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MacIntyre Care

Report and Financial Statements

YEAR ENDED 31 MARCH 2006

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006
Registered Charity No. 250840

Company No. 894054

CONTENTS	PAGE
Trustees Report	4
Independent Auditors Report to the Members of MacIntyre Care	14
Statement of Financial Activities (Including Income and Expenditure Account)	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006
Registered Charity No. 250840

Company No. 894054

LEGAL & ADMINISTRATIVE DETAILS

TRUSTEES

John Berriman (Chairman)
Jonathan Goedhuis
Penny Hamer
Rosemary Hart
Edward Lea
Dr Richard Miles
Nikki Shale
Duncan Strachan
Martin Zahra

COMPANY SECRETARY

Claire Toombs

CHIEF EXECUTIVE

Bill Mumford

PRINCIPAL AND REGISTERED OFFICE

602 South Seventh Street
Central Milton Keynes
Buckinghamshire
MK9 2JA

Telephone: 01908 230100
Website: www.macintyrecharity.org

ADVISORS TO THE CHARITY

AUDITORS

Ernst & Young LLP, 400 Capability Green, Luton, Bedfordshire, LU1 3LU

BANKERS

HSBC Bank plc, 12 Allhallows, Bedford, MK40 1LJ

SOLICITORS

Hewitsons, 7 Spencer Parade, Northampton, NN1 5AB

TRUSTEES' REPORT

The Trustees present their report along with the financial statements of the charitable company for the year ended 31 March 2006. The financial statements have been prepared on the accounting policies set out in note 1 to the financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable law and the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

MacIntyre Care is a charitable company limited by guarantee and incorporated as a company registered under the name MacIntyre Care. In December 1966 the company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association.

The directors of the charitable company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Board of Trustees is responsible for the overall governance of the charitable company. Under the Articles of Association the Trustees are elected at the AGM with a third of Trustees retiring by rotation at each AGM. The current Trustees have the power to nominate and elect new Trustees to the Board. The total number of Trustees may not exceed 20 and there are currently 9.

An effective partnership between Trustees and staff continues to contribute significantly to our success. Trustees normally meet 6 times a year as a Board (including an AGM) where they review strategy and operational and financial performance, and agree corporate plans and budget. The Managing Director and Finance Director report to each meeting and senior managers are invited on a periodic basis to report on their specialist area. One meeting a year is extended to allow time for Trustees and all senior management to undertake a detailed review of the charitable company in the context of external and internal change in order to agree future strategy.

MacIntyre Care operates in accordance with the Charity Commission's voluntary code of practice as set out in the publication: "The Hallmarks of an Effective Charity" (CC60). The Trustees periodically undertake a review of the charitable company's governance and performance standards against these Hallmarks to ensure best practice.

The Trustees delegate the exercise of certain functions in connection with the management and administration of the charitable company as set out below. This is controlled by regular reporting back to the Board, and the adoption of clearly defined policies and signatory authorisation, so that all decisions made under delegated powers can be ratified by the full Board in due course.

Audit Committee

The audit committee comprises a subgroup of three Trustees and are independent and free of any relationship that in the opinion of the Board of Trustees would interfere with the exercise of independent judgement. The audit committee is responsible for undertaking a detailed review of the statutory accounts, with MacIntyre Care's Auditors, prior to full Board approval. In addition they review the risk assessment undertaken by management, including corporate cashflow. The committee meets as required.

Remuneration Committee

The remuneration committee comprises a subgroup of three Trustees and are independent and free of any relationship that in the opinion of the Board of Trustees would interfere with the exercise of independent judgement. They are responsible for undertaking market reviews of salaries, terms and conditions and contracts of senior management, and recommending any changes to the full Board. The committee meets as required.

Chief Executive

The role of Chief Executive is undertaken by Bill Mumford, Managing Director who is responsible for the day to day management of the charitable company's affairs and for implementing the strategy and policies agreed by the Board. The Managing Director is assisted by a group of executives and senior managers.

Group Structure

A new subsidiary MacIntyre Training Limited was registered in February 2006. This training subsidiary has been launched to offer training services to the Social Care sector. The first trading results from this subsidiary will be included in the financial statements for the year ending 31 March 2007.

Statement of Trustees' Responsibilities and Corporate Governance

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the incoming resources and application of those resources of the charitable company during the year, and of the state of affairs as at the end of the financial year. In preparing these financial statements, the Trustees are required to:

- ensure that suitable accounting policies are established and applied consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether the applicable accounting standards and statement of recommended accounting practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees have overall responsibility for ensuring that the charitable company has appropriate systems and controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and for their proper application as required by charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the charitable company is operating efficiently and effectively;
- all assets are safeguarded against unauthorised use of disposition and are properly applied;
- proper records are maintained and financial information used within the charitable company, or for publication, is reliable and;
- the charitable company complies with relevant laws and regulations.

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management and the Board of Trustees. A programme of internal audits is in place, derived from a comprehensive risk assessment.

The systems of internal controls is designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- a strategic plan and annual budget approved by the Trustees;
- regular consideration by the Trustees of financial results, variances from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of day-to-day management authority and segregation of duties, and
- identification and management of risks.

Risk Management

The Trustees have considered the major risks to which the charitable company is exposed and systems have been established to mitigate those risks. Internal risks are minimised by the use of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charitable company. These procedures are periodically reviewed to ensure they still meet the needs of the charitable company. The Trustees meet annually with management to develop and maintain an overview of corporate strategy.

In addition the charitable company has a sector leading accreditation of our Health and Safety Policy and Procedures with the British Standards Institute (OHSAS 18001). Being the first charitable company to receive this award it is a significant achievement and a measure of the priority given to safe working practices within the charitable company. MacIntyre Care has entered into a contract with the BSI to maintain this accreditation through ongoing, 6 monthly external audits.

OBJECTS, OBJECTIVES AND PRINCIPAL ACTIVITIES OF THE CHARITY

MacIntyre Care's mission is to be recommended and respected as the best provider of services for children and adults with learning disabilities throughout the United Kingdom. To achieve this:

- We will provide person centred services, which challenge people to take increasing control of their lives.
- We will differentiate ourselves within the sector by offering the most inclusive range of services and employing the best staff.
- We will deliver excellent practice and will develop and extend choice through innovation.

MacIntyre Care is a national charity; we provide a wide range of services for children and adults with a learning disability. All the services have a common value base that is based on respect for an individual regardless of his or her disability. We make a promise to any person who uses a MacIntyre Care service, that they will be placed at the centre of the key decisions affecting them. In return, MacIntyre Care expects that person, irrespective of the type or degree of disability, to take increasing control over their lives. During the year a process of consultation with the people using MacIntyre Care service took place, and this was supported by independent advocate. They set out the key areas that people using our services said were of most importance to them. As a response MacIntyre Care has agreed to a series of commitments, summarised in a document known as the MacIntyre Challenge. Copies are available from our central office.

The services are funded through contracts with social services departments, education authorities, Supporting People teams, Primary Care Trusts, the Learning and Skills Council and the Department of Work and Pensions.

MacIntyre Care organises its operational activities into the following three divisions:

- Inclusive Care – this division comprises registered care homes for adults. All the homes are fully integrated within their local communities and are domestic in size, typically providing for groups of 3 or 4 adults living together. Much of the accommodation is new and highly adapted to meet specialist mobility needs including two fully registered nursing homes.
- Lifelong Learning – two residential schools for students up to age 19 and a College for students between 16 and 25. Individualised community based adult day support services. Also adult learning services including vocational training through our coffee shops, garden centre and Central Administration office services.
- Supported Living – individualised care and housing support services to tenants in their own homes. Providing a range of support from minimal support for independence to intensive rehabilitation for people leaving secure hospital settings.

ACHIEVEMENTS AND PERFORMANCE

During the year the Trustees and senior management reviewed the MacIntyre Care strategic plan. This plan sets out the objectives for MacIntyre Care and identifies the underpinning business objectives on which the charitable company is to achieve its aims and to sustain its role as a leader in the learning disability sector.

Performance Indicators

MacIntyre Care is committed to providing best value and added value to our statutory funders and has adopted a formal process of continuous improvement in all our functions. This is supported by a number of key performance measures and through a process of evaluation and action planning we ensure this is achieved.

MacIntyre Care is a registered care provider with the Commission for Social Care Inspection and has two residential special schools regulated by the Department of Education and Skills through OFSTED (in England) and ESTYN (in Wales). The charitable company tracks inspection scores and implements a detailed set of actions on each registered service to drive forward continuous improvement.

MacIntyre Care has created our own quality audit known as "*Big Respect!*". The purpose is to undertake an annual review of each service from the perspective of the people using it; the concept of providing services with due respect is central to the evaluation. MacIntyre Care has invested in training service users to participate in the audit. We have employed a person with a learning disability to lead on this important area.

As reported above, MacIntyre Care is the first charitable company to be awarded with the British Standards Institute OHSAS 18001 accreditation for our health and safety policy and procedures.

MacIntyre Care continues to invest in our website: www.macintyrecharity.org and sees this as the most effective way of enabling anyone interested in the charitable company's work, in particular current or future beneficiaries or their relatives, to have access to information.

Use of Charitable Funds

During the course of the year MacIntyre Care launched a major appeal for £500,000 for our new school building at Wingrave, Buckinghamshire. We have been delighted with the response from trusts, local companies, individuals and our long standing friends in the MacIntyre Golf Committee. The appeal was successfully completed during the summer of 2006. These charitable funds have been used for the "extras", the specialist teaching, therapy and play equipment over and above the core structure of the building which has been funded through working capital.

Growth

The Trustees would like to welcome the people living in three new services in Worcestershire, their family and carers and staff to MacIntyre. These services transferred from Evesham and Pershore Mencap. In addition we welcomed the students and staff from Thomley College in Oxfordshire, as MacIntyre Care began a new partnership with Abingdon and Witney College. This is for the provision of educational services to 'post 16' young people in Oxfordshire who are on the Autistic Spectrum.

Achievements

The importance of our employees and volunteers to the success of MacIntyre Care cannot be overstated. Accordingly the charitable company has increased its investment in staff training as a proportion of income for the fifth consecutive year. During the current year the percentage now exceeds 3% of income. MacIntyre Care is an approved Accreditation Centre for vocational training with City and Guilds and the Open College and over the past twelve months we have increased the range of certificated training offered not only to our staff but of course to learners with disabilities in our vocational training centres.

Government statistics have reported that the social care workforce are among the least qualified workers in the United Kingdom. We are pleased to support the Department of Health in setting national training targets and to report that MacIntyre Care exceeds these both in terms of the quantity of qualified staff and the quality of the standard achieved.

MacIntyre Care continues to develop new initiatives in partnership with statutory authorities and other agencies. Over the past twelve months the charitable company has completed the construction of 3 new, highly specified residential care homes in Waring Close, Leicester, opened by Gary Linekar. Everyone is really enjoying their new accommodation. As anticipated we have also started the construction of a new, state of the art, special school facility at Wingrave, Buckinghamshire. Due for completion in April 2007 the new school will complete the modernisation of our school facilities and will become a national centre of excellence.

During the year MacIntyre Care also successfully launched a new initiative to be known as "My Way" to assist the transition of young school leavers into appropriate adult resources. We completed an important initiative funded by the Department of Health on Direct Payments in Warrington, organised a successful national conference on Person Centred Planning and started a new training subsidiary providing MacIntyre Care approved training to other social care providers.

FUTURE PLANS

- MacIntyre Care is delighted to have been chosen by Derbyshire County Council Social Services to work in partnership in supporting and modernising lifelong learning services in Chesterfield and North Derbyshire. We see this as a significant opportunity for us to use our particular expertise in close association with a progressive local authority to extend choice and increase opportunity for people in the area.
- Following the successful completion of our Direct Payment work in Warrington with support from the Borough Council we have been successful in securing a further Department of Health grant to continue this work. Particular emphasis will be on supporting people with disabilities to recruit and manage their own personal assistants.
- MacIntyre Care has been invited by the Department of Health to participate in two important national steering groups concerned with promoting best practice in Person Centred Planning and Individualised Budgets.
- To ensure the effective delivery of our extensive staff training programme, we will develop the use of eLearning with a specialist partner DLM. Over the year new training modules to be accessed on line will be developed and piloted.
- The launch of the MacIntyre Training Company has exceeded expectations and we are planning to extend the range of training services available for purchase. In addition there has been considerable demand for bespoke training utilising our internal experts in a number of fields.
- As mentioned above the new school facility at Wingrave, Buckinghamshire is scheduled to be completed by April 2007.
- We have started planning for a new leisure, sport and art resource at our school in Womaston, Powys. It is anticipated that full design, planning and scheme approval will be completed by the end of the financial year.
- Following the decision of the Trustees of the MacIntyre Charitable Trust to merge with MacIntyre Care many of the assets of MacIntyre Charitable Trust have now transferred. It is anticipated that the final aspects of the merger will be completed within the next 12 months.
- 2006 marks the 40th Anniversary since MacIntyre's creation in 1966. During the latter months of the year MacIntyre Care will be celebrating this event in a variety of ways. We will create a heritage section on our website to record and celebrate our history and in November are planning a series of regional party celebrations.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The net incoming resources for the year are £3,194,000 (2005:£1,470,000). The incoming resources for the year include £2,068,000 of donated assets as a result of the planned merger with MacIntyre Charitable Trust. This donation comprises of the properties that were held in MacIntyre Charitable Trust, in accordance with Charity Commission advice, these properties have been transferred at net book value. As part of the transfer of assets MacIntyre Care has also accepted £597,000 of loans associated with these properties as detailed in note 14 to the accounts.

Excluding the transfer of assets the results for the year of £1,126,000 are in line with the organisation's investment plans. We are pleased to see the £318,000 reduction in agency staff expenditure resulting in a fall to 7% (2005:9.5%) of total staff expenditure on agency staff. The reduction in agency staff usage remains a key priority for the organisation.

The organisation continues to invest in the service environment. The completion of new services in Leicester and the new school at Wingrave have been the major fixed asset additions during the year.

Staff training has seen significant investment the development of computer based learning programmes are now being launched across the organisation.

The organisation continues to manage relationships with local customers to ensure their financial efficiency. The Trustees and management of the organisation continue to be aware of the many financial pressures within the sector.

Senior management is committed to the task of developing the organisation within the framework of tight financial controls to ensure service and investment objectives can be delivered with maximum of financial efficiency.

Reserves

The Trustees have established a policy whereby the unrestricted funds not invested in tangible fixed assets held by the charitable company should be sufficient to cover 3 months of combined support costs and administration costs, which amount to approximately £300,000. MacIntyre Care is substantially funded by fee income from local authorities, which is largely predictable on an annual basis. In addition the charitable company invests free reserves in the improvement and development of services. The construction of a new, state-of-the-art school at our existing site in Wingrave, Buckinghamshire has started and good progress is being made. Completion is anticipated in April 2007. This development will significantly improve the quality of service provided and enhance the reputation of the charitable company within the special education sector, while contributing increased revenues. The Trustees continue to be confident that the reserves policy is sufficient for the needs of the charitable company. The Trustees keep this policy under review.

Investment Policy

The Trustees have considered the most appropriate policy for investing funds and have decided to place funds in cash deposits on fixed and short term arrangements to meet the requirements of the charitable company's cashflow.

Employees

As reported above, MacIntyre Care is a leader in the social care field for staff training and our investment in this has made a significant contribution to our improved performance in staff recruitment and retention. Our targets for NVQ for our staff are higher, both in terms of quantity and quality, than the national standard. As reported last year, MacIntyre Care is a successful Investor in People, holding the award for many years. MacIntyre Care promotes diversity among our workforce; to reflect the needs of the people who use our service MacIntyre Care recruits from the widest possible skill base. Our monitoring demonstrates that MacIntyre Care employs a high ratio of staff from traditionally under-represented groups. MacIntyre Care has funded a number of initiatives over the past twelve months to train people who use our services to train employees on core skill areas and to assist in the selection and recruitment process.

Pension

MacIntyre Care operates a defined contribution scheme which is open to all employees and matches their contribution of up to 7.5% of base salary. The scheme is independent of the charitable company with its own Trustees. Funds are held separately from MacIntyre Care. It is advised by Lane Clark Peacock, administered by DC Link and funds are invested with Barclays Global Investors.

Trustees' statement as to the disclosure of information to auditors

The Trustees who are members of the Board at the time of approving the Trustee's report are listed above. Having made enquiries of fellow Trustees and of the charitable company's auditors, each of the Trustees confirms that:

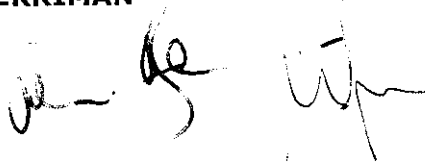
- To the best of each Trustee's knowledge and belief there is no information relevant to the preparation of their report of which the charitable company's auditors are unaware; and
- Each Trustee has taken all the steps a Trustee might reasonably be expected to have taken to be aware of relevant audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Trustees

JOHN BERRIMAN

A handwritten signature in black ink, appearing to be 'John Berriman', written in a cursive style.

05 JAN 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACINTYRE CARE

We have audited the charitable company's financial statements for the year ended 31 March 2006 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described in the Statement of Trustees' Responsibilities the charitable company's Trustees' (who are also the directors of MacIntyre Care for the purposes of company law) are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, and whether the information given in the Trustees' report is consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MACINTYRE CARE

Opinion

In our opinion:

- The financial statements give a true and fair view of the state of affairs of the charitable company as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- The financial statements have been properly prepared in accordance with the Companies Act 1985; and
- The information given in the Trustees' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Luton

9 January 2007

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME & EXPENDITURE ACCOUNT)
for the year ended 31 March 2006

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2006 £'000	Total 2005 £'000
INCOME AND EXPENDITURE					
INCOMING RESOURCES					
Voluntary Income:					
Donations and legacies		55	172	227	310
Activities for generating funds:					
Grants received	3(b)	50	469	519	241
Investment income and interest		125	-	125	143
Incoming resources from charitable activities:					
Registered Care Services	2	15,827	-	15,827	14,457
Supported Living Services	2	7,480	-	7,480	6,526
Life Long Learning Services	2	8,183	-	8,183	7,976
OTHER INCOMING RESOURCES					
Training income		34	-	34	-
MacIntyre Charitable Trust Merger	8	1,998	70	2,068	-
Profit on sale of land		238	-	238	-
TOTAL INCOMING RESOURCES		<u>33,990</u>	<u>711</u>	<u>34,701</u>	<u>29,653</u>
RESOURCES EXPENDED					
CHARITABLE EXPENDITURE					
Costs of generating voluntary income:					
Fundraising costs		45	-	45	33
Charitable activities:					
Registered Care Services	3(c)	15,722	-	15,722	14,059
Supported Living Services	3(c)	7,223	-	7,223	6,134
Life Long Learning Services	3(c)	7,844	-	7,844	7,483
Designated fund expenditure		96	-	96	172
Grants made		-	-	-	10
Governance costs	3(c)	49	-	49	48
OTHER RESOURCES EXPENDED					
Restricted Project expenditure		-	528	528	244
TOTAL RESOURCES EXPENDED	3(c)	<u>30,979</u>	<u>528</u>	<u>31,507</u>	<u>28,183</u>
NET INCOME FOR THE YEAR		3,011	183	3,194	1,470
TOTAL FUNDS BROUGHT FORWARD		6,462	851	7,313	5,843
TOTAL FUNDS CARRIED FORWARD	15	<u>9,473</u>	<u>1,034</u>	<u>10,507</u>	<u>7,313</u>

The statement of financial activities includes all gains and losses recognised in the year. There is no material difference between the results as stated and the results on an historical cost basis. All incoming resources and resources expended derive from continuing activities.

BALANCE SHEET
at 31 March 2006

	Notes	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	9	9,802	4,998
INVESTMENT IN SUBSIDIARY UNDERTAKINGS	10	-	-
		<u>9,802</u>	<u>4,998</u>
NET CURRENT ASSETS			
Stocks	11	19	17
Properties held for resale	9	420	-
Debtors	12	4,529	4,949
Cash at bank and in hand		2,484	3,195
		<u>7,452</u>	<u>8,161</u>
CREDITORS: amounts falling due within one year	13	(6,150)	(5,846)
NET CURRENT ASSETS		<u>1,302</u>	<u>2,315</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,104</u>	<u>7,313</u>
Long term Liabilities:			
Amounts falling due after one year	14	(597)	-
		<u>10,507</u>	<u>7,313</u>
Restricted funds	15	1,034	851
Unrestricted funds:			
General reserve	15	9,307	6,259
Designated funds	15	166	203
TOTAL NON-EQUITY FUNDS	15	<u>10,507</u>	<u>7,313</u>

These financial statements were approved by the Trustees on

05 JAN 2007

CASH FLOW STATEMENT
for the year ended 31 March 2006

	<i>Notes</i>	<i>2006 £'000</i>	<i>2005 £'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	3a	2,125	30
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		125	143
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>125</u>	<u>143</u>
CAPITAL EXPENDITURE			
Purchase of fixed assets		(2,810)	(298)
DECREASE IN CASH		<u>(560)</u>	<u>(125)</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are drawn up in accordance with applicable accounting standards, in addition to the Statement of Recommended Practice "Accounting and Reporting by Charities" 2005 and the Companies Act 1985. The financial statements have been prepared under the historical cost convention.

Consolidated financial statements have not been prepared as the charitable company's subsidiary undertakings are not material.

Income recognition

General donations and grants are credited to revenue when they are receivable. Donations in kind are valued by the Trustees at estimated market value and included in donations when receivable.

All donations and grants which are received subject to specific conditions imposed by the donor are recorded as Restricted Funds and shown as such on the Balance Sheet. Expenditure is allocated against these funds as it is incurred.

Donations and grants received for specific capital projects are recognised as income when received and held in restricted funds. All grants are paid to individuals. Amounts relating to fixed asset purchases are held within restricted funds and amortised in line with the depreciation of the related fixed asset.

Fees received in advance of Care Services provided are held within creditors until the period to which they relate.

Resources Expended

Where costs relate directly to a particular activity they are allocated to that activity.

Central support costs are allocated to activities as follows:

Based on % of income =	50% Registered Care Services (2005 50%)
	24% Supported Living Services (2005 23%)
	26% Lifelong Learning Services (2005 27%)

Governance Cost:

Nature of costs allocated to the governance category (inclusive of non-recoverable VAT)

- audit and non audit costs
- legal advice for Trustees
- costs related to statutory requirements.

Fixed assets

Equipment and furnishings are capitalised at inception of a service and depreciated in accordance with the rates below. The cost of replacements is written off during the period the expenditure is incurred. All fixed assets are initially recorded at cost.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset evenly over its expected useful life as follows:

Freehold land and buildings	-	2% per annum
Long term Leasehold	-	period of the lease
Short term Leasehold	-	period of the lease
Equipment and furnishings	-	15% - 33% per annum
Motor vehicles	-	25% per annum

The carrying values of tangible fixed assets are reviewed for impairment each year if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include all costs incurred to bring the goods to their present location and condition at the Balance Sheet date. Net realisable value represents anticipated selling price less any further costs expected to be incurred to disposal.

Leasing and hire purchase contracts

Rentals on operating leases are charged to revenue on a straight line basis.

Pensions

The charitable company operates a defined contribution pension scheme for its employees. Contributions to this scheme are charged to revenue as they fall due. The company has no potential liability other than for the payment of those contributions.

2. INCOMING RESOURCES

Fees represent amounts invoiced to local authorities and health authorities in respect of the provision of care services, provided in the United Kingdom, and income from the Department of Social Security. Trading income, which is stated net of VAT, relates to the sales of goods and other services.

Income is all attributable to the continuing activities of the charitable company, in accordance with its objects.

3. NET INCOMING RESOURCES

(a) Reconciliation of net incoming/(outgoing) resources for the year:

	2006 £'000	2005 £'000
Net incoming resources before interest	3,069	1,327
Non Cash Item:		
Fixed Assets donated by MacIntyre Charitable Trust	(2,666)	-
Depreciation	252	262
(Increase)/Decrease in stocks	(2)	(3)
(Decrease)/Increase in debtors	420	(674)
(Increase)/Decrease in creditors	1,052	(882)
Net Cash inflow from operating activities	<u>2,125</u>	<u>30</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

3. NET INCOMING RESOURCES (CONTINUED)

(b) Grants received during the year included the following:

	2006 £'000	2005 £'000
S64 - Taking Control Project	62	31
Transition Project - Diana Memorial Fund	34	70
Warrington Community Café	45	22
NIACE/ACLF	25	13
TOPPS - Skills for Care	27	46
Abingdon & Witney College	266	-
MCT Communication Grant	50	50
Other Small Grants	10	9
Total Grants Received	<u>519</u>	<u>241</u>

(c) Analysis of Cost

	Registered Services £'000	Supported Living £'000	Lifelong Learning £'000	Other £'000	2006 Total £'000	2005 Total £'000
Costs of generating funds	-	-	-	45	45	33
Grants made	-	-	-	-	-	10
Designated fund expenditure	-	-	-	96	96	172
Charitable expenditure:						
- Direct costs	13,439	6,127	6,655	-	26,221	23,757
- Restricted						
Project expenditure	-	-	-	528	528	244
Support costs:						
- Training	37	18	20	-	75	217
- IT	64	31	34	-	129	124
- Standards & excellence	481	231	251	-	963	406
- Management & admin	936	449	486	-	1,871	1,763
- Finance & HR	765	367	398	-	1,530	1,409
Governance costs:						
- Audit fee	-	-	-	42	42	35
- Non audit fees	-	-	-	2	2	7
- Legal advice for Trustees	-	-	-	-	-	1
- Costs related to statutory requirements	-	-	-	5	5	5
Total	<u>15,722</u>	<u>7,223</u>	<u>7,844</u>	<u>718</u>	<u>31,507</u>	<u>28,183</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

3. NET INCOMING RESOURCES (continued)

(d) This is stated after charging:

	2006 Total £'000	2005 Total £'000
Staff costs (note 5)	23,656	20,861
Other service costs	4,276	4,242
Property costs	2,115	1,745
Depreciation	252	241
Operating leases		
- Equipment	532	469
- Buildings	634	574
Audit fees	42	42
Grants	-	10
Total resources expended	<u>31,507</u>	<u>28,184</u>

4. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

	2006 £'000	2005 £'000
Decrease in cash/overdrafts in the year	(560)	(125)
Non cash movement	(597)	168
Net funds/as at 1 April	2,949	2,906
Net funds as at 31 March	<u>1,792</u>	<u>2,949</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2005 £'000	Cash flows £'000	Non cash Movements £'000	At 31 March 2006 £'000
Cash at bank and in hand	3,195	(711)	-	2,484
Overdrafts	(246)	151	-	(95)
Debt due within one year	-	-	-	-
Debt due after one year	-	-	(597)	(597)
	<u>2,949</u>	<u>(560)</u>	<u>(597)</u>	<u>1,792</u>

Non cash movements represent the transfer of assets described in note 8.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

5. EMPLOYEES

The average monthly number of employees during the year was as follows:

	2006 No.	2005 No.
Registered Care Services	653	586
Supported Living Services	370	300
Life Long Learning Services	319	304
Management and administration	109	90
	<u>1,451</u>	<u>1,280</u>

Staff costs during the year amounted to:

	2006 £'000	2005 £'000
Wages and salaries	19,985	17,042
Social security costs	1,716	1,454
Other pension costs	291	383
	<u>21,992</u>	<u>18,879</u>
Agency staff costs	1,664	1,982
	<u>23,656</u>	<u>20,861</u>

The charitable company contributes to a defined contribution scheme, the MacIntyre Pension Plan. Where staff transfer under TUPE arrangements, MacIntyre Care has upheld pension rights and makes payment to local authorities and NHS Pension funds.

MacIntyre Care is recognised as an employer within the Teachers' Pension Scheme. The total pension costs of the charitable company are disclosed above.

Employee emoluments:

Employees receiving emoluments (including benefits in kind) in excess of £50,000 were as follows:-

	2006 No.	2005 No.
£80,001 - £90,000	1	-
£70,001 - £80,000	-	1
£60,001 - £70,000	-	-
£50,000 - £60,000	4	4
	<u>5</u>	<u>5</u>

Pension contributions

The charitable company contributed £11,299 (2005:£11,602) to a money purchase pension plan in respect of the employees whose emoluments were in excess of £50,000.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

6. TRUSTEES' EMOLUMENTS

None of the Trustees or any person connected to them received any remuneration or reimbursement for expenses in the current or prior year.

7. TAXATION

The charitable company is exempt from corporation tax on its charitable activities and other group companies have made gift aid donations of their profits to MacIntyre Care.

8. ASSET TRANSFER FROM MACINTYRE CHARITABLE TRUST

During the year MacIntyre Charitable Trust an independent charity, resolved to merge with MacIntyre Care. As a result of this resolution properties with net book value of £2,666,000 were transferred during the year and are included within fixed asset additions. MacIntyre Care also accepted loans associated with these properties of £597,000. The merger of the two charities is expected to be completed in the next financial year.

9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £'000</i>	<i>Long term leasehold £'000</i>	<i>Short term leasehold property £'000</i>	<i>Motor vehicles £'000</i>	<i>Equipment and furnishings £'000</i>	<i>Total £'000</i>
Cost:						
At 1 April 2005	5,199	436	411	42	2,342	8,430
Additions	5,213	72	17	-	189	5,491
Disposals	-	-	(27)	(7)	(15)	(49)
Transfer to Current assets	(500)	-	-	-	-	(500)
At 31 March 2006	<u>9,912</u>	<u>508</u>	<u>401</u>	<u>35</u>	<u>2,516</u>	<u>13,372</u>
Depreciation:						
At 1 April 2005	689	173	343	42	2,185	3,432
Charge for the year	113	48	28	-	63	252
Elimination for disposals	-	-	(27)	(7)	-	(34)
Transfer to current assets	(80)	-	-	-	-	(80)
At 31 March 2006	<u>722</u>	<u>221</u>	<u>344</u>	<u>35</u>	<u>2,248</u>	<u>3,570</u>
Net book value:						
At 31 March 2006	<u>9,190</u>	<u>287</u>	<u>57</u>	<u>-</u>	<u>268</u>	<u>9,802</u>
At 1 April 2005	<u>4,510</u>	<u>263</u>	<u>68</u>	<u>-</u>	<u>157</u>	<u>4,998</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

9. TANGIBLE FIXED ASSETS (CONTINUED)

The cost of £500,00 and accumulated depreciation of £80,466 relating to the Manor House at Wingrave School were transferred to current assets as a sale has been agreed.

Included in the freehold land and buildings is £1,708,356 of assets in the course of construction. This is the new school building for Wingrave School, for which construction is scheduled to be completed in April 2007.

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

MacIntyre Training Limited, a company limited by guarantee, was incorporated on 16 February 2006. MacIntyre Care is the only member of this company. MacIntyre Training Limited will offer training services to other social care organisations as a trading subsidiary of MacIntyre Care.

11. STOCKS

	2006 £'000	2005 £'000
Finished goods and goods for resale	19	17
	<u>-----</u>	<u>-----</u>

12. DEBTORS

	2006 £'000	2005 £'000
Trade debtors	4,139	4,381
Other debtors	81	72
Prepayments	303	332
Accrued income	6	164
	<u>4,529</u>	<u>4,949</u>

13. CREDITORS: amounts falling due within one year

	2006 £'000	2005 £'000
Bank overdrafts	95	246
Trade creditors	654	163
Other taxes and social security	531	438
Fees in advance	3,682	3,751
Other creditors	627	647
Accruals	561	601
	<u>6,150</u>	<u>5,846</u>

Bank overdrafts are secured by way of charges over the charitable company's book debts together with a floating charge over all other assets of the charitable company.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

14. LOANS

Analysis of loans:

	2006 £'000	2005 £'000
Wholly repayable within 5 years	25	-
Not wholly repayable within 5 years –	572	-
Other than by instalments	<u>597</u>	<u>-</u>

Loans of £572,178 have been transferred, with properties that they are associated with, from MacIntyre Charitable Trust as part of the merger of the two charitable companies. These loans were provided by Health Authorities by way of Section 64 grants to facilitate the resettlement of disabled people from long stay hospitals in accordance with the Governments' Care in the Community policy; these are interest free and secured on the charitable company's freehold properties, purchased for this purpose, and are only repayable if the properties cease to be used for providing residential care. In such an event the repayment would be satisfied by transfer of the related properties or by sale proceeds from the related properties.

A loan of £25,000 has been transferred with properties that they are associated with, from MacIntyre Charitable Trust as part of the merger of the two charitable companies. The loan is interest free and repayable at 12 months notice.

15. RECONCILIATION OF MOVEMENT ON RESERVES

Restricted funds represent the net book value of fixed assets purchased with specific capital grants of £433,728 (2005: £461,150) together with unspent restricted donations of £600,777 (2005: £388,850) held as current assets. Restricted funds relating to fixed assets are released over the life of the assets to match depreciation charged.

Designated funds have been set aside out of unrestricted funds by the Trustees for specific purposes.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

15. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

	<i>Unrestricted</i>		<i>Restricted</i>	<i>Total</i>
	<i>General</i>	<i>Designated</i>	<i>funds</i>	
	<i>funds</i>	<i>funds</i>	<i>funds</i>	<i>Total</i>
	<i>£,000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 April 2004	4,822	341	680	5,843
Net incoming resources	1,299	-	171	1,470
Transfer to designated funds	(43)	43	-	-
Represented by: designations	-	-	-	-
Utilised	181	(181)	-	-
At 1 April 2005	6,259	203	851	7,313
Net incoming resources	3,011	-	183	3,194
Transfer to designated funds	(59)	59	-	-
Represented by: designations	-	-	-	-
Utilised	96	(96)	-	-
At 31 March 2006	<u>9,307</u>	<u>166</u>	<u>1,034</u>	<u>10,507</u>

Purposes of Restricted Funds

The restricted funds balance is comprised of three elements as follows:

- (a) Grants/donations received for the benefit of a specific MacIntyre Care service or group of service users. Funds are held for a number of services and local managers, staff and service users are encouraged to decide the best ways to use these funds to enhance their services.
- (b) Grants of £363,228 received for specific property projects make up the second element of this balance at 31 March 2006. These funds have been received in earlier years and are being released over the life of the asset to which they relate.
- (c) At 31 March 2006 £210,390 has been received for the New School Appeal for Wingrave. The School building is now progressing well and the Students at Wingrave will move into their new School in 2007. The appeal to raise £500,000, is now complete with significant support from many Trusts including Anglo Irish Bank, The Baily Thomas Trust, The Eranda Foundation, The Henry Smith Charity, The Band Trust and the Grocers' Charity.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

15. RECONCILIATION OF MOVEMENT ON RESERVES (CONTINUED)

Purpose of Designated Funds

The Trustees have agreed a policy on the use of non-specific funds: they will be designated for charitable benefits, over and above the core running costs of the charitable company, and not funded through statutory entitlements.

Following this policy the Trustees have designated funds under the following categories:

- (a) Your Money Fund - for individual people with disabilities who use MacIntyre Care services to apply for grants. This is aimed at people with little disposable income of their own and typically funds holidays and personal belongings.
- (b) Discover More Fund - to encourage people with disabilities within MacIntyre Care to participate in the arts, sport and adventure activities.
- (c) Lifelong Learning - these funds are allocated to several projects which are in support of MacIntyre Care's work in promoting learning for all and in removing the barriers which often prevent people with disabilities from accessing learning opportunities.
- (d) General Projects - funds are allocated to initiatives undertaken by MacIntyre Care which, promote innovation within the learning disability sector. An example includes *My Way*, a scheme set up to support people with disabilities to set up an individual trust with family and friends and to use this as a means of directly funding their own support needs.

16. PENSIONS

The charitable company operates a defined contribution pension scheme for employees. The total pension cost for the charitable company during the year was £291,371 (2005 £382,699). Prepaid contributions at the year end amounted to £ Nil (2005 prepaid £ Nil).

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

17. OPERATING LEASE COMMITMENTS

At 31 March 2006 the charitable company has the following annual commitments under non-cancellable operating leases:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating leases which expire:				
within one year	39	46	42	99
within two to five years	143	386	359	409
after more than five years	198	198	-	-
	<u>380</u>	<u>630</u>	<u>401</u>	<u>508</u>

18. MOVEMENTS IN CASH AND CASH EQUIVALENTS

	<i>Change in</i>		
	<i>2005</i>	<i>year</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and in hand	3,195	(711)	2,484
Bank overdrafts	(246)	151	(95)
	<u>2,949</u>	<u>(560)</u>	<u>2,389</u>

19. RELATED PARTY TRANSACTIONS

For the furtherance of its charitable objectives the charitable company seeks to work closely with the MacIntyre Charitable Trust. The management of the charitable company act independently of the management of the MacIntyre Charitable Trust.

During the year the charitable company paid property rentals to The MacIntyre Charitable Trust in the normal course of business. The rentals were charged at normal market rates. The total rentals paid to The MacIntyre Charitable Trust in the year to 31 March 2006 were £110,000 and the amount receivable at 31 March 2006 from The MacIntyre Charitable Trust in respect of rentals paid in advance was £nil.

During the year the charitable company received grants totalling £50,000 (2005: £50,000) from The MacIntyre Charitable Trust relating to Education and Attainment. The MacIntyre Charitable Trust also gifted the charitable company amounts of £nil (2005 £30,400) in furtherance of its charitable objects.

On 31 March 2006 properties with a net book value of £2,665,962 and loans relating to them of £597,178 were donated by the MacIntyre Charitable Trust to MacIntyre Care.

The balance owed to MacIntyre Care at the year end amounted to £42,622 (2005: £42,622).

No goods or services were purchased from companies connected with the Trustees. Some donations were received from Trustees in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2006

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances as at 31 March 2006 are represented by:

	Unrestricted		Restricted	Total
	<i>General Funds</i>	<i>Designated Funds</i>	<i>Funds</i>	<i>Funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Tangible Assets	9,368	-	434	9,802
Current Assets	6,686	166	600	7,452
Current Liabilities	(6,150)	-	-	(6,150)
Long Term Liabilities:	(597)	-	-	(597)
Total Net Assets	<u>9,307</u>	<u>166</u>	<u>1,034</u>	<u>10,507</u>

21. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to £3,491,684, this relates to the building contract for the new school in Aylesbury.