



mcch society limited

Consolidated Financial Statements

For the year ended 31 March 2014

Company no. 25577R

mcch society limited
Financial Statements
For the year ended 31 March 2014

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mcch society limited
PREFACE TO THE PUBLISHED ACCOUNTS

The Society was registered as an Industrial and Provident Society with charitable status (Number 25577R) in March 1987. The Society converted to a company limited by guarantee on the 1st April 2014 its registration as an Industrial and Provident Society was cancelled. The Society, now known as mcch, became a registered charity with the Charity Commission (Number 1156486) on that date.

Address: One Hermitage Court
Hermitage Lane
Maidstone
Kent ME16 9NT

Board of Directors: Ann Cooke (Chair)
Nadra Ahmed
John MacCabe
Robert Maslinski
Phil Miller
Colin Mills
Kultar Nayyar
Philip Sayer (Vice Chairman)
Angela Slaven
Ray Wilkinson

Company Secretary: Peter Thompson

Honorary President: Don Brand
Honorary Vice-President: Lord Tenby
Honorary Vice-President: Ken Brush

Bankers: National Westminster Bank plc
West Malling Branch
43 Swan Street
West Malling
Kent ME19 6HF

Solicitors: Russell-Cooke
2 Putney Hill
Putney
London SW15 6AB

Auditors: Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

mcch society limited

DIRECTORS' REPORT

The directors present their report with the group financial statements of the Society for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The group's principal activity during the year continued to be the provision of a range of support services for people with learning disabilities, or mental ill health, or autism, providing not only supported housing and residential care but also a range of innovative social enterprises, employment services and social activities. The group continued to operate throughout the south east of England, particularly in London, Essex, East Sussex, Surrey, Hampshire and Kent.

The Society is governed by the Board of Directors which meets at least four times a year and is supported by a Chief Executive and a team of senior officers. The Board and senior officers hold an Awayday at least annually to develop strategy and the business plan and to review governance and management arrangements in more detail. As a result of this review the committee structure has been updated to reflect more closely the operational structure of the organisation. The Board is now supported by four functional sub-committees; People and Performance, Housing, Fundraising and Marketing, Finance Risk and Audit, and Operations and Business Development. In addition there is a remuneration committee and an ethics committee. Designated board members sit on all of these committees, alongside officers and report back to the full Board. The remuneration committee is comprised of a number of senior board members and is also attended by the Chief Executive.

REVIEW OF THE BUSINESS

The Society has continued to retain its existing contracts whilst tendering for new business in order to expand on its current services providing personalised community based support and has continued to grow in line with its business plan.

In recognition of the increasingly competitive environment in which the group operates, and to attain greater success in tendering for new contracts, the operational and business development directorate restructured to support the formation of a new business development team. The team will deliver the objectives of the business development and growth strategies as well as improving operational systems and processes to support better organisational performance.

The group has continued to develop its systems and processes to adapt to the way services are commissioned and to support the growing involvement of service users and their families in this process. In addition the group has invested further in its facilities to improve the environment for people with physical disabilities. The use of assistive technology has increased to support independent living and the number of self contained accommodation units has grown to meet the needs and aspirations of the beneficiaries of the group.

Contract extensions

The group has negotiated key contract extensions in Bromley to 2016, Barking and Dagenham to February 2015 and Medway into 2014.

We have entered into new contracts with Kent and Medway Clinical Commissioning Groups to work with General Practitioners to bring individuals with mental health needs out of secondary care and into primary care support networks.

We have been re-awarded a contract for a further three years, following a tender process, to deliver the learning disability children's respite centre and after school and Saturday club in Bexley. Our existing contract that is in place for the provision of a range of other services for people with a learning disability in the London Borough of Bexley is currently being tendered.

New developments and projects

The development of Holly Lodge, a unique scheme for people who present behaviours that challenge, was completed and opened in May 2013. The service is run in partnership with Avenues Group and provides self contained bungalows that have been designed to specifically meet the needs of people who may challenge their environment. In July 2013 this service won an award for Excellence in Partnership working, presented by the Kent Housing Group Excellence Awards. In May 2014 we were awarded the Supported Housing Award at the first National Learning Disabilities Awards for the Holly Lodge development in recognition of the innovative development and learning points for the sector.

In February we completed the development of the new Carlton Centre in Bexley. Working in partnership with Bexley Council the new state of the art building was completed ahead of schedule and provides purpose built facilities for the users of the centre.

During the year substantial property refurbishments were carried out in four registered care facilities in Greenwich utilising grant funding from the Primary Care Trust and the London Borough.

Our Tech Up project has helped to introduce new technology in every area of our work. Assisted by a grant from the Santander Foundation, many of our services now have access to iPads to help the people we support access user friendly technology as well as aid communication, both within the services and with families. Tablet technology has also been introduced across the work place to help the organisation become more efficient and save costs over the long term.

We continue to invest in technology with the aim of running our business processes more efficiently and effectively, delivering value for money to our service users and various stakeholders. We have embarked upon the implementation of two significant IT applications, (i) Rostering and Electronic Timesheets and (ii) Customer Relationships Management.

Partnerships were developed several years ago with **autism london** and **byways trust** to provide large agency support and infrastructure whilst retaining a local focus and specialist service delivery for the beneficiaries of these charities. Each retains its identity, status and, through representation on the mcch board, are able to influence the future strategy of the group. These have continued during the year.

Autism London, byways trust and **Byways Odiham Limited** are all subsidiary companies of **mcch society limited** and are accounted for as such in preparing the group's consolidated financial statements. **Byways Odiham Limited** ceased activities in August 2013 and the process to have the company struck off the register at Companies House was commenced on 20th May 2014.

We continue to raise the organisations profile, with our marketing department responding to new methods of individual commissioning and ensuring that we, and the information we provide, are as accessible as possible. Our fundraising activities are continuing to grow steadily. Events during the year included abseils, sky dives, fun runs and cycle rides, with our prestige event being the Prudential Ride London to Surrey 100. We have been successful in attracting funding from new grant making bodies and from companies throughout the year, which included the sponsorship of our 25th anniversary year celebrations. We are continuing to promote our fundraising activities more widely by talking to companies and individuals about fundraising and volunteering opportunities, using the internet and social media and featuring fundraising prominently in mcch's publicity materials.

The Society has maintained its accreditation from various bodies, including: Mindful Employer Charter (for supporting individuals with mental health needs in their employment), Two Ticks (positive about disabled people), Investors in People, BS18001 (a health and safety standard) and BS14001 (an environment standard). In addition it has received accreditation to ISO 9001 and achieved the customer service excellence award.

The surplus of the Group for the year amounted to £2,152,000 (2013: £1,937,000). This result incorporates a net return on pension assets of £145,000 compared to a net pension service cost of £36,000 in the previous year.

EMPLOYEES WITH DISABILITIES

The Society is a member of the 'Two Ticks' scheme and welcomes applications from people with a disability. Applications for employment by people with disabilities are always fully considered and selection is conducted on the ability and competence of the individual to perform the tasks required with reasonable adjustments being made where necessary. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Society continues with appropriate adjustments, support and/or re-training. It is the policy of the Society that all staff are entitled to fair treatment at work with training, career development and promotion being based on ability and competence. In total 130 users of our services have also been employed during the year in roles including: delivery assistants, gardeners, reception and office assistants, watering assistants, cleaners and training assistants.

EMPLOYEE CONSULTATION

The Society places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Society. This is achieved through a mixed media including written reports, letters, newsheets, memoranda, intranet and formal and informal meetings including, where appropriate, negotiation with representatives through a Recognition Agreement with UNISON. During the year extensive collective and individual consultations have been undertaken with operational staff and trade union representatives concerning the corporate transition programme onto the New Staffing Model of service level support with market aligned terms and conditions of employment.

DIRECTORS

The directors who served on the Board during the year were as follows:

Ann Cooke (Chairman)	Nadra Ahmed
John MacCabe	Phil Miller
Robert Maslinski	Kultar Nayyar
Colin Mills	Angela Slaven
Philip Sayer (Vice Chairman)	Ray Wilkinson

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

STATUS

During the year the Society was a registered Industrial and Provident Society with charitable status (Number 25577R). On the 1st April 2014 mcch converted to a company limited by guarantee with company number 8971493 and also became a registered charity (Number 1156486).

By order of the Board of Directors

Peter Thompson – Secretary
Date: 24 July 2014



mcch society limited

BOARD OF DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Director' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

The law applicable in England & Wales requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Society and of the incoming resources and application of resources of the Society for that period. In preparing these financial statements, the directors **are** required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002 and the provisions of its constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF mcch society limited

We have audited the financial statements of **mcch Society Limited** for the year ended 31 March 2014 which comprise the group Income and Expenditure Account, the group and parent company Balance Sheets, the group Statement of Recognised Gains and Losses, the group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Society's members, as a body, in accordance with the Industrial and Provident Societies Acts 1965 to 2002. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and Auditors

As explained more fully in the Statement of the Board of Directors' Responsibility, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 March 2014 and of the group's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Kingston Smith W

Kingston Smith LLP
Statutory Auditors

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Devonshire House
60 Goswell Road
London, EC1M 7AD

mcch society limited
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Total Income		38,505	40,279
Expenditure on direct client support services		(31,121)	(33,258)
		7,384	7,021
Other operating expenses		(5,384)	(5,339)
Total operating surplus		2,000	1,682
Interest receivable		152	255
Surplus for the year	14	2,152	1,937

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 March 2014

	Notes	2014 £000	2013 £000
Surplus attributable to the group		2,152	1,937
Pension actuarial gain/ (loss) for the year	5	1,367	(393)
Total recognised gain for the year		3,519	1,544

mcch society limited
BALANCE SHEETS
31 March 2014

	Notes	Company		Group	
		2014 £000	2013 £000	2014 £000	2013 £000
FIXED ASSETS					
Tangible assets	1	18,154	18,849	18,801	19,498
INVESTMENTS					
		5,000	2,000	5,000	2,000
CURRENT ASSETS					
Stocks	2	38	39	38	39
Debtors	3	2,709	3,056	2,713	2,994
Cash in bank and in hand		5,560	6,828	6,394	7,761
		8,307	9,923	9,145	10,794
CREDITORS: Amounts falling due within one year	4	(4,712)	(4,948)	(4,756)	(5,010)
NET CURRENT ASSETS		3,595	4,975	4,389	5,784
NET ASSETS excluding pension liability		26,749	25,824	28,190	27,282
Pension asset/(liability)	5	91	(1,421)	91	(1,421)
NET ASSETS including pension liabilities		26,840	24,403	28,281	25,861
CAPITAL AND RESERVES					
Share capital (issued share capital £19; 2013: £19)	6	-	-	-	-
Restricted reserves	7	12,607	13,563	12,610	13,624
Designated reserves	7	6,156	6,584	6,803	7,233
Pension reserve	5,7	91	(1,421)	91	(1,421)
General reserve	7	7,986	5,677	8,777	6,425
		26,840	24,403	28,281	25,861

The financial statements on pages 7 to 27 were approved and authorised for issue by the Board of Directors on 24 July 2014.

Peter Thompson  Secretary

A Cooke )
)
) Members of the Board

C Mills )

mcch society limited
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2014

	Notes	2014 £000	2013 £000
RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating surplus		2,000	1,682
Depreciation of fixed assets	1	286	456
Loss/(Profit) on sale of assets		101	(231)
Net movement on pension scheme	5	(145)	36
Decrease/(Increase) in stocks	2	1	(5)
Decrease/(Increase) in debtors	4,5	281	(580)
(Decrease)/Increase in creditors	4	(254)	499
(Decrease) in Sinking fund		(143)	-
Net cash inflow from operating activities		2,127	1,857

CASH FLOW STATEMENT

Net cash inflow from operating activities		2,127	1,857
Returns on investments and servicing of finance	9a	152	255
Net capital expenditure and financial investment	9a	(3,646)	2,198
Increase/(Decrease) in cash in the year		(1,367)	4,310

RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

Increase/(Decrease) in cash in the year	9b	(1,367)	4,310
Net funds at 1 April 2013		7,761	3,451
Net funds at 31 March 2014		6,394	7,761

mcch society limited
ACCOUNTING POLICIES
For the year ended 31 March 2014

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These have been prepared to comply with the Industrial and Provident Societies Acts 1965 to 2002.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of **mcch society limited** and of its subsidiary undertakings for the year. Subsidiary undertakings acquired are consolidated using the acquisition method. Negative goodwill arising on acquisition has now been fully written off as it has no economic value to the organisation.

TANGIBLE FIXED ASSETS

Land purchased for the purpose of developing into units for occupation by people with learning disabilities, autism or enduring mental health issues, together with the development costs associated therewith, are disclosed separately in the balance sheet. No depreciation is provided on these assets until such time as they are brought into use by the society.

Depreciation is provided on all other tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows: -

Freehold buildings	50 years
Leasehold buildings	Up to a maximum of 50 years but not exceeding the Leasehold period
Fixtures and fittings	25% pa on cost
Office equipment	50% or 25% pa on cost
Motor vehicles	25% pa on cost

A full year's depreciation is charged in the year of acquisition and none in the year of disposal. Assets costing over £1,000 used in area and central offices are capitalised. Replacement assets in services are charged directly to Income & Expenditure irrespective of cost.

In accordance with the requirements of FRS15, depreciation has been provided on freehold buildings to write off the assets over their estimated economic lives. The Board has taken professional advice as to the estimated economic life of each building and the apportionment of original cost between land and buildings.

RESERVES POLICY

Restricted reserves - Capital grants, or other funds received, for a specific purpose are transferred to restricted reserves and are released in line with the depreciation of the capital asset acquired once it is brought in to use.

Designated reserves - The directors designate certain funds to reflect the fact that those funds are not available for general use. Note 7 details funds that have been designated and include funds tied up in fixed assets and sinking funds set aside for future housing expenditure of a cyclical nature.

General reserves - The directors consider that general reserves should be retained at a level sufficient to cover two months normal expenditure.

INVESTMENTS

Investments in the subsidiary undertakings are stated at cost in the company balance sheet and are classified as fixed assets. The company has paid no consideration for the investments in subsidiaries and therefore there is no cost shown in the balance sheet. Cash held in fixed rate deposit accounts with terms longer than twelve months have been classified as investments and shown separately in the balance sheet.

STOCKS AND WORK IN PROGRESS

Stocks are valued at the lower of cost and net realisable value.

CHARITABLE STATUS

The Society has been accepted by the Inland Revenue as an exempt charity. Accordingly no provision has been made for corporation tax on income in the year. As at 1 April 2014 mcch is a registered charity. The same treatment applies.

mcch society limited
ACCOUNTING POLICIES
For the year ended 31 March 2014

INCOME RECEIVED

Income received represents amounts due from tenants in supported living services, residents of registered services and grants and allowances receivable from funding bodies including fees for the provision of community, employment and vocational services. Grants of a revenue nature are credited to income in the period to which they relate. Grants for capital expenditure are credited to designated reserves and will be released to revenue subject to the terms and conditions under which the grants were made in line with the depreciation of the capital asset acquired.

RETIREMENT BENEFITS

The Society participates in both defined benefit (multi-employer) and defined contribution schemes which require contributions to be made to separately administered funds. Contributions payable for the year relating to defined contribution schemes are charged in the Income and Expenditure Account as incurred. In the case of two of our five defined benefit pension schemes active at the yearend, we are unable to account in line with FRS17 as they are multi-employer schemes for which information required to separately identify the underlying assets and liabilities relating to the individual participation employers is not available. Contributions payable for these schemes are also charged in the income and Expenditure Account as incurred. The remaining defined benefit schemes have been accounted for in line with FRS17.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Income and Expenditure Account in proportion to the remaining balance outstanding. All other leases are "operating leases" and the rentals are charged to the Income Expenditure Account on a straight-line basis over the term of the lease.

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

1 TANGIBLE ASSETS

Group	Housing Development	Freehold land and buildings	Leasehold land and buildings	Fixtures & fittings equipment and vehicles	Total
	£000	£000	£000	£000	£000
Cost					
1 April 2013	1,335	18,277	502	1,193	21,307
Additions	54	427	-	54	535
Transfers	(1,305)	1,305	-	-	-
Disposals	-	(989)	-	(26)	(1,015)
31 March 2014	<u>84</u>	<u>19,020</u>	<u>502</u>	<u>1,221</u>	<u>20,827</u>
Depreciation					
1 April 2013	-	675	151	983	1,809
Charged in the year	-	179	23	84	286
Disposals	-	(41)	-	(28)	(69)
31 March 2014	<u>-</u>	<u>813</u>	<u>174</u>	<u>1,039</u>	<u>2,026</u>
Net Book Value					
31 March 2014	<u>84</u>	<u>18,207</u>	<u>328</u>	<u>182</u>	<u>18,801</u>
31 March 2013	<u>1,335</u>	<u>17,602</u>	<u>351</u>	<u>210</u>	<u>19,498</u>
Company					
	£000	£000	£000	£000	£000
Cost					
1 April 2013	1,335	17,632	502	1,039	20,508
Additions	54	427	-	54	535
Transfer	(1,305)	1,305	-	-	-
Disposals	-	(989)	-	(2)	(991)
31 March 2014	<u>84</u>	<u>18,375</u>	<u>502</u>	<u>1,091</u>	<u>20,052</u>
Depreciation					
1 April 2013	-	676	151	832	1,659
Charged in the year	-	179	23	79	281
Transfer	-	-	-	-	-
Disposals	-	(41)	-	(1)	(42)
31 March 2014	<u>-</u>	<u>814</u>	<u>174</u>	<u>910</u>	<u>1,898</u>
Net Book Value					
31 March 2014	<u>84</u>	<u>17,561</u>	<u>328</u>	<u>181</u>	<u>18,154</u>
31 March 2013	<u>1,335</u>	<u>16,956</u>	<u>351</u>	<u>207</u>	<u>18,849</u>

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

1 cont TANGIBLE ASSETS

Certain assets included within Housing Development and Freehold land and buildings have been funded by capital grants which create legal charges over the properties, although section 256 agreements allow the charges to be removed upon negotiation.

In 2002 a number of properties were transferred to the Society for the operation of a contract in Bexley. These properties are not shown in the balance sheet as there is no beneficial ownership and on cessation of the contract, ownership reverts to the original owners. At the date of the original transfer the directors consider the fair value of these properties was approximately £13m.

Housing development costs represent the expenditure incurred in acquiring land and buildings in advance of developing these to provide accommodation for individuals with learning disabilities. Once completed these costs will be reallocated to freehold or leasehold land and buildings as appropriate and depreciated accordingly when they are brought into use.

2 STOCKS

	Company		Group	
	2014	2013	2014	2013
	£000	£000	£000	£000
Goods for resale – Tuck By Truck & Creative Cards	38	39	38	39

3 DEBTORS

	Company		Group	
	2014	2013	2014	2013
	£000	£000	£000	£000
Fees and grants	1,990	2,123	2,031	2,197
Amount owed by subsidiary undertaking	38	137	-	-
Other debtors and prepayments	681	796	682	797
	2,709	3,056	2,713	2,994

4 CREDITORS: Amounts falling due within one year

	Company		Group	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade creditors	2,151	2,604	2,184	2,654
Tax and social security costs	401	480	405	484
Deferred income and grants received in advance	731	893	733	897
Other creditors	1,429	971	1,434	975
	4,712	4,948	4,756	5,010

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

5 PENSION LIABILITY	2014	2013
	£000	£000
Deficit at beginning of year	(1,421)	(992)
Current service cost	(22)	(123)
Employer contributions	81	42
Settlement price	(36)	-
Net interest/ return on assets	122	45
Actuarial (loss) / gain	<u>1,367</u>	<u>(393)</u>
Surplus/(Deficit) at the end of the year	<u>91</u>	<u>(1,421)</u>

The above figures relate to the three Local Government Pension Schemes. As detailed in note 13, the Society participates in one other defined benefit pension schemes, but it is not possible to account for this in line with FRS17 as the necessary information is not available.

Analysis of the amount charged to operating surplus

In respect of the Local Government Pension Schemes, the following elements of the pension movements were credited/(charged) against the operating surplus for the period in line with the requirements of FRS17:

	2014	2013
	£000	£000
Current service costs	(22)	(123)
Employer contributions	81	42
Settlement price	(36)	-
Net interest/ return on assets	<u>122</u>	<u>45</u>
	<u>145</u>	<u>(36)</u>

6 SHARE CAPITAL	2014	2013
	£	£
Non transferable shares of £1, with no right to capital		
At 1 April 2013	18	18
Issued in the year	1	-
At 31 March 2014	<u>19</u>	<u>18</u>

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

Company	Brought forward	Incoming resources	Outgoing resources	Gain / (loss)	Grants released on Disposals	Transfers	Carried forward
	£000	£000	£000	£000	£000	£000	£000
Restricted reserves							
Fixed assets acquired through capital grants	13,208	-	(111)	-	(845)	136	12,388
Unspent capital grants	136	-	-	-	-	(136)	-
Legacy	219	-	-	-	-	-	219
Total restricted	13,563	-	(111)	-	(845)	-	12,607
Designated reserves							
Fixed assets not acquired through capital grants	5,641	-	-	-	-	125	5,766
Amenity reserve	140	-	-	-	-	(10)	130
Sinking fund reserve	403	313	(456)	-	-	(-)	260
Transition fund	400	-	-	-	-	(400)	-
Total designated	6,584	313	(456)	-	-	(285)	6,156
General reserves	5,677	38,175	(36,151)	-	-	285	7,986
Pension reserve	(1,421)	145	-	1,367	-	-	91
Total Reserves	24,403	38,633	(36,718)	1,367	(845)	-	26,840

The directors have designated funds for the following purposes:

Fixed assets not acquired through capital grants – amounts representing mcch's capital investment in properties are transferred to designated reserves to match the net book value of such assets

Amenity reserve – this reserve represents donations and other receipts that have been designated for specific expenditure for the benefit of service users, but as yet not spent

Sinking fund – amounts representing expenditure to be carried out in future years relating to major internal and external works on properties used in the business

Transition fund – an amount set aside to support the society's commitment to ensure its competitiveness in the current economic climate.

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

8 GOODWILL AND NEGATIVE GOODWILL

Negative goodwill arising on acquisition represents the difference between the fair value of net assets acquired and consideration paid. The underlying asset acquired was property which has now been demolished and the land re-developed in order to provide modern fit for purpose accommodation. Accordingly the negative goodwill was fully written down in the previous year.

	Group		
	2014	2013	
	£000	£000	
Cost			
At 1 April 2013 and 31 March 2014	<u>1,417</u>	<u>1,417</u>	
Accumulated Amortisation			
Brought forward	1,417	1,417	
Charged for the year	-	-	
	<u>1,417</u>	<u>1,417</u>	
Net Book Value			
At 1 April 2013 and 31 March 2014	<u>-</u>	<u>-</u>	
9 NOTES TO THE CASH FLOW STATEMENT	2014	2013	
	£000	£000	
a) Gross cash flows			
Returns on investments and servicing of finance:			
Interest receivable	<u>152</u>	<u>255</u>	
Capital expenditure:			
Payments to acquire tangible fixed assets	(535)	(1,799)	
Payments to (sell)/acquire investments	(3,000)	1,000	
Net capital Grants received	-	1,096	
Capital Grants released	(111)	(628)	
Proceeds from sale of fixed assets	-	2,529	
	<u>(3,646)</u>	<u>2,198</u>	
b) Analysis of change in liquid resources			
	1 April	Cash	31 March
	2013	Flows	2014
	£000	£000	£000
Cash in hand and at bank	<u>7,761</u>	<u>(1,367)</u>	<u>6,394</u>

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 2014

10 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Company		Group	
	2014 £000	2013 £000	2014 £000	2013 £000
Land and buildings				
expiring in the first year	136	142	136	142
expiring in the second to fifth year	406	478	406	478
expiring after five years	358	358	358	358
	900	978	900	978
Office equipment				
expiring in the first year	2	-	2	-
expiring in the second to fifth year	44	45	44	45
	46	45	46	45
Vehicles				
expiring in the first year	1	13	1	13
expiring in the second to fifth year	14	-	14	-
	15	13	15	13

11 CAPITAL COMMITMENTS

	Company		Group	
	2014 £000	2013 £000	2014 £000	2013 £000
Contracted for	621	287	621	287
Authorised but not contracted for	2,615	795	2,615	795
	3,236	1,082	3,236	1,082

The commitments above include £2,881,000 (2013: £895,000) relating to the development of a number of properties in order to provide additional housing facilities to enable the society to meet its housing strategy.

12 DEED OF BOND AND OTHER CHARGES

National Westminster Bank plc has acted as Guarantor, in the sum not exceeding £15,000, in connection with a performance bond relating to the provision of specified services for adults with learning disabilities under contract with Medway Council for a period commencing 1 October 2005 and ending 30 September 2014. The bond expires six months following the expiry of the contract.

Two further guarantees were in force at the balance sheet date:

- An amount not exceeding £47,000 relating to a TUPE indemnity with Kent County Council which expires on 1 September 2014.
- An amount not exceeding £30,000 relating to a contract with Essex Council which expires on 1 September 2014.

The bank holds charges on certain assets as security against loan facilities not currently being utilised.

13 PENSION COMMITMENTS

The Society participates in various pension schemes. These are detailed below:

a) The Society participates in the Social Housing Pension Scheme (SHPS). SHPS is funded and is contracted-out of the State Pension scheme. With effect from 1 October 2010 a defined contribution benefit structure was made available in place of the previous defined benefit scheme. All eligible employees who wished to remain in the SHPS scheme from October 2010 onwards have accrued future benefits under the defined contribution structure only. Past service benefits under the defined benefit structure are not affected by this change.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the SHPS is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The SHPS Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

The total employer contribution payable in 2013/14 was £140,898 (2012/13: £99,731).

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

- 13 b) The Society has one remaining employee covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practice and other bodies, allowed under the direction of the Secretary of State, in England and Wales. As a consequence it is not possible for the Society to identify its share of the underlying scheme liabilities.

The scheme is subject to a periodic valuation by the Government Actuary. The last valuation took place as at 31 March 2012 and was published in June 2014.

NHS bodies are directed by the Secretary of State to charge employers' contributions to operating expenses as and when they become due. Employer contribution rates are reviewed following valuations by the Government Actuary. The rate for 2013/14 was 14% (2012/13: 14%). The total employer contribution payable by the Society in 2013/14 was £29,360 (2012/13: £280,378). Employees paid tiered contributions within 7 bands between 5% and 9% of their pensionable pay during the year (2012/13: 4 bands between 5% and 8%).

- c) The Society also participates in a local government pension scheme (LGPS) in respect of employees who transferred from Bexley Council. The last active member left the scheme on 30th September 2013. LGPS is a defined benefit scheme. The scheme is funded and is contracted out of the state scheme. Values attributable to mcch society limited's share of this scheme are available and the scheme has been accounted for in accordance with FRS17.

The last actuarial valuation of this pension fund was carried out at 31 March 2013 by a professionally qualified actuary. The actuarial assumptions are detailed below.

	2014 % pa.	2013 % pa.
Financial Assumptions		
Rate of inflation – CPI	2.4	2.4
Rate of increase in salaries	3.9	3.9
Rate of increase in pensions	2.4	2.4
Discount rate	4.4	4.2
Expected rate of return on assets		
Equities	7.0	7.0
Government Bonds	3.4	2.8
Other Bonds	4.3	3.9
Property	6.2	5.7
Cash/Liquidity	0.5	0.5
Other	7.0	7.0
Expenses deduction	0.41	0.41

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

13 c) (cont)

	2014	2013
	% pa.	% pa.
Split of assets between investment categories		
Equities	63.6	60.4
Government Bonds	0.0	0.0
Other Bonds	9.4	10.8
Property	9.7	6.3
Cash/Liquidity	1.5	1.3
Other	15.8	21.2

The assets in the scheme were:

	2014	2013
	£'000	£'000
Equities	5,421	5,090
Government Bonds	-	-
Other Bonds	801	910
Property	827	531
Cash/Liquidity	128	110
Other	1,347	1,787
Total market value of assets	<u>8,524</u>	<u>8,428</u>
Actuarial value of liabilities	<u>(8,433)</u>	<u>(9,771)</u>
Surplus/(Deficit)in LGPS scheme	<u>91</u>	<u>(1,343)</u>

History of experience gains and losses

	2014	2013
	£'000	£'000
Difference between the expected and actual return on scheme assets	(218)	672
Value of plan assets	8,524	8,428
Percentage of scheme assets	2.6	8.0
Total actuarial gain/(loss) in the statement of total recognised gains and losses	1,256	(426)
Present value of scheme liabilities	8,433	9,771
Percentage of the present value of scheme liabilities	(14.9)	(4.4)

The actuarial assumptions used in the calculation of the year end balance sheet liabilities are based on the 2010 actuarial valuation assumptions, other than the financial assumptions, which are shown above.

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

13 c) (cont)

Membership numbers

	2014	2013
Actives	-	19
Deferred	73	65
Pensioners	41	40
Widows	4	2
	118	126

The employer contributions payable during the year were at a rate of 15.9% (2012/13: 15.9%). The total net employer contributions payable by the Society in 2013/14 were £2,141(2012/13: £75,162). Employees pay tiered contributions based on their pensionable pay within 7 bands between 5.5% and 7.5% with transitional protection for existing members at 31 March 2008 (2012/13: 7 bands between 5.5% and 7.5% with transitional protection for existing workers employed before 31 March 2008).

	2014	2013
Post retirement mortality assumptions		
- Non-retired members (retiring in the future in normal health)	Males: 97% S1PMA CMI_2012_M [1.50%] Females: 91% S1PFA CMI_2012_F[1.50%]	Males: 100% S1PMA CMI_2009_M [1.25%] Females: 94% S1PFA CMI_2009_F[1.25%]
- Current pensioners (retired in normal health)	Males: 97% S1PMA CMI_2012_M [1.50%] Females: 97% S1PFA CMI_2012_F[1.50%]	Males: 100% S1PMA CMI_2009_M [1.25%] Females: 94% S1PFA CMI_2009_F[1.25%]
Life expectancy		
- of a male (female) future pensioner aged 65 in 20 years' time	25.3 (28.3) years	24.2 (26.9) years
- of a male (female) current pensioner aged 65	23.0 (25.4) years	22.3 (24.9) years
Commutation of pension for lump sum at retirement	50% take maximum cash, 50% take 3/80ths cash	50% take maximum cash, 50% take 3/80ths cash
Market value of total fund assets (£millions)	591 (mid-market value, as at 31 December 2013)	504 (mid-market value, as at 31 December 2012)

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

d) The Society also participates in a local government pension scheme (LGPS) in respect of employees who transferred from Essex Council.

The last actuarial valuation of this pension fund was carried out at 31 March 2010 by a professionally qualified actuary. The actuarial assumptions are detailed below.

	2014 % pa.	2013 % pa.
Financial Assumptions		
Rate of inflation – RPI	3.5	3.4
Rate of inflation – CPI	2.7	2.6
Rate of increase in salaries	4.5	4.4
Rate of increase in pensions	2.7	2.6
Discount rate	4.4	4.6
Expected rate of return on assets		
All assets	8.0	5.8
	2014	2013
	% pa.	% pa.
Split of assets between investment categories		
Equities	67	64
Government Bonds	8	7
Other Bonds	8	8
Property	11	12
Cash/Liquidity	2	4
Other	4	5
The assets in the scheme were:		
	2014 £'000	2013 £'000
Equities	271	239
Government Bonds	32	26
Other Bonds	32	30
Property	45	45
Cash/Liquidity	8	15
Other	16	19
Total market value of assets	404	374
Actuarial value of liabilities	404	432
(Deficit) in LGPS scheme	-	(58)

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

13 d) cont

History of experience gains and losses

	2014	2013
	£'000	£'000
Difference between the expected and actual return on scheme assets	11	22
Value of plan assets	404	374
Percentage of scheme assets	2.7	5.9
Total actuarial gain/(loss) in the statement of total recognised gains and losses	64	14
Present value of scheme liabilities	404	432
Percentage of the present value of scheme liabilities	15.8	3.2

The actuarial assumptions used in the calculation of the yearend balance sheet liabilities are based on the 2007 actuarial valuation assumptions, other than the financial assumptions, which are shown above.

Membership numbers

	2014	2013
Actives	4	4
Deferred	1	0
Pensioners	0	0
Widows	0	0
	<u>5</u>	<u>4</u>

The employer contributions payable during the year were at a rate of zero%. The total employer contributions payable by the Society in 2013/14 were £nil (2012/13: £nil). Employees pay tiered contributions based on their pensionable pay within 7 bands between 5.5% and 7.5 % (2011/12: 7 bands between 5.5% and 7.5% with transitional protection for existing workers employed before 31 March 2008).

	2014	2013
Post retirement mortality assumptions		
- Non-retired members (retiring in the future in normal health)	S1PA CMI 2012 [1.5%]	Males: 91% S1PMA CMI_2009_M[1%] Females: 85% S1PFA CMI_2009_F[1%]
- Current pensioners (retired in normal health)	S1PA CMI 2012 [1.5%]	Males: 91% S1PMA CMI_2009_M [1%] Females: 85% S1PMA CMI_2009_F[1%]
Life expectancy		
- of a male (female) future pensioner aged 65 in 20 years' time	24.9 (27.4) years	24.2 (26.9) years
- of a male (female) current pensioner aged 65	22.7 (25.1) years	22.7 (25.3) years
Commutation of pension for lump sum at retirement	50% take maximum cash, 50% take 3/80ths cash	

mcch society limited
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For the year ended 31 March 2014

13 e) The Society has participated in the Kent County Council local government pension scheme (LGPS). The last active member left the scheme on 30th June 2013.

As the final balance sheet figure is zero, the standard accounting assumptions for 2014 are not shown.

	2014 % pa.	2013 % pa.
Financial Assumptions		
Rate of inflation – RPI	-	3.4
Rate of inflation – CPI	-	2.6
Rate of increase in salaries	-	4.8
Rate of increase in pensions	-	2.6
Discount rate	-	4.6
Expected rate of return on assets		
All assets	-	5.8
	2014 % pa.	2013 % pa.
Split of assets between investment categories		
Equities	-	71
Government Bonds	-	0
Other Bonds	-	13
Property	-	8
Cash	-	4
Other	-	4
The assets in the scheme were:		
	2014 £'000	2013 £'000
Equities	-	241
Gilts	-	0
Other Bonds	-	44
Property	-	27
Cash	-	14
Other	-	14
Total market value of assets	340	340
Actuarial value of liabilities	360	360
(Deficit) in LGPS scheme	(20)	(20)

mcch society limited
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For the year ended 31 March 2014

13 e) cont

History of experience gains and losses

	2014	2013
	£'000	£'000
Difference between the expected and actual return on scheme assets	-	26
Value of plan assets	-	340
Percentage of scheme assets	-	7.6
Total actuarial gain/(loss) in the statement of total recognised gains and losses	-	19
Present value of scheme liabilities	-	360
Percentage of the present value of scheme liabilities	-	5.3

The actuarial assumptions used in the calculation of the yearend balance sheet liabilities are based on the 2010 actuarial valuation assumptions, other than the financial assumptions, which are shown above.

Membership numbers

	2014	2013
Actives	-	8
Deferred	-	1
Pensioners	-	-
Widows	-	-
	<u>-</u>	<u>9</u>

The employer contributions payable during the year were at a rate of 21.7% (2013: 21.7%). The total employer contributions payable by the Society in 2013/14 were £2,422 (2012/13: £12,550). Employees pay tiered contributions based on their pensionable pay within 7 bands between 5.9% and 6.5% (2012/13: 7 bands between 5.5% and 7.5% with transitional protection for existing workers employed before 31 March 2008).

	2014	2013
Post retirement mortality assumptions		
- Non-retired members (retiring in the future in normal health)	n/a	SIPA Heavy series, multiplier [1%]
- Current pensioners (retired in normal health)		SIPA Heavy series, multiplier [1%]
Life expectancy		
- of a male (female) future pensioner aged 65 in 20 years' time	n/a	22.1 (26) years
- of a male (female) current pensioner aged 65	n/a	20.1 (24.1) year
Commutation of pension for lump sum at retirement	50% take maximum cash	50% take maximum cas

f) The society participated in a stakeholder pension scheme until August 2013. From September 2013, the Society joined The People's Pension Scheme as its Auto Enrolment scheme open to all employees. This is a defined contribution scheme.

g) Contributions amounting to £56,452 (2012/13: £77,273) were payable to the pension funds at the year end and are included in creditors.

mcch society limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2014

14 SURPLUS ATTRIBUTABLE TO THE PARENT COMPANY

	2014	2013
	£'000	£'000
Dealt with in the financial statements of the parent company	2,169	1,901
Retained by subsidiary undertakings	(17)	36
	<u>2,152</u>	<u>1,937</u>

15 SUBSIDIARY UNDERTAKINGS

On 1 October 2003 the Society acquired a 100% interest in **autism london limited**.

On 1 April 2006 the Society acquired a 100% interest in **byways trust limited**.

On 14 June 2010 the Society acquired a 100% interest in **Byways Odiham Limited**.

16 RELATED PARTY TRANSACTIONS

The company secretary of **mcch society limited** is a trustee of the Voluntary Organisations Disability Group. During the year **mcch society limited** paid an annual subscription of £3,650 to the Voluntary Organisations Disability Group (2013: £3,650). There were no other related party transactions during the year.

17 DIRECTORS' EMOLUMENTS

No member of the Board of Directors received any emoluments from the Society during the year (2013:£nil) and four (2013: four) directors were reimbursed for expenses of £1,934 (2013: £2,274).

18 POST BALANCE SHEET EVENTS

The process to wind up the subsidiary **Byways Odiham Limited** was started after the year end with the First Gazette being filed at Companies House on the 20th May 2014