.

Alongside this, we have begun developing a comprehensive MHA Communities brand health check, taking place in 2026. This will give us deeper insight into awareness, perception and loyalty, helping to shape the next phase of growth for a ‘One MHA’ membership approach.

The aim of 'One MHA' is to create a membership club for people with an interest in MHA. This will draw together a catalogue of offerings by MHA, with member participation based on the aspects of MHA they are interested in. The successful launch of 'One MHA' is contingent on the implementation of a Preference Management Centre (where supporters can manage their data permissions), which is currently in development during 2026/27.

Volunteer spotlight

Ava began volunteering with MHA just over two years ago, and what started as an opportunity to gain new skills with MHA’s befriending service has grown into a truly special friendship. “We just chat about anything… it’s like being on the phone with one of my friends” she says.

With no previous befriending experience, she discovered MHA online and decided telephone befriending would suit her flexible student schedule.

Ava speaks to Mary* every couple of days, sometimes for an hour, sometimes up to two and when Mary feels worried or isolated, she tells Ava how much the calls help, “Mary often says it has changed her life”. For Ava, the experience is equally rewarding. Knowing she is helping Mary feel less lonely brings her real joy, and their bond feels like family. Befriending is not just volunteering, it’s a friendship that brings warmth, support, and joy into both their lives.



*Name changed to protect confidentiality.



5. Improve quality and resident and member experience

What we said we would do

Enhance co-production, feedback, and assurance practices to improve the lived experience of residents and members; and focus on relationship-based care and meaningful engagement.

What we have done

The 'Your Voice' Forums' Terms of Reference have been revised to better support individuals receiving services within MHA, as well as their relatives and friends. The forums are scheduled to start in May 2026 and will focus on key objectives including the dissemination of information and updates relating to MHA's strategic direction, progress on projects, and consultation on relevant policies. In addition, a revised Equality Impact Assessment framework has been developed for policies and procedures, with the aim of identifying and addressing gaps in equality considerations.

Feedback gathered from the forums will be used to inform improvements in accessibility and support the development of more inclusive and accessible communication channels.

6. Deliver the foundations of the One MHA processes programme

What we said we would do

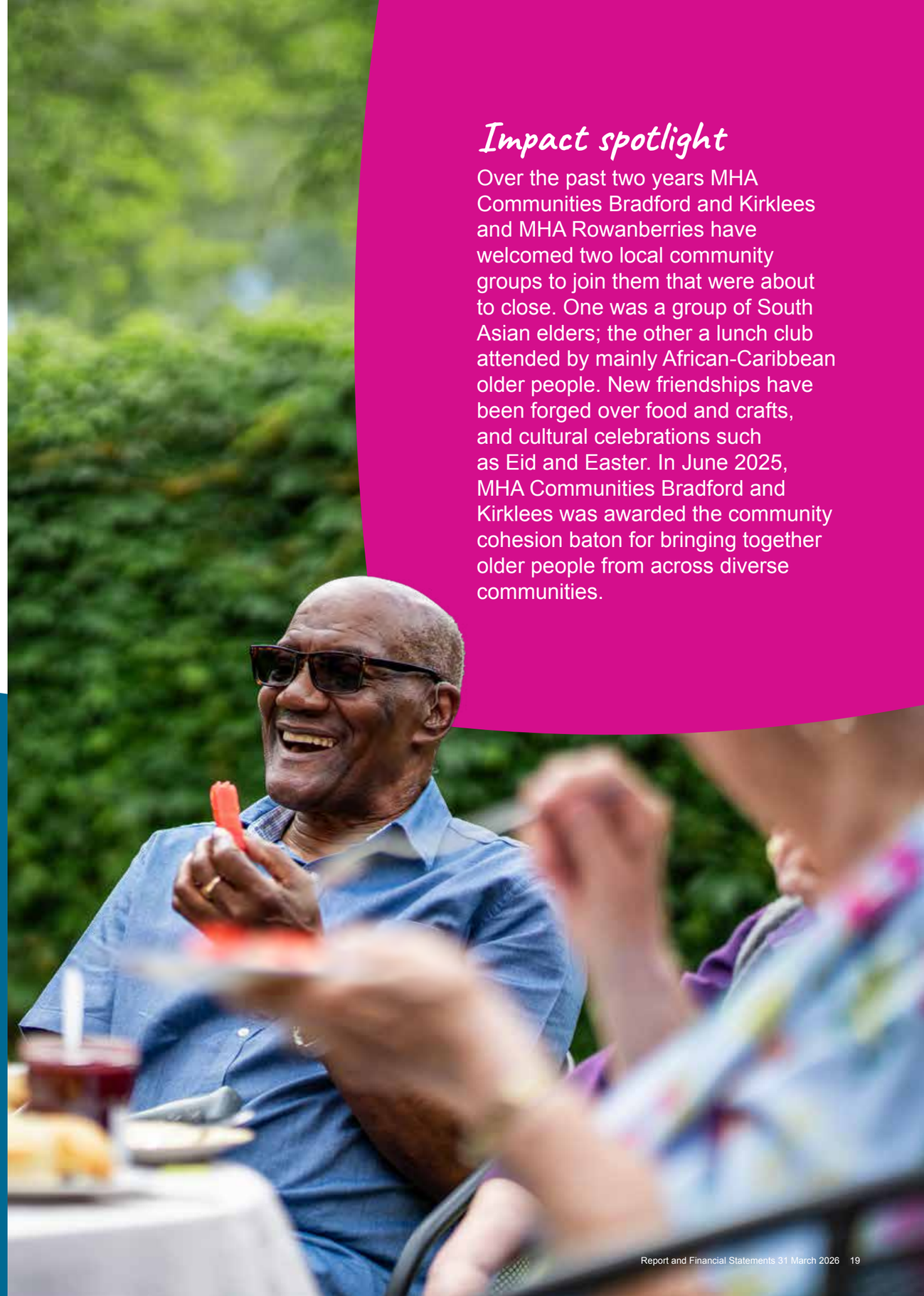
Finalise procurement, design and configuration of new systems across finance, care homes, retirement living and property and estates management. Establish governance, data and change structures to enable full rollout by mid-March 2027.

What we have done

This programme spans different departments: finance, care home administration, housing management and property.

All four projects are now in development with a mid-2027 target go live for finance, care homes and housing. The property system has gone live this past year:

- Implementation of the Facilio facilities and asset management platform.
- Systems training capability established to support digital adoption.
- Repairs service KPIs introduced to strengthen oversight and performance.



Impact spotlight

Over the past two years MHA Communities Bradford and Kirklees and MHA Rowanberries have welcomed two local community groups to join them that were about to close. One was a group of South Asian elders; the other a lunch club attended by mainly African-Caribbean older people. New friendships have been forged over food and crafts, and cultural celebrations such as Eid and Easter. In June 2025, MHA Communities Bradford and Kirklees was awarded the community cohesion baton for bringing together older people from across diverse communities.

7. Refresh MHA's marketing, brand and digital reach

What we said we would do

Refine brand presence, launch preference centre, implement customer relationship management (CRM) updates, and improve content and charitable giving strategies to increase visibility and engagement.

What we have done

Over the past year, we have made meaningful progress against the priorities set out in our previous report, strengthening both our foundations and our visibility.

We have continued to refine our brand presence, ensuring greater consistency across channels and a clearer articulation of who we are and the difference we make. This has supported improved recognition and a stronger connection with our audiences.

Good progress has been made towards the development of a Preference Management Centre, laying the groundwork for more personalised and relevant communications with our supporters and communities. Alongside this, we have advanced our Customer Relationship Management (CRM) capabilities, improving how we capture, manage and use data to better understand and engage with our audiences.

Our content strategy has evolved to become more purposeful and audience-led, with a greater focus on storytelling that reflects the lived experiences of those we support. This has contributed to increased engagement across key channels.

Finally, we have strengthened our approach to charitable giving, with clearer messaging and more targeted activity helping to raise awareness and encourage support for our work.

Together, these developments have enhanced our ability to connect with people, tell our story more effectively, and support the long-term sustainability of our charitable mission.




mha
Live later life well

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<Primary Addressee>
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<Primary Address 3>
<Primary City>
<Primary Postcode>

Dear <Primary Salutation>,

We need your support today to help raise £128,377 to continue delivering our befriending service – bringing friendship, warmth and hope to older people facing loneliness across the UK.

If your family or friendship circle is anything like mine, then you might agree – there are few things more enjoyable than sitting and reminiscing together. A favourite holiday. A funny tradition. A special moment. A defining achievement.

Reliving these moments can bring them to life again. It can bring us together. It can bring a smile to our faces or a tear to our eyes. So simple. So special.

So, it's hard to accept that around **one million older people in the UK say they are often or always lonely.** They don't have anyone to share their stories with. All those amazing memories sit silently inside them. As they sit silently alone. Day after day. Week after week.

I feel emotional just writing this. I know our team at MHA is driven to change this. And I hope you'll want to help us change this too. Because these stories matter. Sharing them matters. Companionship *matters*.

And that's why MHA's befriending service means so much.

It means **older people don't have to live in loneliness**. Because we'll connect them with someone who will treasure their stories and share in their laughter, whether it's over the phone or over a cuppa.

With your support, we can keep that precious connection alive and ensure older people continue to feel valued and cared for.

share a memory

Suggested donation amounts
£25 £50 £150
…or whatever you can afford

Scan here to make a donation online or visit mha.org.uk/loneliness

<CONSID>

Impact spotlight

The Second Cup appeal – many of us will recognise how powerful a simple cup of tea or coffee can be. It is rarely just about the drink. It is about the conversation, the company and the sense of connection that comes with it. Our Second Cup charitable giving appeal focuses on tackling loneliness through befriending, helping more older people experience those moments of companionship that can make such a difference. Funds raised through this appeal will help us grow and strengthen our befriending work, supporting more groups, members and volunteers across MHA Communities. You can learn more about the campaign at mha.org.uk/second-cup.



8. Build strategic partnerships and extend reach

What we said we would do

Secure partnerships that extend MHA's offer, increase co-branding and supplier engagement, and enhance MHA's influence as a charity leader.

What we have done

Over the past year, we have made steady progress in strengthening partnerships that extend MHA's offer and amplify our impact.

We have developed and deepened several strategic partnerships, enabling us to enhance the experiences and services available to older people and the communities we serve. These collaborations have allowed us to bring additional value beyond our core provision. For example, we have continued to build our relationship with our external contact centre partner Trusted Care, helping to ensure care seekers receive the best possible response to their initial enquiry. This strengthened partnership has supported an improved conversion rate from enquiry to care home tours, contributing to a more effective and responsive customer journey.

Our approach to co-branding and supplier engagement has also matured, with closer working relationships and more aligned activity helping to create mutual benefit and greater visibility for MHA. This has included more consistent opportunities to showcase partnership working across our communications and campaigns.

We have continued to build MHA's influence as a charity leader, contributing to sector conversations and sharing insight and expertise more proactively. Through this, we are increasingly recognised as a trusted voice in supporting later life, both locally and nationally.

Together, these developments have strengthened our external relationships, extended our reach, and reinforced our position as a leading charity for older people.

9. Redefine retirement living and housing with care

What we said we would do

Evaluate the future shape of retirement living operations, review workforce capacity and clarify the sales and lettings approach following our change programme

What we have done

During 2025, retirement living at MHA continued to evolve in response to financial pressures, regulatory change, and shifting customer expectations. A key focus of the year was preparing for the proposed disposal of several schemes following a strategic review. Although this programme has currently been paused, it acted as a catalyst for significant operational review and transformation across the portfolio, see further detail on page 36.

As part of this work, seven schemes underwent a fundamental change in service delivery. Care and wellbeing services were withdrawn and replaced with a chargeable duty officer model, ensuring a continued 24-hour on-site presence. This approach enabled residents to access care from providers of their choice, while ensuring schemes remained operationally viable and surplus generating. This shift reflects a broader move towards a more flexible, customer-led model of support.

In parallel, MHA took the decision to hand back the long-standing care contract at MHA Rowanberries in Bradford, after 17 years of delivery. This followed the introduction of a revised financial agreement which rendered the service unviable. While a difficult decision, this demonstrated a clear commitment to financial sustainability and responsible stewardship of resources.

Similarly, in Leeds, service transformation required close partnership working with Leeds City Council. The introduction of Wellbeing charges at MHA Moor Allerton and MHA Assisi Place ensured the continued viability of care provision, while maintaining a clear and sustainable service offer. Following extensive consultation with residents, families, and staff, the Council also reversed its decision to close the Bay Tree dementia day centre, recognising its vital role within the local community.

During the year, MHA strengthened its compliance and governance arrangements. Altair Ltd was commissioned to undertake an independent review of MHA's readiness for the new Consumer Standards, introduced in 2025 by the Regulator of Social Housing. This review has informed a programme of continuous improvement, ensuring that MHA remains well-positioned to meet enhanced expectations around transparency, safety, and resident engagement.

Organisationally, the integration of the property, sales and lettings team into retirement living operations marked a significant step towards a more aligned, end-to-end customer journey – from first enquiry through to ongoing residency. While a planned review of retirement living area team structures was deferred due to the pause in the change programme, this remains a key priority moving forward.

Despite a period of considerable change, MHA maintained 100% "Good" regulatory ratings for care services across its retirement living schemes, as assessed by the Care Quality Commission (CQC) – a significant achievement reflecting the continued dedication and professionalism of colleagues.

Looking forward, investment in infrastructure remains a priority. A new housing management system was procured to modernise service delivery, improve data quality, and enhance the resident experience. Implementation is planned for late 2026.

10. Launch the Enhancing Later Life Framework (ELLF)

What we said we would do

Bring together learning from our specialist strategies (dementia, music therapy, chaplaincy, green care, end-of-life care) into a single framework to improve purpose, responsiveness and personalised support.

What we have done

The objectives from the original five specialist strategy areas have been merged into one holistic, multi-faceted framework that unites multidisciplinary teams around a shared set of goals, the Enhancing Later Life Framework (ELLF). The framework provides a single approach to meaningful engagement and end of life care and support; and acts as a point of reference for the people we support and their families to see what we're doing to promote a deeper sense of meaning, purpose and connection for every older person, whether they live with us or access our community services.

The ELLF has five, guiding principles:



Current objectives being addressed include:

- Ensuring our colleagues have the skills and confidence to listen when people want to talk about death and dying.
- Equipping colleagues and volunteers with the skills and resources to deliver opportunities for meaningful engagement, through interacting with nature, music and other mediums.
- Reviewing our current end of life training.
- Creating guidance and learning to support our colleagues to respond to "prejudice" from people living with dementia.
- Presenting achievements and initiatives in an annual impact report.



11. Conclude Change Projects

What we said we would do

Complete the sale and transfer of the care homes and retirement living schemes to the new owners, and conclude the administration process of transferring Auchlochan Garden Village to its new owner.

What we have done

The past year saw the final steps of the project to sell a number of our care homes following the strategic review of these services. Hillside transferred to a new care delivery partner and the sales of Belvedere Manor in Colne, Brockworth House in Gloucester and Woodlands in Poynton completed in January 2026, marking the end of the care home phase of the strategic review.

Our decision to sell 14 retirement living schemes (announced in November 2024) has been paused while future options are considered.

At Auchlochan Garden Village, we have exchanged contracts with a buyer and are progressing towards completion in the coming financial year.

12. Relocate Epworth House and MHA Central Support Services

What we said we would do

Negotiate with Derby City Council to identify and move to alternative Head Office premises, as part of their ‘Our City, Our River’ (OCOR) Flood Prevention Programme.

What we have done

Negotiations with Derby City Council concluded towards the end of 2025, culminating in the purchase of an existing office building at 18 Stanier Way in the Wyvern. A significant contribution of £5.05m towards remodelling, fit-out and moving costs was also secured.

A design team was appointed early in 2026 and has completed zonal layouts, agreed design principles and is progressing detailed layouts and proposals. The emphasis is on renewing as much of the mechanical and electrical installation, as this will serve the building efficiently and effectively for years to come. The philosophy underpinning the finish and content of the building will reflect the values and culture of MHA as a charity.

Work has started in planning the move and temporary accommodation to bridge the gap between exiting Epworth House and being able to move into the new Epworth House. It is likely that either temporary office cabins will be installed on the carpark in the new location, or serviced office accommodation will be secured for the duration of the fit out.



13. Define dementia-friendly environments

What we said we would do

Publish dementia-friendly environmental standards.

What we have done

We have completed audits of our care home environments utilising external best practice standards to guide our evaluation of how dementia accessible and appropriate our care home internal and external environments are. The results of this work will be analysed by our two Admiral Nurses who will be joining the organisation in early 2026/27.

Once reviewed, a joint working group of colleagues from our operations, estates and central functions will work to define and publish our environmental standards.

Admiral Nurses are specialist dementia nurses, employed by MHA and supported by Dementia UK, who will lead MHA’s strategic approach to dementia care and support.



14. Develop MHA's Growth and Investment Strategy

What we said we would do

Produce a five-year growth plan and review our approach to capital investment, balancing charitable purpose with financial resilience and clarifying MHA's offer and expansion priorities.

What we have done

MHA has proposed two phases of growth, with the first focussing on the expansion of existing homes, which could span the conversion of a couple of rooms at a home through to the addition of an extra wing where the site allows and there is the demand. Twelve homes have been have been identified as suitable for expansion.

The second phase is the build and development of new homes and schemes; this is being progressed as part of a broader 20-year Strategy which commenced development in April 2026 aiming to report to Board in July 2027. The 20-year Strategy will incorporate the wider considerations of our route to expansion of services, considering options such as joint ventures, self-development, or acquisition.

Case Study



Paul, MHA Befriending Service

Feeling lonely after losing both his parents and being registered blind, Paul found he needed a friendly voice in his life. He came across MHA's Befriending service online and says it changed everything.

Paul was matched with Felix who calls Paul once a week for about half an hour, "He was very chatty, which helps with the first conversation. He is so friendly. We got on straight away."

Paul says that having a befriender has made a real difference. "It makes me feel wanted and understood. Hearing a familiar voice each week means a great deal to me. Felix's voice is familiar – it's more than just a chat because we have things in common too." He adds "I really look forward to the calls. It gives me a connection to life outside, makes me feel less lonely, and I would really miss his happy voice if it wasn't for him."

15. Invest in fit-for-purpose estates and facilities

What we said we would do

Deliver care home and retirement living stock condition surveys, new facilities management contracts and a three-year capital investment plan to improve safety, sustainability and operational value.

What we have done

Stock condition surveys for the majority of our care homes have been completed. The remaining care home surveys, along with surveys of our retirement living schemes, started in early 2026 and are due to be completed in May 2026. The stock intelligence collected will populate the Facilio maintenance management system, which is now launched and will support smart decision making in capital investment.

A number of new facilities management contracts are now in place, providing improved value for money. These create a more responsive, efficient and effective service that can be better managed and performance measured through a range of key performance indicators.

Work started on a three-year capital investment plan, building on the outcomes of the stock condition survey in care homes, detailed reports from cyclical maintenance activities, changes in regulation and legislation, and priorities from operations. This will bring structure and certainty to capital investment in property, ensuring our homes and schemes are safe and sustainable and provide a comfortable and inspiring environment for residents, visitors and colleagues.

16. Progress operational digital tools and pilots

What we said we would do

Pilot digital tools that support safe and efficient delivery in services, such as electronic medication reporting in selected homes, and scope further technologies that complement core systems.

What we have done

We have carried out a small number of targeted pilots within services, including trialling Nobi smart lighting in selected care homes to understand its potential to support safety, independence and day-to-day care.

We also explored the feasibility of wider digital tools, including electronic medication reporting, but have not yet progressed these into operational pilots.

This approach has helped us build a clearer understanding of what works in practice, ensuring any future implementation is safe, effective and adds real value for residents and colleagues.

17. Embed insight, KPIs and assurance into strategic delivery

What we said we would do

Use Power BI, Microsoft Fabric and in-system reporting to drive data-informed decisions, standardise KPIs and dashboards, and embed quality and risk assurance frameworks across the organisation.

What we have done

We have expanded the use of Power BI, Microsoft Fabric and in-system reporting, introducing a more accessible and consistent set of dashboards that give leaders clearer, more timely insight into performance and reduce reliance on manual reporting.

We also developed and introduced key performance indicators across our central functions through partnership agreements, creating greater clarity on expectations and performance. Building on this, we have started to bring greater consistency to how these measures are defined and used, with closer alignment to quality and risk assurance.

Case Study

Sue, MHA Stratton House



Sue (76) is a resident of MHA Stratton House, a residential care home in Bath. Moving there marked a significant turning point in her life, allowing her to rediscover who she is and express herself without judgement.

Sue lives with bipolar disorder and before moving to the home, she was receiving support from the community mental health team. Following a hospital admission, her Community Psychiatric Nurse played a crucial role in helping her find appropriate care. “If it hadn’t been for my Community Psychiatric Nurse, I would never have found this place. I wouldn’t have had a clue where to start.” Since moving to Stratton House, Sue’s creativity has flourished. She discovered her love of art later in life, at the age of 70. Until then, she had never believed she could draw or paint, but encouragement from others helped her to try. “This is my home now. I’m freer here than I ever was. They give me a free rein. There’s no judgement, no criticism – just encouragement.”

Sue now creates artwork and handmade decorations for the home, including angels and seasonal displays, and takes great pride in contributing to the life of the community. Living at Stratton House has given Sue reassurance, companionship and safety.

(Interview provided as part of a series for submission to the **Independent Commission on Social Care**)



18. Drive innovation and applied technology

What we said we would do

Support implementation of GenAI pilots, assistive tech and advanced analytics to support the development of the Pathfinder Care Home as a model for design and technology innovation.

What we have done

Over the past year, we have made positive strides in driving innovation and the application of technology across MHA.

We have supported the introduction and testing of GenAI pilots, helping to explore practical use cases that enhance colleague efficiency and improve access to information. Alongside this, we have continued to develop our approach to assistive technology, identifying opportunities to enhance independence, wellbeing and quality of life for residents.

Our use of data and analytics has also advanced, enabling more informed decision-making and providing greater insight into performance, trends and opportunities across our services.

These developments are helping to shape an MHA 'Pathfinder Care Home' as a model for design and technology innovation, where new approaches can be tested, refined and scaled. Together, this work is laying strong foundations for a more digitally enabled, forward-looking organisation that better supports colleagues and the people we serve.

Impact spotlight

iSPoC (Internal Single Point of Contact) is MHA's AI digital support assistant operating as an interactive chatbot. It is designed to provide quick, consistent answers to policy and procedure queries, improving access to information and reducing demand on central support teams. It will be made available to help navigate the MHA policy library and will be dynamically updated daily.

iSPoC has undergone two recent successful pilots to test its functionality and security.



19. Enhance central support functions

What we said we would do

Enhance MHA's central support functions, underpinned by a focus on exemplary customer care, a unified enabling culture and adoption of digital innovations.

What we have done

Over the past year, we have continued to strengthen MHA's central support functions, with a clear focus on delivering consistently high standards of customer care to colleagues across the organisation. Key improvements have been made to streamline how colleagues access support, with greater coordination across teams and a renewed emphasis on responsiveness, clarity and first-time resolution. Investment in our customer support approach has helped ensure that colleagues in care homes, retirement living and community services feel better supported in their roles, enabling them to focus on delivering outstanding care and services.

Alongside this, we have made good progress in fostering a more unified and enabling culture within central support. Through clearer ways of working, increased collaboration between teams and a shared commitment to being open, respectful and constructively challenging, we are embedding behaviours that reflect MHA's values. This cultural shift is being supported by the growing adoption of digital innovations, particularly in the use of AI and improved digital tools to enhance efficiency, insight and accessibility. Together, these developments are helping to create a more connected, agile and forward-looking central support function that is better equipped to meet the evolving needs of the organisation.

Impact spotlight

We have started development of a robust Risk and Corporate Assurance Framework using the Three Lines of Assurance model to enhance MHA's visibility of its control and assurance arrangements over its key risk areas.

20. Strengthen financial controls and stability

What we said we would do

Refine credit control and arrears policies and empower Operations to support income recovery.

What we have done

Significant work has been undertaken within the Operational Finance team, to implement and reinvigorate a comprehensive credit control and arrears policy. A specialised credit control team was recruited during the year to enable the separation of billing from credit control, giving the credit control function the capability and capacity it required to ensure strong debt management. An updated bad debt provision and credit control policy has been approved by our Audit and Risk Committee.

New credit management key performance indicators (KPIs) in line with sector best practice have been implemented and will be monitored by ELT and Board on a regular basis.

Training has also been delivered to retirement living managers to comfortably hold initial conversations with residents about overdue balances and support them with any balance queries. This training will be rolled out to care home colleagues during 2026/27.

Further benefits will be delivered from the implementation of the new systems project with corresponding efficiencies from process improvements.



Key performance indicators 2025/26

Key performance indicators	2024/25 (where applicable)	2025/26
Customer Satisfaction		
Maintain an online business profile score of at least 96% for our care homes.	N/a	97%
Implement a survey of those living in our retirement living schemes to achieve a customer satisfaction KPI of 85% by the end of the strategy period.	N/a (survey is biennial)	75.3%
Quality and Innovation		
Ensure at least 90% of care homes and retirement living schemes achieve an overall “good” rating on external quality assurance assessments.	91%	93%
Ensure at least 90% of care homes and retirement living schemes achieve an overall “good” rating on internal quality assurance assessments.	75% of homes scoring 85% or above	Not yet available. New quality assurance tool will establish a baseline
Colleague Engagement		
Maintain at least 85% retention of colleagues across the organisation annually.	87%	87%
Achieve an employee engagement index of at least 80% by the end of the strategy period.	76%	81%
Financial Resilience and Sustainability		
Achieve and sustain 90% occupancy in care homes.	89%	91%
Maintain at least 90% occupancy in retirement living.	95%	95%
Generate £4.0m annually in fundraised income, including £600k in communities trusts and grants.	£5.0m	£3.0m See page 40 for more information.
Sustain central overheads below 7.5% of income, ensuring efficient use of resources aligned with budget.	8%	8%
Deliver an operating margin of 10% and coverage of 1.3.	N/a	13.3% and 0.8
Community Impact		
Increase MHA Communities membership to at least 15,000 members by the end of the strategic period, including 5,000 digital communities members.	9,948	11,401
Sustain 2,500 volunteer participation across all MHA services throughout the strategy period, 2025-2030.	2,425	2,190

Change projects

The past year saw the completion of the project to sell a number of our care homes following the strategic review of these services and paused the sale of 14 retirement living schemes while future options were considered.

Like any responsible organisation, MHA has to make sure it is on the right track to be able to deliver on its mission as a charity enabling older people to live later life well.

We have a responsibility to make sure our finances are healthy and that we are in the best possible shape to develop our services for the future. Back in 2019 we began a review looking at the long-term sustainability of all our services. This was inevitably paused during the pandemic but was completed in late 2022.

In 2023 we announced the first phase of this work, which involved selling ten of our care homes in England and Wales (Project Chestnut), along with placing some Scottish services into administration, and selling others in Scotland.

In 2024, we announced we were closing two further care homes, along with placing three more on the market and looking for a specialist nursing provider to run a fourth. This was known as Project Larch. A second project – Project Redwood – was also announced to sell 14 of our retirement living schemes.

The strategic review and change projects in the past couple of years have also included the closure and mergers of MHA Communities schemes and a restructure of Central Support services. In addition, we are moving our office in Derby.

Care homes

Work to find a partner to operate Hillside nursing home in Aylesbury while MHA retained the leasehold of the property, continued. The home often supports younger adults so it was felt a specialist provider would be best for the home's future. In December 2025 we announced that the home would be run by Bondcare, who had previously bought one of MHA's nursing homes for sale during Project Chestnut.

The sales of Belvedere Manor in Colne, Brockworth House in Gloucester and Woodlands in Poynton had all completed by January 2026, marking the end of the care home phase of the strategic review.



Retirement living



As part of our strategic review and drawing on our vision and blueprint for retirement living, we looked at the types of housing we currently offer, alongside the future needs and aspirations of older people, and the role that we can best play to enable people to live later life well. We also examined the different types of lease and rental arrangements in place across our schemes, where we would like to create a more consistent approach in the future.

Our decision to sell 14 retirement living schemes (announced in November 2024) was intended to bring clarity to the types of services we would offer going forward and make sure MHA remained in a financially robust and sustainable position. It would also enable us to move to a more focused portfolio and make best use of our resources

There was good interest in the 14 schemes, and in summer 2025 we selected a buyer who was interested in buying all the schemes.

However, by autumn 2025, it became apparent that the buyer had not been able to confirm their funding. The buyer's difficulties had nothing to do with the way the schemes are run, or the support and care provided, and we thought we had a viable deal, but sadly that was not the case.

We told residents that we wanted to take the opportunity to consider again how best we align our retirement living schemes with the blueprint for our future services. We paused the sale of the schemes, continuing to own and operate them while we reviewed options for their future.

At the end of 2025/26, those options are still being reviewed.

Epworth House

Our Central Support services are based in offices in Derby. Due to flood alleviation works being carried out by Derby City Council, we need to move out of our office building by the end of 2026.

As we own the current building, we wanted to make sure we bought our next base. We were fortunate in securing a new building not far from Derby city centre in late 2025, ensuring colleagues based at head office will not experience too much upheaval.

However, the new building needs upgrading so we anticipate not being able to move there until mid 2027.

The new office will continue to be called Epworth House as recognition of our Methodist roots, Epworth being the village where the church founders John and Charles Wesley were born.

Change Project

Looking forward 2026/27

For 2026/27, our strategic direction will be taken forward through five Strategic Priorities. These priorities identify where leadership focus and investment are most needed, supported by a simplified and consolidated set of objectives and activities to provide a clear line of sight between strategy and delivery.



Objectives

Quality and Distinctive Services		
1	Strengthening quality and assurance	Strengthening quality assurance, support planning and service improvement across care homes, retirement living and communities.
2	Developing distinctive practice and environments	Investing in specialist capability and environments that enhance wellbeing in later life.
Financial and Operational Resilience		
3	Progressing the upgrading of our core systems and operational platforms	Implementing and embedding key operational systems across finance, housing, care and estates.
4	Strengthening governance, assurance and risk management	Enhancing governance structures, assurance frameworks and organisational oversight.
5	Strengthening financial control and cash performance	Improving credit control, financial discipline and control frameworks.
6	Delivering our new central support home	Completing relocation of our central support services and embedding technology to support collaborative working.
Sustainable Growth and Funding		
7	Developing a sustainable retirement living model	Strengthening the financial, operational and governance foundations of retirement living following recent structural changes.
8	Developing our 20-year financial strategy to support long-term growth and investment	Establishing a clear, evidence-based framework for funding, estate investment and future development.
Engagement, Brand and Influence		
9	Building stronger relationships with members and supporters	Establishing a structured membership approach to deepen engagement and strengthen long-term supporter relationships.
10	Developing our marketing, brand and digital capability	Modernising CRM, digital platforms and fundraising systems to improve engagement and income sustainability.
11	Sustaining our influencing voice and social justice commitment	Maintaining MHA's active contribution to national policy and advocacy for older people.
Our People and Culture		
12	Developing our culture, leadership and ways of working	Embedding the One MHA behaviours framework, strengthening leadership capability and reinforcing a customer-focused culture.
13	Building a skilled and sustainable workforce	Strengthening workforce planning, clinical frameworks and career pathways to support safe and sustainable delivery.
14	Strengthening recruitment, retention and colleague engagement	Improving recruitment processes, onboarding, performance management and colleague voice across the organisation.

Charitable giving at MHA

In December 2025, a new charitable Giving and Impact Strategy was launched. The vision of the strategy is:

We will build, maintain and continuously improve an effective, efficient and surplus generating charitable giving and impact function, drawing together the inputs, outputs and resulting outcomes of our fundraising and volunteering efforts; in a way that:

- Positions MHA as a charity that makes a significant impact in enabling people to live later life well.
- Aligns under a brand proposition which is purposely local, inclusive, human and relatable.
- Considers audience segmentation, targeting and positioning, and differentiates marketing communications appropriately.
- Clearly talks to (and broadens to other audiences) the Methodist Church's mission of Community, Inclusion and Social Justice.
- Presents under a bright, fresh, fun and purposeful visual identity.
- Tells a powerful story of genuine impact, creating compelling cases for support.
- Sets out clearly what is in and what is out of scope, giving people clarity and confidence.
- Brings the above together to drive charitable giving through support in terms of cash, time and action.



Over the last year, a dedicated focus on processes has improved the supporter journey and increased the amount of eligible Gift Aid we are able to claim, helping to maximise income both now and in the future.

We have refreshed our messaging, themed around *'Make it Matter'*, to attract new supporters and more clearly communicate the impact of our charitable services through stronger, more compelling content.

Legacies continue to be a vital source of income. We are deeply grateful to all those who choose to remember MHA in this special way, enabling us to continue enhancing the lives of older people.

Our commitment to supporting and protecting vulnerable people is underpinned by our Fundraising from People with Additional Support Needs Policy, which was reviewed and reissued in December 2025.

There are several exciting changes coming up in 2026-27, including:

- A new charitable giving section on our website.
- Practical tools and resources, including a new A–Z fundraising guide.
- A new-look supporter magazine, Make It Matter.
- New initiatives, such as our Second Cup campaign.
- More stories showing the impact of those who support us.
- More ways to get involved, both locally and nationally.

In a challenging economic environment, our dedicated supporters helped generate a total income of

£3million

All fundraising activities at MHA are undertaken directly by the charity, with no external parties acting on our behalf.

MHA is registered with the Fundraising Regulator and the Code of Fundraising Practice. A new Code of Fundraising Practice, effective 1 November 2025, shifts to a principles-based framework, focusing on flexible, high-level standards rather than prescriptive rules to enhance adaptability. Revised rules strengthen the focus on protecting donors in vulnerable circumstances, ensuring fundraising is not overly intrusive or pressured. A mandatory online training resource has been developed for colleagues and volunteers involved in fundraising.

There were no fundraising complaints or breaches of the Code in 2025/26.

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 emotional, spiritual and physical needs, with reassurance, care and support.

Our services are open to everyone, with our care home residents being broadly split 54:46 (a slight change from 2024/25 where the split was 55:45) in terms of those who are fully self-funded and those that are partially or fully funded by a local authority or the NHS. This is alongside our commitment to social rent tenants in retirement living.

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

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

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

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

Case Study

Pauline, MHA Communities Derbyshire Peaks and Dales

Pauline is a member of MHA Communities Derbyshire Peaks and Dales, and is a former nurse and midwife, and care home manager. Pauline supports her husband Don, 79, a retired police officer, who was diagnosed with Lewy-bodies dementia in May 2024. While the initial support at the point of diagnosis from the GP was good, Pauline is frustrated about the length of time it has taken to get support at key moments in the progress of the condition. Like many forms of dementia, Lewy-bodies is progressive and its development can vary from person to person.

Reflecting on her own wellbeing, Pauline shares how having a good support network of family, close friends and neighbours has been the biggest factor in preserving her wellbeing.

Pauline and Don get support from MHA Communities Derbyshire Peaks and Dales, and its Love2Move chair-based exercise class, which she and Don have been attending over the past year. "It's a fantastic little group… Amy is wonderful and has the right attitude. The group has grown over the past year, from four of us and everyone mixes. There's no judgement… We've swapped numbers, to support each other as a few of us are going through similar things."

Pauline feels fortunate that she has health and care experience to draw upon, and that there are charities out there, such as MHA, running support services.

(Interview provided as part of a series for submission to the **Independent Commission on Social Care**)

Financial review

The Statement of Financial Activities for the year 2025/26 shows total incoming resources of £291,272,000 (last year £283,275,000) a 3% increase on the previous financial year.

This is largely a result of increased charitable activities within care homes where occupancy has grown significantly during the year.

MHA anticipated that 2025/26 would be another year of strengthening financial performance as occupancy recovery continued following the impact of Covid-19 and the subsequent sector and economy wide aftershocks. The ongoing investment in our relationship with Trusted Care to develop and strengthen our enquiries management continued to bear fruit, which the sustained occupancy growth in the year reflects.

Operational performance remained strong supported by cost consciousness in a tough economic environment. The remaining care home portfolio changes were transacted in the year, completing our strategic plans for the homes portfolio. This led to a lower level of disposal proceeds than the previous year when the majority of disposals took place with minimal exceptional costs incurred.

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

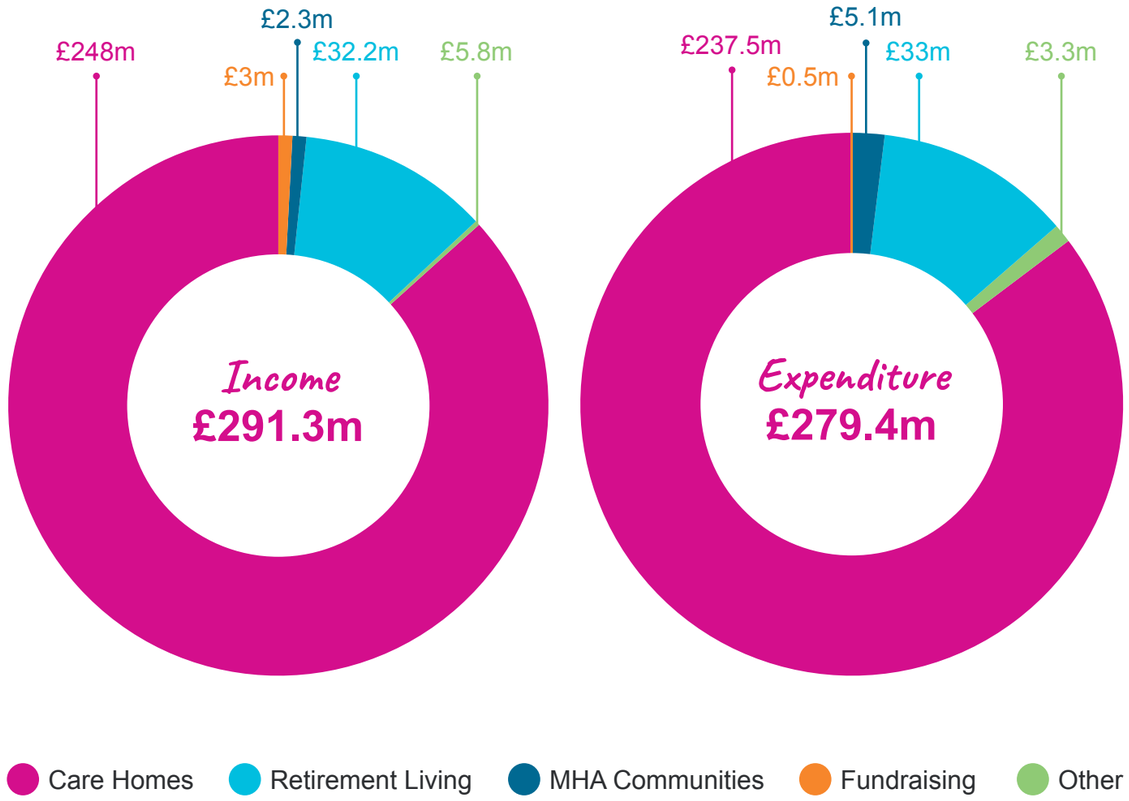
The tough economic environment for charities and the fundraising sector took its toll on our fundraised income which fell by 39% to £3,029,000 (2024/25: £4,985,000), this still significant income in such difficult economic times is a testament to our dedicated supporters whom we are forever grateful for. These generous donations have contributed towards:

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

Key Performance Indicators for the group	2025/26 Actual £000	2024/25 Actual £000
Total Income	291,272	283,275
Operating costs excluding exceptional items	279,433	280,024
Exceptional costs	(523)	5,199
Surplus/(Deficit) for the year (after investment gains and losses)	17,721	(404)

Service Users and Capacity	2025/26	2024/25
All MHA care homes	3,813	4,102
Number of retirement living properties	2,187	2,165
Community services members supported	11,401	9,948

Occupancy	2025/26	2024/25
Care homes	92%	88%
Retirement living	95%	96%
Cost of fundraising to voluntary income	18%	9%



The outcomes of our strategic review of services which was completed in 2022/23 continued to impact the organisation during 2025/26. As has been previously mentioned, we completed the disposal of the Project Chestnut care homes, transferring five homes to new owners and one home to a new operator.

Within retirement living, during November 2024 we announced the difficult decision to sell 14 of our retirement living schemes and to withdraw from providing care in six of these. In addition, we announced the removal of care in two other schemes that will remain with MHA. This portfolio review process remains ongoing.

In Scotland, the administrators have reached agreement on the disposal of an on-site care home and the retirement living village at Auchlochan Garden Village. It is anticipated that these Scottish services will be sold during 2026/27.

An increase in incoming resources was further bolstered by well managed operating costs, which reduced from the prior year leading to MHA reporting a strong surplus for the year of £17,721,000 (2024/25 loss of £404,000).

This results in a net increase in funds of £17,535,000 (2024/25: decrease of £1,959,000) and is added to the total balances brought forward of £233,542,000 which reflects non-cash items.

MHA continues to be fortunate in having a strong balance sheet, as reflected in these statutory accounts. Our liquidity is now in a stronger place with expectation of it improving further in the coming year. In the unlikely event that we require more working capital, we have access to £10,000,000 of rolling credit facilities which have not yet been drawn on.

The Directors consider the market value at 31 March 2026 of the freehold and leasehold land and buildings to be in excess of the costs or valuation as stated in note 10 to the financial statements, based on independent valuations.

Exceptional items in the current year constitute the reversal of an onerous lease provision of £3,453,000 following the achievement of market rent for a property, £2,220,000 of costs related to the strategic review of homes and schemes within the year, an impairment of £1,569,000 for the carrying value of operating assets following transfer of control to another operator, and the reversal of prior year provisions relating to the disposal of the care home portfolio of £859,000.

Exceptional items in the prior year constitute impairments on operating assets across MHA's property portfolio of £4,511,000 reflecting the reduction of the holding values of the sites to their anticipated net realisable values. There is also a reversal of prior year impairments on operating assets across MHA's property portfolio of £4,462,000 reflecting the reinstatement of historic holding values following further clarity in the sales process of their anticipated net realisable values. Costs associated with the strategic review of homes and schemes within the financial year had led to £5,150,000 of exceptional costs.

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 2025/26 total reserves were £251,077,000 (2025: £233,542,000) of which £23,789,000 (2025: £25,801,000) 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 2025/26 were £227,288,000 (2025: £207,741,000) which included the net book value of fixed assets of £311,480,000 (2025: £329,275,000). Fixed assets and associated grants and borrowing can be excluded from the Group's definition of free reserves as the Group considers the level of cash and other liquid funds as a more appropriate measure of its ability to meet its commitments and invest in the future.

Actual free reserves which MHA defines as cash or liquid funds were £35,534,000 (2025: £12,401,000). The Board considers that minimum free reserves of approximately £66,000,000 (2025: £66,000,000) are needed to cover such items and to enable the Group to continue to operate to meet its charitable objectives.

This level of financial reserves equates to slightly less than two months of operational expenditure which is below the reserves policy requirement of three months. From 1 April 2026 Management and Board have agreed to reduce the minimum free reserves to two months of operational expenditure, which is forecast to be achieved in the coming year. During the coming financial year, Management and Board will manage reserves to sustain the current level of reserves to enable the Group to continue to meet its charitable objectives.

Our financial reserves provide an important financial buffer in the current climate of heightened economic uncertainty. We anticipate that economic uncertainty will continue for at least the next 12 months. Since MHA is confident that it can meet the required pension contributions from projected future income without significantly impacting on its planned level of charitable activity, it continues to calculate its free or general reserves without setting aside designated reserves to cover the pension liability.

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



Treasury Management Policy

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

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

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

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

The management of investments is delegated to the Central Finance Board of the Methodist Church. Performance of investments is reviewed annually by the Board and is judged to be satisfactory. Investments are held in equities, fixed interest deposits and cash totalling £1,293,000 (2025: £1,377,000) at the balance sheet date.

Principal Funding Sources

All of MHA's drawn loan facilities were consolidated with Barclays Bank Plc during a refinancing exercise during 2024/25. As such, as at 31 March 2026, the drawn loan facilities with Barclays Bank Plc were £83,420,000 (2025: £86,000,000).

Furthermore, MHA is able to bolster funding by a £10,000,000 undrawn revolving cash facility (RCF) that we have in place with Barclays Bank. This is designed to support operational funding and liquidity requirements as required.

Methodist Homes Housing Association Ltd has a loan facility with the Nationwide Building Society with the balance at 31 March 2026 being £1,554,000 and a loan facility with Capita totalling £1,086,000 as at 31 March 2026.

Fixed asset additions of £22,798,000 were financed by accessing existing reserves. This expenditure enables MHA to develop existing properties to maintain existing standards and meet new standards where relevant.

As part of care home operations MHA operates 25 (28 in 2024) leased homes which have been established via sale and lease back arrangements.

Going Concern

Financial sustainability continues to be a critical issue for the social care sector following the Covid-19 pandemic, now primarily driven by the cost-of-living crisis and the ever-increasing gap between the true cost of care and the levels of funding being given by local authorities and for nursing funded residents. Despite MHA's improved operational and thus financial performance, the charity is not immune to that risk.

Based on our financial forecasting, an ongoing area of focus for the organisation continues to be on the mitigating actions we can take to support the long-term financial sustainability of the organisation. In addition to the actions following the strategic review of services completed in 2022/23 MHA continues to focus on:

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

As we move into 2026/27 MHA has undertaken financial scenario and sensitivity analysis, modelling plausible scenarios including a severe but plausible scenario. These scenarios reflect various assumptions including levels of occupancy, staffing costs, levels of capital expenditure and the timing and quantum of service disposal receipts.

None of the scenarios modelled result in any covenant breaches on the specified measurement dates expected in the coming period. MHA has fostered strong relationships with our key lending bank (Barclays) who remain supportive, having recently refinanced with us.

MHA has existing loan facilities that include an £86,000,000 loan to August 2029 and a £10,000,000 undrawn revolving credit facility (RCF) to August 2027, both with Barclays.

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

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

Risk Management

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

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

MHA's revised procedure for the recording and monitoring of risk was implemented in 2019/20 with regular reviews and evaluation of risk registers being embedded during subsequent years. During the last year we have been working to improve our assurance framework by introducing the three lines of assurance model. We have also made improvements to our risk registers and moved them to a SharePoint site which enables us to carry out trend analysis on the types of risks across the organisation and the effectiveness of controls. In addition, we have established the Corporate Governance Group, reporting to the Audit and Risk Committee to co-ordinate this work. The Board has carried out a review of risk tolerance to align to our next five-year strategy that launched in April 2025.

Risk register reviews assess and document risk from both a strategic and operational viewpoint. MHA continues to recognise the following key strategic risks which are overseen by the Board and reviewed on an ongoing basis by the ELT and Board Committees.



Strategic Risk and Description	Mitigations
Operations Risk of systemic quality and commercial failures due to inadequate leadership, policies, procedures, systems, record keeping, quality assurance and poor compliance with these and a poor culture of continuous improvement	**Key controls/mitigations already in place:** • Data governance: Archiving policy, Data Protection training, data retention policy. • Systems oversight: Contract management and supplier performance reviews, service desk and user feedback loops, defined "business system ownership". • Change governance: Managed via the major change portfolio with programme artefacts being populated. **Controls still outstanding:** • Develop and embed a process to identify and prioritise tech opportunities and track outcomes. • Strengthen procurement practice and culture, enhance contract management.
Safeguarding There is a risk that systemic failure due to failures in leadership, process, training or inadequate training results in a serious safeguarding event. Creating significant regulatory, reputational or financial challenge to the charity	**Key controls already in place:** • Strong safeguarding controls are in place led by the safeguarding lead under direction of the Director of Operations. • Safeguarding is a standing agenda item at all quality forums, quality review meetings and quality governance meetings, with routine reporting of trends to Operations Committee and Board. • Board level safeguarding lead. • Comprehensive annual report to Board setting out controls, incidents and outcomes of safeguarding practice. • Falls and head-injury prevention programme, risk assessment improvements, preceptorship module on falls. • Choking: Updated LSI (Learning from Safety Incidents) content based on incidents, Speech and Language Therapy oversight, Nourish oversight of care plans/risk assessments. • Medicines: Medicines policy suite, pharmacy audits/oversight, competency checks. **Controls still outstanding:** • eMAR rollout to strengthen end-to-end medicines safety and assurance.

Strategic Risk and Description	Mitigations

People
There is a risk of ongoing national staffing shortages due to wage inflation, adverse government policy changes, competition for talent resulting in persistent challenges in recruiting and retaining staff, affecting service viability, safety, and quality of care.
	Key controls implemented:
	• Focused recruitment campaigns dependent on need, with continuous employer brand promotion positioning MHA as an employer of choice (MHA Careers).
	• Commitment to remain as Real Living Wage employer and formally accredited from April 2026.
	• Investment in improving organisational culture and colleague experience, including:
	  • Employee wellbeing initiatives outlined in new wellbeing strategy.
	  • Engaging Leaders Programme to strengthen management capability and engagement.
	  • Regular colleague surveys (Your Voice) with action plans developed from feedback. Monitoring of staffing levels and turnover rates at local and organisational levels.
	  • Ongoing workforce planning to anticipate and address gaps.

Culture/ leadership There is a risk that the One MHA culture is persistently undermined due to a failure in leadership, reduced staff engagement and lack of learning.	**Key Controls implemented:** • Leadership and manager training on inclusive behaviours, conflict resolution, and constructive performance management. • One MHA Behaviours Framework rolled out to embed consistent values and expectations. • ‘Speak Up, Listen Up’ initiative promoting a culture of openness and psychological safety. • Robust management of whistleblowing concerns, with focus on learning and continuous improvement. • Data monitoring and trend analysis of colleague engagement, resolution requests, whistleblowing, and exit interview themes to identify early warning signs. • Resolution-based approach to conflict management delivering more positive and sustainable outcomes, including internally trained workplace mediators. • Performance management framework under review, including induction, 1:1s, and appraisal processes. • Independent exit interviews undertaken, with findings analysed and acted upon where issues are identified. • Experienced HR team providing proactive employee relations support aligned with ACAS best practice. **Planned controls:** • Careful management of ELT and SLT changes to maintain stability and confidence in senior leadership.

Strategic Risk and Description	Mitigations
Finance There is a risk to financial viability and sustainability due to inadequate financial resources, inaccurate budgeting, forecasting, long term planning, weak controls and poor business systems resulting in breaches of covenant or a failure to remain a going concern	**Key controls already in place:** • Recruitment and retention of experienced, qualified staff with understanding and experience of best practice controls environment. • Clear roles and responsibilities across the department with segregation of duties. • Supported training & development (AAT etc.) and talent pipeline. • Credit control function introduced with additional resource to recover aged debt. • Reporting and management oversight of key financial metrics • Central opening of all new bank accounts with banking team; central cashflow tracking for funds access. • Performance reporting to the Finance and Captial Expenditure Committee (FACE) and Executive Leadership Team (ELT) including scenario analysis. • Long-term plan (5 year) introduced. • Review/oversight of budget and forecasting by FACE/ELT, with performance reporting. • Process notes documented across teams to reduce knowledge concentration. • Monthly returns in place for MHAC/Amenity. • Strong relationships with banks and auditors. **Planned / outstanding actions:** • New system controls and automation for income, to include automated credit-controls system and reporting. • Optimise system-based processes, reduce manual processing in planning/forecasting. • Directorate culture change and greater clarity of roles and responsibilities. • Greater customer focus to support resident experience. • Migrate remaining historic bank accounts to central control. • Diversify funding during the 2029 refinancing window (starting 2027). • Improve benefits/attraction to hire and retain higher-calibre finance staff. • Role-share/cover arrangements to remove single points of failure.. • Payment portal for all receipts and purchase-to-pay process updates to speed reconciliations and completeness.

Strategic Risk and Description	Mitigations
Estates There is a risk that MHA's estate does not meet current and future regulatory requirements due to the absence of an Estates Strategy, capital investment and poor implementation.	**Key controls implemented:** • Completion of stock condition surveys in care homes to understand and plan investment needs and quantum. • Introduction of budget control systems and re-defined priority work categories, weekly meetings between Property and Estates Management (P&EM) and Finance to review positions. • Robust processes to authorise spend and validate invoice content. • Facilio system implemented to record all works for quality monitoring and maintenance/investment records. • Property surveyors and maintenance operatives conducting regular inspections and home managers consulted for remedial actions. • Fully maintained compliance tracker that is visible to all via Sharepoint. • Review of P&EM compliance inspections, advice and audit providers and standardisation of the language of recommendation priorities (High, Medium, Low). **Controls outstanding / planned:** • Facilio integration to automate warranty and asset tracking. • Strategic investment to mitigate potential component failures. • Completion of stock condition survey for retirement living schemes to identify short, medium and long term investment requirements and spend liabilities. • Standardised quality-check format rolled out via Facilio. • Formal post-project reviews for all major works. • Governance escalation for projects with external counterparties (eg. local authorities). • New roles and improved job descriptions for existing roles under new structure will introduce better management and controls to improve quality assurance and commercial strength. • Integration of compliance teams to introduce strengthened end-to-end accountability.

Strategic Risk and Description	Mitigations
Strategy There is a risk that MHA's strategy fails due to strategic objectives inadequately addressing critical internal and external drivers and/or are inadequately aligned to purpose and vision or inadequately supported by effective leadership and processes resulting in severely compromised long term organisational health, development, reputation and viability.	**Key controls already in place:** • Development of long-term Financial Strategy. • CEO-chaired Programme Board for major business systems change projects, providing direction, oversight and assurance, under MHA's Project Delivery and Change Framework. • Project discipline governing both the fit out of MHA's new head office and move to interim accommodation (November 2026 - May 2027). • Project groups established in relation to implementing the Blueprint principles in care homes and retirement living, beacon status and pathfinder homes; and work underway with MHA Board on the future of MHHA. • Ongoing lobbying in relation to workforce (Fair Pay Agreement, Visa controls) and with the Casey Commission. **Controls still outstanding:** • Strengthen culture of accountability/responsibility - Three Lines of Defence model. • Strengthen procurement practice and culture, enhance contract management. • Development of financial model for housing with care blueprint. • Identify pathfinder home for care home blueprint.
Reputation MHA's long-term viability is threatened by a reputational event due to any of the above risks occurring.	Ensuring that the mitigating controls for all the above strategic risks are working effectively and ensuring that additional controls are put in place where necessary to bring the above risks within agreed tolerance levels. In addition, Gold Command principles are well established to mobilise key officers to manage high risk scenarios.
External There is a risk that MHA's operations are disrupted for a significant period due to unexpected external events such as pandemic, war, policy changes resulting in adverse impacts on occupancy, finances and reputation.	**Key controls:** • Regular horizon scanning and monitoring of political and policy changes. • Effective business continuity and disaster recovery plans in place. • Maintaining sufficient reserves in accordance with MHA reserves policy. • Ensuring that resilience is built into all new systems and processes.

Director’s duties

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

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

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

As MHA is a charity, the directors are also Trustees and must also comply with the Trustee duties under the Charities Acts 2006 and 2022. Under the Charities Act the directors have the following duties to:

- Promote the charitable purpose
- Operate the charity for the benefit of the public
- Act in the best interests of the charity and its beneficiaries
- Act with undivided loyalty to the charity
- Act in good faith
- Act within the charity’s objects and powers
- Act with prudence
- Act collectively

The directors must balance these dual duties to ensure compliance with both the Companies Act and the Charities Act.

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

As is typical in charities and large organisations, the directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to ELT. Further details can be found in the Governance Report on page 62.

The following summarise how the directors fulfil their duties:

Our people

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

Business relationships

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



Energy and Emissions Consumption

We take our impact on the global climate seriously and in 2025/26 we continued to develop our strategy to reduce our carbon emissions. This work will continue into 2026/27.

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

We monitor peer activities and ensure we are commensurate to the marketplace, which in turn will assist us in achieving our aim of being market leading.

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

Electricity is used in all services and accounts for 24% 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 71% of the total energy consumption, with most of our homes using this for heating and hot water, laundry and cooking.

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

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

Energy Category	2025/26 Consumption (KWh)	2024/25 Consumption (KWh)	2025/26 %	2024/25 %	2025/26 Emissions (tCO2e)	2024/25 Emissions (tCO2e)
Electricity (Scope 2)	15,713,262	17,842,449	25%	28%	2,781	3,696
Gas (Scope 1)	44,835,643	50,408,393	73%	70%	8,203	9,220
Transport (Scope 3)	1,222,241	1,361,850	2%	2%	584	326
Total	61,771,146	69,612,692	100%	100%	11,568	13,242

An intensity metric of kgCO2e per m2 has been applied for the annual total emissions. The methodology of the intensity metric calculations is detailed shortly. MHA operations have an intensity metric of 45.97 tCO2e (2025: 47.73 tCO2e) per gross internal area m2 for this reporting year. This represents a year-on-year decrease in the operational carbon intensity of 3.69%.

The overall kWh consumption during 2025/26 has reduced by 12.48% compared to 2024/25, which reflects four factors operating in combination. The disposal of some sites during the year has led to lower natural gas consumption, this decrease is also supported by continuing boiler and pipework renewals at retained sites. A reduction in purchased electricity consumption combined with a step down in the UK Government grid electricity factor and a 10% reduction in grey fleet mileage.

Measures ongoing and undertaken through 2025/26

MHA's programme of energy efficiency works continued throughout the year, combining estate-wide replacement of failing equipment with substantial plantroom upgrades at three sites.

Estate wide

Replacement of failing or obsolete equipment

MHA's standing policy is to replace failing or obsolete equipment with the most energy-efficient available equivalent. During the year, this policy delivered upgrades to water softeners, commercial kitchen equipment, tumble driers, washing machines, sluices and calorifiers across the estate. Pipework and heating control replacements, boiler replacements where applicable, and the continuing transition to LED lighting in communal and external areas also contributed to lower running costs and reduced maintenance liabilities.

Targeted capital project

Plantroom upgrades

Three sites received full plantroom upgrades during the reporting period. These works deliver immediate efficiency benefits through better-matched and better-controlled heating and hot water systems, and substantially reduce ongoing maintenance liabilities over the remaining life of each plantroom.

- Laurel Court
- Ty Gwyn
- Mayfields and The Hawthorns

Approach

Responsive capital expenditure

Where building services or installations fail mid-year, priority is given to replacements that achieve high efficiency ratings and are responsibly sourced. This in-year discipline complements the planned programme above and ensures that unscheduled replacements do not lock in inefficient equipment for the life of the new asset.

Looking ahead to 2026/27

A defined programme of capital works, alongside a forthcoming Asset Management and Sustainability Strategy, will shape MHA's next phase of energy efficiency investment.

MHA's planned investment programme for 2026/27 will deliver further efficiency gains across three targeted capital areas, supported by a wider strategy refresh that will set out the charity's long-term direction on emissions reduction.

Phase one	**Mechanical and electrical installation upgrade** The water system upgrade originally planned for 2026/27 at Stratton House has been extended into a full mechanical and electrical installation upgrade. Bundling the works provides a coherent single-project solution, reducing disruption to residents and delivering combined efficiency gains in operations and maintenance. • Stratton House
Phase one	**Commercial kitchen replacements** Targeted replacements at three sites will reduce running costs and improve reliability, while lowering long-term maintenance liabilities. Modern commercial kitchen equipment typically delivers material reductions in both gas and electricity consumption against the units it replaces. • Coed Craig • Moorland House • Warde Aldam
Phase one	**Window replacements** Window upgrades at three further sites will reduce heat loss and lower heating-related emissions, while improving comfort for residents and addressing the risk of condensation in older buildings. • Brookfield • The Willows • Walcot Court
In development	**Asset Management and Sustainability Strategy** During 2026/27, MHA will develop and publish its next Asset Management and Sustainability Strategy. The strategy will set out how the charity meets statutory and regulatory targets for greenhouse gas emissions and energy efficiency, and will articulate MHA's commitment to exceeding those targets and embedding a culture of emissions reduction across the estate.

Reporting Methodology

Scope 1	Direct emissions from sources owned or controlled by MHA, including natural gas consumption at care homes and retirement living schemes.
Scope 2	Indirect energy emissions from the generation of purchased electricity used at MHA sites, reported on a location-based basis using the UK grid average factor.
Scope 3	Other indirect energy emissions, including business travel in employee owned vehicles (grey fleet) and electricity transmission and distribution losses.

Reporting Methodology

We have reported all our emission sources under the Companies Act 2006 (Strategic Report and Director's Reports) Regulations 2013 as required. Reporting of calculated emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2025.

The boundaries of the GHG inventory are defined using the operational control approach. In general, the emissions reported are the same as those which would be reported based on a financial control boundary.

Emissions from purchased electricity can be calculated in two ways: Market-based method allows companies to reduce the calculation of carbon emissions based on the electricity contract they have purchased. By committing to purchase renewable energy, they are supporting the renewable energy transition at a national level.

Location-based method does not account for procurement decisions. It looks strictly at physical emissions from electricity delivered through a grid network.

We have chosen to calculate this year's electricity using the location-based method.

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

- Gross internal area (m2) 251,635 (277,414 in the prior year).

Structure, governance and management

Governing Document

Methodist Homes (MHA) is a company limited by guarantee (Companies House No. 04043124) and a registered Charity (Registered Charity No. 1083995). It is governed by its Memorandum and Articles of Association dated 31 March 2011.

Methodist Homes is the parent company of two connected organisations Methodist Homes Housing Association Ltd and MHA Auchlochan Ltd (a charity registered in Scotland). MHA Auchlochan was put into administration on 2 May 2023.

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

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



Organisational Structure

The Board consists of up to 12 members, one of whom is nominated by the Methodist Church. The Board typically meets six times a year and reviews operational and financial performance, decides the strategic aims of the charity, and holds management to account in performing executive functions. Decisions are taken in accordance with the instructions laid down in the charity's governing documents, delegated authorities and related policy documents.

The Board delegates authority for day-to-day management to ELT led by the Chief Executive. Whilst ELT may have the title of director, they are not statutory directors.

References within this report to directors refer to board members with statutory responsibilities. The Board has the following committees, all of which have a group-wide remit.

Audit and Risk Committee

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

It meets four times a year and has a minimum of three Trustees, two of whom have recent, relevant audit or risk experience. The Director of Finance, IT & Procurement, Company Secretary, Head of Risk Management and Head of Quality Assurance are attendees, but not members of the Committee. Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation and a new appointment in the year. A decision was made to appoint an Independent Member of the Audit and Risk Committee to provide additional support and expertise.

The key responsibilities of the Committee are the overview of the preparation of the financial statements and recommendation to Board; the review of reports from external and internal auditors and the monitoring of the implementation of recommended management actions as well as providing an overview of risk management within the organisation.

Finance and Capital Expenditure Committee

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

The Finance and Capital Expenditure Committee meets at least four times a year and has a minimum of three Trustees. There are currently six members, two of whom have recent, relevant financial experience. The Director of Finance, IT & Procurement, and Company Secretary are attendees, but not members of the Committee. Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation and three new appointments in the year.

The key responsibilities of the Committee are overview of financial performance including the cashflow of the organisation, scrutinising budgets and forecasts and recommending them to the Board, scrutinising the property strategy including proposed capital expenditure, acquisitions and disposals, and monitoring and reviewing the treasury policy and associated KPI's, investment policy and pension funds.

Engagement and Innovation Committee

The Engagement and Innovation Committee (E&I) provides oversight, assurance, and constructive challenge on behalf of the MHA Board in three primary domains:

- Engagement – oversight of the strategic approach to promoting, protecting, and strengthening MHA's brand and reputation across all stakeholder groups, leveraging marketing, communications, and brand activities, and overseeing external and internal stakeholder engagement, fundraising, and volunteering strategies.
- Strategic Foresight – monitoring and interpreting the evolving operating landscape, identifying emerging changes, opportunities, and risks, and assessing their implications for MHA's corporate strategy.
- Innovation – overseeing relevant technological developments, opportunities, and risks (notably AI), and providing a forum for the exploration of new ideas, pilots, and concepts that could inform future strategic direction.

The Engagement and Innovation Committee meets at least four times a year and has a minimum of three Trustees as members. There are currently three members who have relevant recent experience in the areas covered in the committee. The CEO, Company Secretary, Director of Communities, Marketing and Fundraising and the Director of People and Communications are attendees but not members of the committee. Appointments are made by the Board following recommendation from the Nominations Committee.

Nominations Committee

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

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

The key responsibilities of the Committee are to determine ELT remuneration in line with our People Strategy at a fair and competitive rate as well as the oversight of the good governance of the charity including the selection of new Trustees and appointments to the board committees.

Operations Committee

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

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

Appointments are decided by the Board following recommendation from the Nominations Committee. There was one resignation in the year. The key responsibilities of the Committee are to exercise oversight on behalf of the Board of the systems and practices for ensuring the quality, effectiveness and performance of the services provided by MHA, to monitor performance against quality and safety KPIs and compliance with national, legislative and accreditation standards, to notify the Board of any significant concerns regarding quality of care across the organisation, to monitor the effectiveness of the strategy and measures in relation to staff recruitment and retention and to review the resident and service users experience.

Charity Governance Code

The Charity has been reviewing and updating its governance arrangements over the last few years to bring it in line with the Charity Governance Code for larger charities. The Code has been updated this year, and we are now undertaking a review to identify any areas of governance that may need enhancing in light of the changes in the Code. The Charity Governance Code 2025 is based on eight principles being:

- Foundation principle
- Organisational purpose
- Leadership
- Ethics and culture
- Decision making
- Managing resources and risks
- Equality, diversity and inclusion
- Board effectiveness.

We will develop an action plan to address any gaps in compliance with the new Code. Progress against the plan will be monitored at each Board meeting. We will continue with our programme of improvements to ensure we comply with the eight principles of the new Code. The Corporate Governance Group will monitor our continued compliance.

Election, appointment and training of Board members

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

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

The Church representative is nominated in conjunction with the Secretary of the Conference of the Methodist Church and/or their representative and reported to the Conference of the Methodist Church. New Board members receive full induction which includes our Code of Conduct, constitutional documents, board manual, policies and information relevant to the work of the charity. All Board members visit services and further develop understanding of the work of the organisation as well as appropriate training. A full training programme has been implemented on a rolling basis to ensure all directors remain up to date with all regulatory regimes that apply to the Charity's work. Insurance has been taken to indemnify Board members against liability for wrongful acts which was in place throughout the financial year. Members who served on the Board during the year are shown in the list of officers on page 70 and 71.

Remuneration

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

Board members receive no remuneration.

Patrons

We would like to take this opportunity to thank our patrons, former President of the Methodist Church, Baroness Kathleen Richardson of Calow, OBE, broadcaster and writer Pam Rhodes and Dame Denise Platt, previous Chair of the Commission for Social Care Inspection which was the predecessor to the Care Quality Commission. 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 2026 Methodist Homes worked closely with its associated subsidiary organisation:

- Methodist Homes Housing Association Ltd (MHHA) – 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 people with disabilities giving full and fair consideration at recruitment and support throughout employment. MHA continues to work to reflect the diversity of the local population.

Case Study

Robert, MHA The Maples

Robert is a resident of MHA The Maples, an assisted living community in Peterborough.

Robert and his wife Daphne moved to a two-bedroom apartment at The Maples in 2017, from what had been their family home since 1983. Robert says moving to The Maples had the attractiveness of having well-balanced meals, handyman and cleaning services available, and that they no longer had to concern themselves with the issues of maintaining a large house. Reflecting, Robert said, “In the end we were only using the same number of rooms as we use here… There is no doubt that it was the right thing to come here.”

In 2021, Daphne was diagnosed with Alzheimer’s disease. There was no immediate offer of support, because Daphne’s symptoms were mild to begin with. Therefore Robert was the main carer for his wife. For his own health and wellbeing, Robert decided to arrange respite care twice a week and occasional use of the in-house care team at The Maples. Robert has really valued this support.

Daphne’s eventual move to a care home was a significant challenge for them both. Robert is grateful for the love and support of his family, The Maples community and staff who have supported him through this big change.

(Interview provided as part of a series for submission to the **Independent Commission on Social Care**)



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).
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

Internal Financial Controls Assurance

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

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

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

The Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2026 and until the date of approval of the financial statements. No weaknesses were found that resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Statement as to Disclosure of Information to Auditors

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

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

Independent Auditors

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

The Board of Directors' Report including the strategic report was approved on 23 July 2026 and signed on its behalf by:



James Reilly

Chair
Epworth House
Stuart Street
Derby DE1 2EQ

Reference and administrative details

Patrons	Baroness Kathleen Richardson of Callow, OBE Dame Denise Platt Pam Rhodes

Board	Term of Office		Committee membership
	Start	Finish	
James Reilly Chair of the Board	Jul 2016 (as a trustee) Sep 2021 (as Chair)		Nominations Committee
Other board members			
Andrew Cozens	Jul 2015 (as a trustee) Aug 2023 (as SID)	Jul 2025	Nominations, Senior Independent Director (SID), Operations Committees
Lisa Commane (nee Champion)	Jul 2019	Mar 2025	Finance & Capital Expenditure Committee
Keith Hickey	Jul 2019		Audit & Risk, Nominations, Hardship & Welfare Committees
Anne Anketell	Nov 2022	Nov 2025	Operations, Audit & Risk Committee, Hardship & Welfare Committees
Richard Vautry	Nov 2022		Operations Committee
Jessica White	Sept 2023		Finance & Capital Expenditure, Nominations Committees
Frances Beves	Aug 2024		Engagement and Innovation Operations, Hardship & Welfare Committees
Richard Humphries	Sep 2024		Senior Independent Director, Finance & Capital Expenditure, Operations Engagement and Innovation Committees
Catherine Kerr	Aug 2024		Operations Committee, Audit and Risk, Nominations Committees
Rev Derek McLean	Aug 2024		Hardship and Welfare, Finance & Capital Expenditure, Nominations Committees
Claire Dixon	July 2025		Operations Committee. Engagement and Innovation Committees
Archana Srivatsan	Sep 2024	Jan 2026	Finance and Capital Expenditure, Audit and Risk Committees
Lucy Dadge	Jul 2025		Finance and Capital Expenditure Committee, Hardship & Welfare Committees
Richard Broadbelt	Mar 2026		Audit and Risk Finance and Capital Expenditure Committees
Carman Lo	Mar 2026		Finance and Capital Expenditure Committee
Executive Leadership Team			
Anna Marshall-Day	2006	On extended sickness leave Apr 2025	Director of People & Communications
Simon (known as Sam) **Monaghan**	2018		Chief Executive
Mandy Mottram	2018		Company Secretary & General Counsel
Daniel Ryan	2019	Feb 2026	Deputy Chief Executive
Victoria Parkinson	2020		Director of Finance, IT & Procurement
Jonathan Mace	2022		Director of Communities, Marketing and Fundraising
Mark Tomkinson	2025		Director of Property and Estate Management
Cathryn Taylor	2025		Interim Director of People and Communications
Amanda Weir	2026		Interim Director of Operations

Company Secretary

Mandy Mottram

Registered Office

Methodist Homes
Epworth House, Stuart Street,
Derby DE1 2EQ

Tel: (01332) 296200

Website: mha.org.uk

Charity Registered Number – 1083995

Company Registered in England and Wales Number – 04043124

Professional Advisors

Solicitors

Capsticks Solicitors LLP

1 St George's Road, Wimbledon,
London W19 4DR

Tax Advisors

Deloitte LLP

Four Brindley Place,
Birmingham B1 2HZ

External Independent Auditors

Crowe U.K. LLP

55 Ludgate Hill,
London EC4M 7JW

Bankers

Barclays Bank Plc

Corporate Banking
1, Churchill Place, Canary Wharf

Central Finance Board of the Methodist Church (CFB)

9 Bonhill Street, London EC2A 4PE



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



Opinion

We have audited the financial statements of Methodist Homes ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2026 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 2026 and of the group's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- and have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Emphasis of Matter

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty.

We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were, Care Quality Commission (CQC) Regulations for service providers and managers, taxation legislation, health and safety legislation, employment legislation and General Data Protection Regulation (GDPR).

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and recognition of legacy income and contract income relating to fees and charges, impairment of fixed assets, and the override of controls by management.

Our audit procedures to respond to these risks included enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, discussion and review of management's assessment of impairment of fixed assets, sample testing on the posting of journals, designing audit procedures over legacy income and contract income relating to fees and charges, in addition to reviewing accounting estimates or biases, reviewing regulatory correspondence with the Charity Commission and Care Quality Commission, and reading regulatory reports and minutes of meetings of those charged with governance.

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

Use of our report

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

Guy Biggin
Senior Statutory Auditor
For and on behalf of Crowe U.K. LLP
Statutory Auditor
London
6 August 2026



Consolidated Statement of Financial Activities

For the year ended 31 March 2026

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2026 £'000	Total 2025 £'000
Income and endowments from:						
Donations and legacies	2	2,269	760	-	3,029	4,985
Charitable activities						
Care homes		247,832	164	-	247,996	239,859
Retirement living		32,211	38	-	32,249	34,423
MHA Communities		-	2,344	-	2,344	2,884
Other		36	-	-	36	142
Total charitable activities	3/6	**280,079**	**2,546**	**-**	**282,625**	**277,308**
Investments		786	261	28	1,075	982
Other income	4	4,543	-	-	4,543	-
Total		**287,677**	**3,567**	**28**	**291,272**	**283,275**
Expenditure on:						
Raising funds		541	-	-	541	629
Charitable activities						
Care homes		237,905	1,190	-	239,095	228,680
Retirement living		32,762	210	-	32,972	40,007
MHA Communities		1,334	3,750	-	5,084	7,012
Other		(599)	253	2	(344)	7,248
Total charitable activities	6	**271,402**	**5,403**	**2**	**276,807**	**282,947**
Other	7	1,562	-	-	1,562	1,647
Total	5	**273,505**	**5,403**	**2**	**278,910**	**285,223**
Net (losses)/gains on investments		(7)	22	(7)	8	(13)
Net gains on disposals		5,351	-	-	5,351	1,557
Net income/(loss)		**19,516**	**(1,814)**	**19**	**17,721**	**(404)**
Transfer between funds		**217**	**(217)**	**-**	**-**	**-**
Other recognised (losses)/gains:						
Actuarial gain on defined benefit pension schemes	23	47	-	-	47	82
Other - interest rate swaps (losses)	17	(233)	-	-	(233)	(1,637)
Net movement in funds		**19,547**	**(2,031)**	**19**	**17,535**	**(1,959)**
Reconciliation of funds:						
Total funds brought forward	22	207,741	24,836	965	233,542	235,501
Total funds carried forward		**227,288**	**22,805**	**984**	**251,077**	**233,542**

All activities in both years are continuing activities.

Statement of Financial Position

For the year ended 31 March 2026

	Note	Group		Company	
		Total 2026 £'000	Total 2025 £'000	Total 2026 £'000	Total 2025 £'000
Fixed assets					
Intangible fixed assets	11	853	1,465	853	1,465
Tangible fixed assets	12	311,480	329,275	264,129	282,565
Investments	14	1,293	1,377	1,293	1,377
		313,626	**332,117**	**266,275**	**285,407**
Current assets					
Debtors	15	27,942	27,246	26,862	25,289
Cash at bank and in hand		51,688	28,990	47,707	24,695
Total current assets		**79,630**	**56,236**	**74,569**	**49,984**
Liabilities					
Creditors: Amounts falling within one year	16	(50,522)	(54,400)	(60,034)	(63,119)
Net current assets/(liabilities)		**29,108**	**1,836**	**14,535**	**(13,135)**
Total assets less current liabilities		**342,734**	**333,953**	**280,810**	**272,272**
Creditors: Amounts falling after one year	17	(81,102)	(84,372)	(78,688)	(81,731)
Provisions for liabilities	18	(10,555)	(16,039)	(10,555)	(16,039)
Total net assets before defined benefit pension liability		**251,077**	**233,542**	**191,567**	**174,502**
Defined benefit pension scheme liability	23	-	-	-	-
Total net assets		**251,077**	**233,542**	**191,567**	**174,502**
Funds					
Endowment funds	20	984	965	984	965
Restricted income funds	21	22,805	24,836	22,684	24,668
Unrestricted income fund: General fund	22	227,288	207,741	167,899	148,869
Total funds	22	**251,077**	**233,542**	**191,567**	**174,502**

A surplus before gains and losses for year of £17,247,000 (2025: £961,000 surplus) has been included within these financial statements for the company. The financial statements on pages 78 to 115 were approved on behalf of the Board and authorised for issue on 23 July 2026 and signed on its behalf by:



James Reilly - Chair

Consolidated Cash Flow Statement

For the year ended 31 March 2026

	Note	2026		2025	
		£'000	£'000	£'000	£'000
Cash flow from operating activities:					
Net cash inflow by operating activities	24a		**21,228**		**4,585**
Cash flow from investing activities:					
Investment income		1,075		982	
Purchase of tangible fixed assets		(22,773)		(30,636)	
Purchase of intangible fixed assets		-		(1,436)	
Disposal of investments		92		-	
Proceeds from the sale of tangible fixed assets		31,933		10,625	
Net cash generated investing activities			**10,327**		**(20,465)**
Cash flow from financing activities					
Interest paid and similar charges		(6,052)		(4,684)	
Cash inflow from new borrowing		-		16,000	
Repayments of borrowings		(2,805)		(17,238)	
Net cash outflow financing activities			**(8,857)**		**(5,922)**
Net change in cash and cash equivalents			**22,698**		**(21,802)**
Cash and cash equivalents at the beginning of the year			**28,990**		**50,792**
Cash and cash equivalents at the end of the year			**51,688**		**28,990**

Notes to the Financial Statements

For the year ended 31 March 2026

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.

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

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

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

Going concern

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

MHA has undertaken significant financial scenario and sensitivity analysis, modelling various plausible scenarios including a severe but plausible scenario. These scenarios take into account various assumptions including levels of occupancy and the timing and quantum of service disposal receipts.

None of the scenarios modelled result in any covenant breaches on the specified measurement dates expected in the coming period. MHA has fostered strong and supportive relationships with our key lending bank (Barclays) who remain supportive.

MHA has existing loan facilities that include a £83,420,000 loan to August 2029 and a £10,000,000 undrawn revolving credit facility (RCF) to August 2027, both with Barclays.

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

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

Basis of consolidation

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

Methodist Homes Housing Association Ltd - Registered Provider of Social Housing, is the only wholly owned subsidiary consolidated in the group financial statements.

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

Income recognition

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

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

Donations are recognised 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 leases. A sale is recognised on completion where the contract is unconditional and the risks and rewards of ownership have passed.

Transactions with a guaranteed buyback commitment are not recognised at the date of completion, but are accounted for as operating leases for the period to when it is considered probable that the property will be bought back (currently considered by the Directors to be 13 years from the completion date). This principle applies irrespective of the duration of the buyback commitment.

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

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

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

Expenditure recognition

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

Central costs

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

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

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

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

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

Allocation of support and governance costs

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

Intangible assets and amortisation

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

- Software 3-5 years

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

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

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

Tangible fixed assets and depreciation

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

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

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

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

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

Social housing grants

The Group's housing developments are financed wholly or partly by social housing or other capital grants. In the consolidated financial statements, which are prepared in accordance with the Charity SORP (FRS 102), such grants are accounted for using the performance model set out in FRS 102.

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

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

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

Cash and cash equivalents

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

Retirement housing stock

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

Impairment of non-financial assets

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

Fund accounting

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

i. Restricted income funds

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity. They represent voluntary income or grants from statutory authorities and fees and charges in MHA Communities Schemes, which have been received for purposes set out in note 19. The application of these funds is restricted by the terms of a special appeal, the expressed wishes of the donor, the will of the testator, or the terms of the grant.

ii. Endowment funds

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

Pensions

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

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

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

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

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

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

A pension scheme liability is recognised to the extent the group has a legal or constructive obligation to settle the liability. For defined contribution schemes contributions are charged to the Consolidated Statement of Financial Activities as they become payable in accordance with the rules of the scheme. No element of the pension scheme liability or scheme expenses relate to restricted activities of the charity.

The Charity participates in a defined benefit scheme, as detailed in note 23, which was closed to new entrants on 31 March 2010. Where it is not possible in the normal course of events to identify the schemes underlying assets and liabilities belonging to individual participating employers, under accounting standards the accounting charge for the year represents the employer contributions payable. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Employee benefits

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

Taxation

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

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

Leased assets and obligations

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

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

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

Critical judgements in applying the accounting policies

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

i. Provisions for liabilities

The Charity has recognised provisions for the re-purchase of properties sold as leasehold interests under guaranteed buy-back arrangements, on the basis that the timing of the re-purchase is uncertain. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience, professional advice and other reasonable factors.

ii. Exceptional items

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

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

iii. Provision for bad and doubtful debts

Provision for bad and doubtful debts are based on an assessment of the risk over non-recovery of debts , requiring a degree of management judgement.

iv. Pensions

Actuarial assumptions are made around discount rates, future inflation and mortality rates in valuing future defined benefit obligations as set out in note 23.

2. Donations and legacies

	2026 Total £'000	2025 Total £'000
Donations	980	1,052
Legacies receivable	2,049	3,933
	3,029	**4,985**

The estimated value of legacies notified but neither received nor recognised in income is £2,999,000 (2025: £1,775,000).

3. Charitable activities

	2026 Total £'000	2025 Total £'000
Fees and charges	271,531	264,067
Rents	8,239	7,413
Grants	1,420	1,854
Government Funding	9	81
Sale of Housing	1,426	3,893
	282,625	**277,308**

Forms of government assistance from which the Charity has benefitted amounts to £604,000 (2025: £1,439,000).

Included within Grants is £595,000 (2025: £1,358,000) relating to government grants received by our MHA Communities schemes.

Government Funding consists of £nil (2025: £81,000) relating to workforce recruitment and retention support.

4. Other Income

	2026 Total £'000	2025 Total £'000
Other funding	4,543	-
	4,543	**-**

Other Funding relates to a payment of £4,543,000 (2025: £nil) received from Derby City Council as a contribution towards the costs in be incurred in bringing the new head office at Stanier Way into use. There are no conditions attached in the agreement with Derby City Council for the repayment of these funds.

5. Analysis of expenditure

	Note	Homes	Retirement Living	MHA Communities	Other	2026 Total	2025 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Staff costs		147,626	14,433	3,517	14,793	180,369	176,817
Operational costs/(income):							
Supplies and services		35,059	6,072	255	9,271	50,657	51,825
Repairs and rents		20,441	3,743	891	55	25,130	24,161
Retirement housing cost of sale		-	602	-	-	602	1,720
Depreciation	11	8,301	4,386	34	861	13,582	13,688
Amortisation	10	-	-	-	612	612	475
Finance (income)/ charges		8	140	-	1	149	(82)
Bank loan interest		4,579	625	-	-	5,204	5,148
Other costs		(677)	680	40	1,523	1,566	4,625
Exceptional items		1,569	-	-	(2,092)	(523)	5,199
Allocated costs/(income)		22,189	2,291	347	(24,827)	-	-
Governance costs	6	-	-	-	1,562	1,562	1,647
Total expenditure 2026		**239,095**	**32,972**	**5,084**	**1,759**	**278,910**	
Total expenditure 2025		**228,680**	**40,007**	**7,012**	**9,524**		**285,223**

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	Retirement Living	MHA Communities	Other	2026 Total	2025 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income from charitable activities							
Fees and charges		247,730	22,841	924	36	271,531	264,067
Rents		257	7,982	-	-	8,239	7,413
Grants		-	-	1,420	-	1,420	1,854
Government funding		9	-	-	-	9	81
Sale of Housing		-	1,426	-	-	1,426	3,893
Miscellaneous Property sales		-	-	-	-	-	-
Total income	**3**	**247,996**	**32,249**	**2,344**	**36**	**282,625**	**277,308**
Expenditure on charitable activities							
Staff costs		(147,626)	(14,433)	(3,517)	(14,412)	(179,988)	(176,333)
Operational costs		(67,711)	(16,248)	(1,220)	(12,163)	(97,342)	(101,415)
Allocated (costs)/income		(22,189)	(2,291)	(347)	24,827	-	-
Exceptional items	9	(1,569)	-	-	2,092	523	(5,199)
Total		**(239,095)**	**(32,972)**	**(5,084)**	**344**	**(276,807)**	**(282,947)**
Total surplus/ (deficit) from charitable activities 2026		**8,901**	**(723)**	**(2,740)**	**380**	**5,818**	
Total surplus/ (deficit) from charitable activities 2025		**11,179**	**(5,584)**	**(4,128)**	**(7,106)**		**(5,639)**

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 5) in the year. Refer to the table on the following page for the basis for apportionment and the analysis of support and governance costs.

	Support Costs	Governance Costs	2026 Total	2025 Total	Basis of allocation
	£'000	£'000	£'000	£'000	£'000
Employment costs	-	1,196	1,196	1,318	Staff time
Director expenses	-	38	38	53	Invoiced events
External auditors - audit services:					
Parent	-	182	182	173	Governance
Subsidiaries	-	18	18	18	Governance
Directors Insurances	21	-	21	27	Cost
Other costs	-	107	107	58	Governance
Total 2026	**21**	**1,541**	**1,562**		
Total 2025	**27**	**1,620**		**1,647**	

8. Operating lease commitments

	2026 Total	2025 Total
	£'000	£'000
Operating leases		
The following lease payments were made during the year in respect of operating leases:		
Land and buildings	13,654	13,499

	2026 Land & Buildings Total	2025 Land & Buildings Total
At 31 March the Group and Charity had commitments under non-cancellable operating leases as follows:		
expiring in one year or less	13,963	13,415
expiring in one to two years	13,963	13,415
expiring in two to five years	41,890	40,244
expiring in more than five years	184,399	188,426
	254,215	**255,500**

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

	2026 Number	2025 Number
Average monthly number employed		
Care homes	3,875	3,874
Retirement living	391	412
MHA Communities	72	93
Office staff	352	319
	4,690	**4,698**

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 795 (2025: 764). 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 6,061 (2025: 6,275).

	2026	2025
	£'000	£'000
Group staffing costs		
Wages and salaries	157,979	158,940
Social security costs	19,188	14,751
Other pension costs:		
Defined benefit pension costs (note 23)	185	215
Defined contribution pension costs	4,211	4,230
	181,563	**178,136**

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 £1,384,421 (2025: £1,191,225). The employer's pension contribution for the key management personnel staff was £70,674 (2025: £57,434).The total employee benefits of the Executive Leadership Team of the Charity were £Nil (2025: £Nil).

The key management personnel of the Group are all remunerated from the parent Charity. These comprise the Leadership Team listed on page 71 of the financial statements.

The number of Directors who received reimbursement for the cost of travel to and from meetings was 9 (2025: 12). The cost of travel expenses reimbursed was £2,874 (2025: £2,815). During the year an insurance premium of £20,720 (2025: £27,456) 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. 239 (2025:227) employees earned over £60,000 in the year excluding pension contribution within the following bands:

	2026 Number	2025 Number
Between £60,001 and £70,000	111	105
Between £70,001 and £80,000	65	61
Between £80,001 and £90,000	38	33
Between £90,001 and £100,000	11	14
Between £100,001 and £110,000	2	1
Between £110,001 and £120,000	5	6
Between £120,001 and £130,000	2	-
Between £130,001 and £140,000	-	2
Between £140,001 and £150,000	2	1
Between £170,001 and £180,000	1	1
Between £180,001 and £190,000	1	1
Between £200,001 and £210,000	-	1
Between £220,001 and £230,000	-	1
Between £230,001 and £240,000	1	-

82 (2025:97) employees were members of the defined contribution pension scheme.

Included in staff costs are £521,000 (2025: £1,952,000) of redundancy payments made to employees on termination of employment following restructures of staff within operations and central support. Previous year costs were also as a result of the restructure of staff within operations and central support. Redundancy costs are accounted for on an accruals basis with no unpaid commitments carried forward at the balance sheet date.

10. Exceptional items

	2026 Total	2025 Total
	£'000	£'000
Impairment of assets	1,569	49
Provision releases	(4,312)	-
Strategic review costs	2,220	5,150
	(523)	**5,199**

The current year exceptional items constitute the reversal of an onerous lease provision of £3,453,000 following the achievement of market rent on the sub-lease of the Hillside property; an impairment of £1,569,000 against the carrying value of Hillside on transfer of control to another operator; £2,220,000 of costs related to the strategic review of homes and schemes; and the release of prior year provisions relating to the disposal of care homes as part of the strategic review of £859,000.

Exceptional items in the previous year constitute a net impairment of operating assets across the MHA property portfolio reflecting revisions to anticipated net realisable values and £5,150,000 of costs associated with the strategic review of homes and schemes.

11. Intangible Fixed Assets

Group and Company	Software	Total
	£'000	£'000
Cost		
At 1 April 2025	2,828	2,828
Transfer from AICOC	-	-
At 31 March 2026	**2,828**	**2,828**
Accumulated amortisation		
At 1 April 2025	1,363	1,363
Amortisation charge	612	612
At 31 March 2026	**1,975**	**1,975**
Net Book Value		
At 31 March 2026	**853**	**853**
At 31 March 2025	1,465	1,465

Amortisation charges of £612,000 have been recognised in other expenditure.

12. Tangible Fixed Assets

12.a Tangible Fixed Assets

Group	Care Homes: Freehold land and buildings at valuation	Care Homes: Leasehold land and buildings at valuation	Other: Freehold land and buildings at cost	Other: Leasehold land and buildings at cost	Furniture, equipment and vehicles at cost	Assets in the course of construction at cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost / valuation							
At 1 April 2025	219,021	54,845	151,845	10,186	27,605	18,621	482,123
Additions during the year	2,070	989	4,664	55	1,967	13,028	22,773
Completions during the year	6,691	3,896	2,445	-	3,019	(16,051)	-
Disposals during the year	(17,207)	(8,295)	(5,598)	-	(1,208)	-	(32,308)
Transfer between category	(2,051)	2,051	-	-	-	-	-
At 31 March 2026	**208,524**	**53,486**	**153,356**	**10,241**	**31,383**	**15,598**	**472,588**
Accumulated depreciation/impairment							
At 1 April 2025	42,828	14,943	76,484	2,790	15,803	-	152,848
Charge for the year	5,195	1,583	3,680	261	2,863	-	13,582
On disposals	(1,237)	(759)	(2,128)	-	(519)	-	(4,643)
Impairment	-	1,565	-	-	-	-	1,565
Impairment on disposals	-	(2,019)	-	-	(225)	-	(2,244)
Transfer between category	(83)	83	-	-	-	-	-
At 31 March 2026	**46,703**	**15,396**	**78,036**	**3,051**	**17,922**	**-**	**161,108**
Net book value							
At 31 March 2026	**161,821**	**38,090**	**75,320**	**7,190**	**13,461**	**15,598**	**311,480**
At 31 March 2025	**176,193**	**39,902**	**75,361**	**7,396**	**11,802**	**18,621**	**329,275**

Completions during the year relate to the reclassification of assets in the course of construction upon completion of the relevant project.

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

The assessment of recoverable value for these properties based on independent evaluation of potential realisable value resulted in impairment in the prior years of £45,908,000 to reduce the assets carrying value to the recoverable amount. There was an inherent estimation uncertainty in making this assessment due to a range of options being explored for disposal of these assets in order to preserve the charitable activities.

Further assessments made during the current year following marketing of the properties has resulted in net decrease of impairments of £679,000.

Included within our freehold land and buildings above is land of £38,802,000 (2025: £39,286,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2025: £Nil). The cumulative amount of capitalised interest included is £3,917,000 (2025: £3,917,000).



12.b Tangible Fixed Assets

Company	Care Homes: Freehold land and buildings at valuation	Care Homes: Leasehold land and buildings at valuation	Other: Freehold land and buildings at cost	Other: Leasehold land and buildings at cost	Furniture, equipment and vehicles at cost	Assets in the course of construction at cost	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost / valuation							
At 1 April 2025	208,064	54,845	100,537	575	24,002	18,505	406,528
Additions during the year	2,070	989	3,816	27	1,896	11,221	20,019
Completions during the year	6,691	3,896	2,285	-	3,015	(15,887)	-
Disposals during the year	(17,207)	(8,295)	(5,598)	-	(1,208)	-	(32,308)
Transfer between category	(2,051)	2,051	-	-	-	-	-
At 31 March 2026	**197,567**	**53,486**	**101,040**	**602**	**27,705**	**13,839**	**394,239**
Accumulated depreciation/impairment							
At 1 April 2025	40,691	14,943	54,993	56	13,280	-	123,963
Charge for the year	4,977	1,583	2,267	21	2,621	-	11,469
On disposals	(1,237)	(759)	(2,128)	-	(519)	-	(4,643)
Impairment	-	1,565	-	-	-	-	1,565
Impairments on disposals	-	(2,019)	-	-	(225)	-	(2,244)
Transfer between category	(83)	83	-	-	-	-	-
At 31 March 2026	**44,348**	**15,396**	**55,132**	**77**	**15,157**	**-**	**130,110**
Net book value							
At 31 March 2026	**153,219**	**38,090**	**45,908**	**525**	**12,548**	**13,839**	**264,129**
At 31 March 2025	**167,373**	**39,902**	**45,544**	**519**	**10,722**	**18,505**	**282,565**

Included within freehold land and buildings above is land of £34,704,000 (2025: £35,188,000) which is not depreciated.

Additions to freehold land and buildings include capitalised interest of £nil (2025: £Nil).
The cumulative amount of capitalised interest included is £3,813,000 (2025: £3,813,000).

13. Capital Commitments

	Group		Company	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Expenditure contracted, less certified	3,223	2,583	2,681	2,578

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 2026. 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

	2026 Total	2025 Total
	£'000	£'000
1 April 2025	1,377	1,390
Disposals during the year	(92)	-
Net (loss)/gain on revaluation	8	(13)
31 March 2026	**1,293**	**1,377**
The securities represent:		
Methodist Church Central Finance Board:		
Equity fund units	464	449
Fixed interest fund units	829	928
31 March 2026	**1,293**	**1,377**

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	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Trade debtors	20,289	19,754	19,139	17,650
Provision for doubtful debts	(2,188)	(2,541)	(2,049)	(2,294)
Other debtors	2,580	2,494	2,580	2,493
Prepayments and accrued income	7,261	7,539	7,192	7,440
	27,942	**27,246**	**26,862**	**25,289**

16. Creditors: Amounts falling due within one year

	Group		Company	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Loans - principal and interest	3,475	2,613	3,248	2,388
Trade creditors	7,734	9,107	7,691	9,063
Charges and rents in advance	4,029	4,445	3,906	4,320
Deferred Income - buy back properties	80	98	80	98
Unpaid pension contributions	925	1,042	923	1,040
Taxation and social security	7,100	6,666	7,096	6,662
Due to Group undertakings	-	-	10,528	10,029
Other creditors	14,618	16,054	14,309	15,588
Accruals and deferred income	12,561	14,375	12,253	13,931
	50,522	**54,400**	**60,034**	**63,119**

Amounts payable to Group undertakings include a formal loan of £11,000,000 (2025: £11,000,000) which is interest bearing at a rate of SONIA + 2.2% per annum (2025: SONIA + 2.2% per annum) unsecured and repayable on demand due to Methodist Homes Housing Association.

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

	Group		Company	
	2026	2025	2026	2025
	£'000	£'000	£'000	£'000
Derivative financial instruments	(959)	(1,191)	(959)	(1,191)
Loans:				
Between one and two years	3,668	3,667	3,440	3,440
Between three and five years	77,233	80,668	76,540	79,980
In five years or more	1,493	1,726	-	-
Less loan arrangement fees	(424)	(616)	(424)	(616)
	81,970	**85,445**	**79,556**	**82,804**
Deferred Income - buy back properties				
Between one and two years	38	43	38	43
Between three and five years	35	47	35	47
In five years or more	18	28	18	28
	91	**118**	**91**	**118**
Total	**81,102**	**84,372**	**78,688**	**81,731**

The loans are secured on certain care home and housing properties, representing 50% of the value of Freehold Land and Buildings (2025: 46%) with a Net Book Value of £137,281,000 (2025: £117,751,000). The interest rates payable on these loans, plus the short-term loans of £3,667,000 (2025: £2,613,000), are as detailed below, confirming the drawn down amounts as at 31 March 2026, the interest rate and the respective terms.

	Loan Amount £		Rate		
Entity	Current Year	Prior Year	Current Year	Prior Year	Expiry Date
Methodist Homes Ltd	83,420,000	86,000,000	SONIA plus 2.25%	SONIA plus 2.2%	August 2029
Total	**83,420,000**	**86,000,000**			
MHA Housing Association Ltd	838,000	954,000	Variable Rate 4.3%	Variable Rate 5.1%	April 2033
MHA Housing Association Ltd	716,000	815,000	Variable Rate 4.2%	Variable Rate 5.0%	May 2033
MHA Housing Association Ltd	1,086,000	1,097,000	Fixed Rate at 10.7%	Fixed Rate at 10.7%	March 2049
Total	**2,640,000**	**2,866,000**			
Group Total	**86,060,000**	**88,866,000**			

None of the outstanding loan balance relates to loans that are non-amortising (2025: £Nil)

The Company has fixed interest rates to guard against future rate movements on £83,420,000 (2025: £86,000,000) of the loan balance through an interest rate swap. The overall cost of the derivative arrangement is fixed at 5.6%. The fair value of the interest swaps as at 31 March 2026 is a £959,000 asset (2025: £1,191,000 asset) representing the cost of exiting this arrangement, which is not currently intended by the company. The recognised loss on cash flow hedges in the year is £233,000 (2025: loss of £1,637,000). This reflects the net of the fair value gain on derivatives of £4,699,000 (2025: gain of £4,932,000) and the gain recycled to bank loan interest of £1,842,000 (2024: gain recycled of £1,845,000). The amounts recycled to bank loan interest represent the cash paid on derivatives during the year.

18. Provisions for liabilities

	1 April 2025	Movement of the provision on the elimination of subsidiary	Created on new transactions	Charge for year	Increase/ (release) in provision	Utilisation of provision	31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group							
Guarantee property buy-backs	12,586	-	-	139	-	(2,170)	10,555
Onerous Lease provision	3,453	-	-	-	(3,453)	-	-
	16,039	**-**	**-**	**139**	**(3,453)**	**(2,170)**	**10,555**
Company							
Guarantee property buy-backs	12,586	-	-	139	-	(2,170)	10,555
Onerous Lease provision	3,453	-	-	-	(3,453)	-	-
	16,039	**-**	**-**	**139**	**(3,453)**	**(2,170)**	**10,555**

The guarantee property buy-backs provision arises when MHA enters into transactions to sell the leasehold interest in retirement living properties with an option (exercisable by either party) for MHA to re-purchase the leasehold at a pre-agreed amount. Buy-back commitments have been estimated to average 13 years (2025: twelve years). Provisions are discounted at the appropriate risk free rate. The relevant 13 and five year government bond rates have been used depending on the remaining expected life of the individual commitments by property, these being 5.096% and 4.484% respectively (2025:4.851% and 4.325%).

19. Share Capital

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

20. Endowment Funds

20.a Endowment funds (current year)

Movement in Funds							
	1 April 2025	Incoming	Outgoing	(Losses) / gains on investment assets	Transfers between restricted funds	Transfers between restricted and unrestricted funds	31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group and Company							
H D Clarke Memorial	888	25	(2)	(7)	-	-	904
Redcroft Residential Home	77	3	-	-	-	-	80
	965	**28**	**(2)**	**(7)**	**-**	**-**	**984**

20.b Endowment funds (prior year)

Movement in Funds							
	1 April 2024	Incoming	Outgoing	Gains on investment assets	Transfers between restricted funds	Transfers between restricted and unrestricted funds	31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group and Company							
H D Clarke Memorial	876	26	(2)	(12)	-	-	888
Redcroft Residential Home	73	4	-	-	-	-	77
	949	**30**	**(2)**	**(12)**	**-**	**-**	**965**

21. Restricted Income Funds

21.a Restricted income funds (current year)

Movement in Funds							
	1 April 2025	Incoming	Outgoing	Gains on investment assets	Transfers between restricted funds	Transfers between restricted and unrestricted funds	31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group							
Care homes	15,272	222	(893)	22	-	(501)	14,122
Retirement living	4,675	7	(161)	-	-	10	4,531
MHA Communities	2,873	2,736	(3,750)	-	-	278	2,137
Amenity funds	2,016	602	(599)	-	-	(4)	2,015
	24,836	**3,567**	**(5,403)**	**22**	**-**	**(217)**	**22,805**

21.b Restricted income funds (prior year)

Movement in Funds							
	1 April 2024	Incoming	Outgoing	Gains on investment assets	Transfers between restricted funds	Transfers between restricted and unrestricted funds	31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group							
Care homes	16,028	337	(265)	(1)	-	(827)	15,272
Retirement living	4,666	11	(21)	-	-	19	4,675
MHA Communities	2,089	3,726	(4,461)	-	-	1,519	2,873
Amenity funds	2,034	549	(569)	-	-	2	2,016
	24,817	**4,623**	**(5,316)**	**(1)**	**-**	**713**	**24,836**

21.c Restricted income funds (current year)

Movement in Funds							
	1 April 2025	Incoming	Outgoing	Gains on investment assets	Transfers between restricted funds	Transfers between restricted and unrestricted funds	31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Company							
Care homes	15,272	221	(892)	22	-	(498)	14,125
Retirement living	4,579	9	(157)	-	-	3	4,434
MHA Communities	2,873	2,736	(3,750)	-	-	279	2,138
Amenity funds	1,944	571	(568)	-	-	40	1,987
	24,668	**3,537**	**(5,367)**	**22**	**-**	**(176)**	**22,684**

21.d Restricted income funds (prior year)

Movement in Funds							
	1 April 2024	Incoming	Outgoing	Gains on investment assets	Transfers between restricted funds	Transfers between restricted and unrestricted funds	31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Company							
Care homes	16,026	337	(265)	(1)	-	(825)	15,272
Retirement living	4,590	10	(19)	-	-	(2)	4,579
MHA Communities	2,087	3,725	(4,461)	-	-	1,522	2,873
Amenity funds	1,965	512	(536)	-	-	3	1,944
	24,668	**4,584**	**(5,281)**	**(1)**	**-**	**698**	**24,668**

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.

22. Net Assets by Fund

22.a Net Assets by Fund (current year)

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2026
	£'000	£'000	£'000	£'000
Group				
Fixed assets	299,017	13,953	656	313,626
Current assets	63,476	15,826	328	79,630
Current liabilities	(43,548)	(6,974)	-	(50,522)
Long term liabilities	(91,657)	-	-	(91,657)
Total Net Assets	**227,288**	**22,805**	**984**	**251,077**

22. Net Assets by Fund

22.b Net Assets by Fund (prior year)

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2025
	£'000	£'000	£'000	£'000
Group				
Fixed assets	316,440	15,014	663	332,117
Current assets	39,647	16,287	302	56,236
Current liabilities	(47,935)	(6,465)	-	(54,400)
Long term liabilities	(100,411)	-	-	(100,411)
Total Net Assets	**207,741**	**24,836**	**965**	**233,542**

22. Net Assets by Fund

22.c Net Assets by Fund (current year)

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2026
	£'000	£'000	£'000	£'000
Company				
Fixed assets	251,748	13,871	656	266,275
Current assets	58,454	15,787	328	74,569
Current liabilities	(53,060)	(6,974)	-	(60,034)
Long term liabilities	(89,243)	-	-	(89,243)
Total Net Assets	**167,899**	**22,684**	**984**	**191,567**

22. Net Assets by Fund

22.d Net Assets by Fund (prior year)

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total 2025
	£'000	£'000	£'000	£'000
Company				
Fixed assets	269,812	14,932	663	285,407
Current assets	33,481	16,201	302	49,984
Current liabilities	(56,654)	(6,465)	-	(63,119)
Long term liabilities	(97,770)	-	-	(97,770)
Total Net Assets	**148,869**	**24,668**	**965**	**174,502**

23. Pensions and Similar Obligations

A defined contribution scheme, Growth Plan 4, was available to all employees. The charge for the year covered 82 (2025: 97) employees. The contribution rate of MHA for the year varied between 3% and 6% depending on the employee's contribution, which is a minimum of 5%.

MHA operates a number of pension schemes;

i. The Methodist Homes Final Salary Scheme, a defined benefit scheme, which was a funded scheme, with the assets held in separate Trustee administered funds, was closed to new members and future accrual on 31 March 2010. As per para 28.38 of FRS102, where an entity participates in a defined benefit plan that shares risks between entities under common control it shall obtain information about the plan as a whole measured in accordance with this FRS on the basis of assumptions that apply to the plan as a whole. If there is a contractual agreement or stated policy for charging the net defined benefit cost of a defined benefit plan as a whole measured in accordance with this FRS to individual group entities, the entity shall, in its individual financial statements, recognise the net defined benefit cost of a defined benefit plan so charged. If there is no such agreement or policy, the net defined benefit cost of a defined benefit plan shall be recognised in the individual financial statements of the Group entity which is legally responsible for the plan. The other Group entities shall, in their individual financial statements, recognise a cost equal to their contribution payable for the year. Methodist Homes is the sponsoring employer of the defined benefit pension scheme and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual Group entities and therefore the Company has recognised the entire net defined benefit cost and the relevant net defined benefit liability of the defined benefit pension scheme in its individual financial statements.

The FRS102 disclosures below have been produced by TPT Retirement Solutions, the group actuaries using the projected unit method to calculate the Scheme liabilities at 31 March 2026. 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:

	2026 %pa	2025 %pa	2024 %pa	2023 %pa
Inflation (CPI)	3.0	2.8	2.9	2.9
Inflation (RPI)	3.3	3.1	3.2	3.2
Rate of increase in salaries	0.0	0.0	0.0	0.0
Rate of increase for pensions in payment	2.3	2.2	2.3	2.3
Rate of increase for deferred pensions	3.3	3.1	3.2	3.2
Discount rate	6.1	5.8	4.9	4.9

Pensions accrued before 1 January 2000 for members who joined the scheme before 1 November 1998 are subject to guaranteed fixed increases of 5% (2025: 5%) per annum in deferment and in payment.

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

Life expectancy	2026 S4PXA Year of birth CMI25 with a minimum improvement of 1.5% pa for males and 1.3% pa for females	2025 S4PXA Year of birth CMI23 with a minimum improvement of 1.5% pa for males and 1.3% pa for females	2024 S3PXA Year of birth CMI21 with a minimum improvement of 1.5% pa for males and 1.3% pa for females	2023 S3PXA Year of birth CMI20 with a minimum improvement of 1.3% pa for males and 1.3% pa for females

The assumed life expectations on retirement age 65 are:

	2025 Years	2025 Years	2024 Years	2023 Years
Pensioner currently aged 65:				
Male	21.8	21.3	21.2	21.5
Female	23.9	23.6	23.8	23.9
Non-Pensioner aged 45:				
Male	23.4	22.9	22.8	23.1
Female	25.3	25.1	25.2	25.4

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 2026	Fair value 2025
	£'000	£'000
Equities	354	55
Government bonds	15,650	12,880
Property	169	4,869
Cash	653	961
Other	9,234	7,508
LDI	10,862	12,030
Total market value of assets	**36,922**	**38,303**
Present value of scheme liabilities	(36,490)	(37,798)
Surplus in the scheme	**432**	**505**
Effect of asset ceiling	**(432)**	**(505)**
Net pension asset/(liability) under FRS102	**-**	**-**

An asset ceiling had been applied to limit the impact of the surplus on the scheme calculated on an accounting provision FRS102 basis in line with the advice from TPT Retirement Solutions and the pension scheme rules. The last formal valuation of the scheme was performed as at 30 September 2024 by a professionally qualified actuary.

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

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

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

Analysis of amounts charged to net incoming resources

	2026	2025
	£'000	£'000
Expenses	(185)	(213)
Expected return on scheme assets	2,136	2,023
Interest on pension scheme liabilities	(2,108)	(2,025)
Net cost	**(157)**	**(215)**
Interest on effect of asset ceiling	**(28)**	**-**
Total cost	**(185)**	**(215)**

Analysis of amount recognised as Actuarial gain/(loss)

	2026	2025
	£'000	£'000
Actuarial gain recognised in the Consolidated Statement of Financial Activities	47	82
Employer contribution adjustment	-	-
	47	**82**
Total (charge) to Consolidated Statement of Financial Activities	(138)	(133)
Cumulative actuarial losses	**(13,388)**	**(13,435)**

Statement of Financial Position Impact

	2026	2025
	£'000	£'000
Present value of funded obligation	(36,490)	(37,798)
Fair value of scheme assets	36,922	38,303
Surplus in the scheme at 31 March	432	505
Effect of asset ceiling	(432)	(505)
Net pension asset/(liability) under FRS102	**-**	**-**

Changes in the present value of the defined benefit obligation

	2026	2025
	£'000	£'000
Opening defined benefit obligation	37,798	42,597
Service cost	-	-
Interest cost	2,108	2,025
Actuarial loss	(713)	(4,413)
Net benefits paid	(2,703)	(2,411)
Closing defined benefit obligation	**36,490**	**37,798**

Changes in fair value of plan assets

	2026	2025
	£'000	£'000
Opening fair value of plan assets	38,303	42,596
Interest Income	2,136	2,023
Actuarial loss	(767)	(3,826)
Contributions by employer	138	134
Net benefits paid	(2,703)	(2,411)
Expenses	(185)	(213)
Closing fair value of plan assets	**36,922**	**38,303**
Return on plan assets	1,369	(1,803)

ii. The previous Growth Plan (Series 1-3) is a multi-employer defined benefit scheme which is administered by TPT Retirement Solutions. The actuary has completed a tri-annual valuation as at 30 September 2024 showing a funding level of 98%. Additional contributions of £28,000 (2025: £30,000) were paid during the year.

iii. The contribution by the Group to the defined benefit scheme paid during the year amounted to £138,000 (2025: £134,000). Following the elimination of the funding shortfall the Trustee as agreed to the cessation of deficit contributions.

iv. The current growth plan (Series 4) is a multi-employer defined contribution scheme. Contributions paid during 2025/26 in respect of the defined contribution scheme were £203,000 (2025: £238,000).

v. During the year all employees were eligible to join the auto-enrolment scheme. The new scheme is compulsory for all employees who have not specifically opted out of the scheme. MHA contributes between 3%-6% of pensionable pay for all those included in the scheme. The contributions for the year were £3,990,000 (2025: £3,970,000).

24. Notes to the Cash Flow Statement

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

	2026	2025
	£'000	£'000
Net income/(loss)	17,748	(765)
Unrealised (gains)/losses on investment	(8)	13
Investment income	(1,075)	(982)
Interest charge	5,204	5,148
Profit on sale of retirement living housing	(6,512)	(4,683)
Depreciation charges	13,582	13,688
Amortisation	612	475
Impairment of fixed assets	1,565	53
Defined benefit scheme pension contributions paid in the year	(138)	(134)
Defined benefit scheme pension cost charged in the year	157	215
(Decrease)/Increase	(696)	633
(Decrease) in creditors and provisions	(9,211)	(9,076)
Net cash provided by operating activities	**21,228**	**4,585**

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 £328,000 (2025: £302,000) 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.

24. Notes to the Cash Flow Statement

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

	2026	2025
	£'000	£'000
Increase/(decrease) in cash and cash equivalents	22,698	(21,802)
Cash movement in borrowings	2,805	1,106
Change in net funds resulting from cash flows	**25,503**	**(20,696)**
Change in net funds resulting from non-cash flows	**-**	**-**
Movement in net debt		
Net debt as at 1 April	(43,730)	(23,034)
Net debt as at 31 March	**(18,227)**	**(43,730)**

24. Notes to the Cash Flow Statement

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

	1 April 2025	Cash flow	Non-cash changes	31 March 2026
	£'000	£'000	£'000	£'000
Cash at bank and in hand	28,990	22,698	-	51,688
Loans due within one year	(2,613)	2,805	(3,667)	(3,475)
Loans due after more than one year	(86,253)	-	3,667	(82,586)
	(59,876)	**25,503**	**-**	**(34,373)**

25. 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.

Methodist Homes Housing Association Ltd is deemed to be a subsidiary of Methodist Homes by means of various intra-group agreements.

Methodist Homes Housing Association Ltd	2026	2025
	£'000	£'000
Assets	63,413	63,965
Liabilities	(15,372)	(17,311)
Funds	**48,041**	**46,654**
Incoming resources	8,682	8,266
Resources expended	(7,295)	(8,693)
Movement in funds	**1,387**	**(427)**

26. 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 £138,000 (2025: £134,000).

During the financial year to 31 March 2026 (2025: none) no members of the Executive Leadership Team and the Board had close family members residing in the company's care homes. In such a situation arrangements would be established and monitored in accordance with the company's published relatives' policy. The policy stipulates line management oversight of all instances where MHA services are provided to relatives of Board Members and employees. The policy ensures that there is no preference given to the availability or price of MHA's services and also ensures the safeguarding of family members and carers.

During the year, MHA continued with it's arrangement with Brilliant Noise, a company controlled by the brother of the former Deputy Chief Executive for the supply of AI related services. The total value of services purchased in the year to 31 March 2026 was £66,480 (2025: £42,600). The balance outstanding to Brilliant Noise at 31 March 2026 was £nil (2025: £24,000).

Related party transactions with Group undertakings relate to recharges arising from operational activities. Amounts payable to Group undertakings include a formal loan of £11,000,000 (2025: £11,000,000) which is interest bearing at a rate of SONIA + 2.2% per annum (2025: SONIA + 2.2% per annum) unsecured and repayable on demand and £472,000 (2025: £971,000) due from Group undertakings for recharges arising from operational activities which is not interest bearing, is unsecured and repayable on demand.

	2026	2025
	£'000	£'000
Transactions		
Loan from subsidiary undertakings	(11,000)	(11,000)
Recharges to Group Undertakings	(499)	553
Pension scheme - Defined benefit	138	133
	(11,361)	**(10,314)**

	2026	2025
	£'000	£'000
Balances		
Due to Group Undertakings	(10,528)	(10,029)
Pension scheme - Defined benefit	-	-
	(10,528)	**(10,029)**

27. Statement of Financial Activities for prior year

	Note(s)	Unrestricted Funds	Restricted Funds	Endowment Funds	2025
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and legacies	2	3,698	1,287	-	4,985
Charitable activities					
Care homes		239,716	143	-	239,859
Retirement living		34,397	26	-	34,423
MHA Communities		-	2,884	-	2,884
Other		142	-	-	142
Total charitable activities	3/6	**274,255**	**3,053**	**-**	**277,308**
Investments		669	283	18	982
Total		**278,622**	**4,623**	**18**	**283,275**
Expenditure on:					
Raising funds		629	-	-	629
Charitable activities					
Care homes		228,008	672	-	228,680
Retirement Living		39,949	58	-	40,007
MHA Communities		2,551	4,461	-	7,012
Other		7,121	125	2	7,248
Total charitable activities	6	**277,629**	**5,316**	**2**	**282,947**
Other	7	1,647	-	-	1,647
Total	5	**279,905**	**5,316**	**2**	**285,223**
Net (losses)/gains on investments		-	(1)	(12)	(13)
Net proceeds on disposals		1,557	-	-	1,557
Net (loss)/income		**274**	**(694)**	**16**	**(404)**
Transfer between funds		**(713)**	**713**	**-**	**-**
Other recognised (losses)/gains:					
Actuarial gains on defined benefit pension schemes	23	82	-	-	82
Other losses – interest rate swaps (losses)	17	(1,637)	-	-	(1,637)
Net movement in funds		**(1,994)**	**19**	**16**	**(1,959)**
Reconciliation of funds:					
Total funds brought forward		209,735	24,817	949	235,501
Total funds carried forward	**22**	**207,741**	**24,836**	**965**	**233,542**

28. 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 now not expected to be known until late 2026 at the earliest. The estimated impact on scheme liabilities if the court rules that the changes have not been appropriately applied is £5.4m (2025: £5.4m).

In certain situations such as social housing no longer being provided in a property or an asset sold to a non-social housing provider, a grant repayment may be triggered. Total unamortised government grant within MHHA is £11.5m (2025: £12.4m)

The group had no other contingent assets or liabilities at 31 March 2026 (2025: same).



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