METHODIST MINISTERS' HOUSING SOCIETY

England & Wales · Charity number 1186758

Details

Status	Registered
Legal form	Charitable company
Company number	11929754
Registered	2019-12-05
Register	View on the Charity Commission register

Contact

Address	109 Baker Street London W1U 6RP
Phone	02038486020
Email	admin@mmhs.org.uk
Website	www.mmhs.org.uk

Activities

Objects: THE SOCIETY'S OBJECTS ARE RESTRICTED SPECIFICALLY, IN EACH CASE ONLY FOR THE PUBLIC BENEFIT:(A) TO CARRY ON THE BUSINESS OF PROVIDING, WITHIN THE UNITED KINGDOM, ISLE OF MAN AND THE CHANNEL ISLANDS, HOUSING, OR FINANCIAL ASSISTANCE TOWARDS THE HOUSING NEEDS OF, AND ANY ASSOCIATED AMENITIES UPON TERMS APPROPRIATE TO THEIR MEANS, FOR:(I) METHODIST PRESBYTERS AND DEACONS (FORMERLY REFERRED TO AS MINISTERS AND DEACONS) WHO ARE IN RECEIPT OF THEIR FULL METHODIST CHURCH PENSION ENTITLEMENT AND THEIR WIDOWS, WIDOWERS OR DEPENDANTS;(II) METHODIST PRESBYTERS AND DEACONS WHO HAVE RETIRED PRIOR TO REACHING FULL RETIREMENT AGE WITH THE CONSENT OF THE CONFERENCE OF THE METHODIST CHURCH ON HEALTH OR COMPASSIONATE GROUNDS AND THE WIDOWS, WIDOWERS OR DEPENDANTS THEREOF;(III) WIDOWS, WIDOWERS OR DEPENDANTS OF METHODIST PRESBYTERS AND DEACONS WHO HAVE DIED IN ACTIVE SERVICE;IN EACH CASE SUCH PRESBYTERS AND DEACONS, WIDOWS, WIDOWERS OR DEPENDANTS BEING OF LIMITED MEANS AND FOR THOSE IN RECEIPT OF SUCH PROVISION, THE FURTHER PROVISION OF, OR ASSISTANCE WITH THE COSTS OF, SERVICES OR FACILITIES CALCULATED TO REDUCE THEIR CONDITIONS OF NEED (WHETHER AGE, ILL-HEALTH, DISABILITY OR FINANCIAL), ALSO UPON TERMS APPROPRIATE TO THEIR MEANS;(B) SUCH OTHER CHARITABLE PURPOSES AS THE TRUSTEES SHALL FROM TIME TO TIME DETERMINE.

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Activities: (1)Providing, within the UK, Isle of Man and the Channel Islands, housing, or financial assistance towards the housing needs of, and any associated amenities upon terms appropriate to their means, for: Methodist presbyters and deacons of limited means, their widows, widowers and dependents and further provision/assistance to reduce need(2) Such other charitable purposes as the trustees determine

Classification

- **How:** Makes Grants To Individuals, Provides Buildings/facilities/open Space, Provides Advocacy/advice/information, Other Charitable Activities
- **What:** General Charitable Purposes, Disability, The Prevention Or Relief Of Poverty
- **Who:** Elderly/old People

Geography

- Guernsey
- Isle Of Man
- Jersey
- Northern Ireland
- Scotland
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-08-31	£7,907,000	£7,717,000	£190,311,000	17
2024-08-31	£7,868,000	£7,603,000	£190,215,000	21
2023-08-31	£5,706,000	£7,472,000	£187,823,000	22
2022-08-31	£7,520,000	£7,074,000	£187,401,000	16
2021-08-31	£5,013,000	£6,237,000	£184,161,000	17
2020-08-31	£7,956,000	£9,326,000	£182,521,000	16

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Trustees

Name	Role	Appointed
Alexander Campbell	Chair	2019-04-05
Abigail Labbett		2023-11-16
JOHN CHRISTOPHER APPLETON		2023-11-16
Kate Louise Andrews		2023-11-16
REV ALAN MATTHEW TAYLOR		2019-04-05
Rev Dr Marion Annette Cole		2022-02-17
Rev Paul Martin		2019-12-04
Richard John Myers		2023-11-16
Sharon Jean Green		2020-06-18

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METHODIST MINISTERS' HOUSING SOCIETY

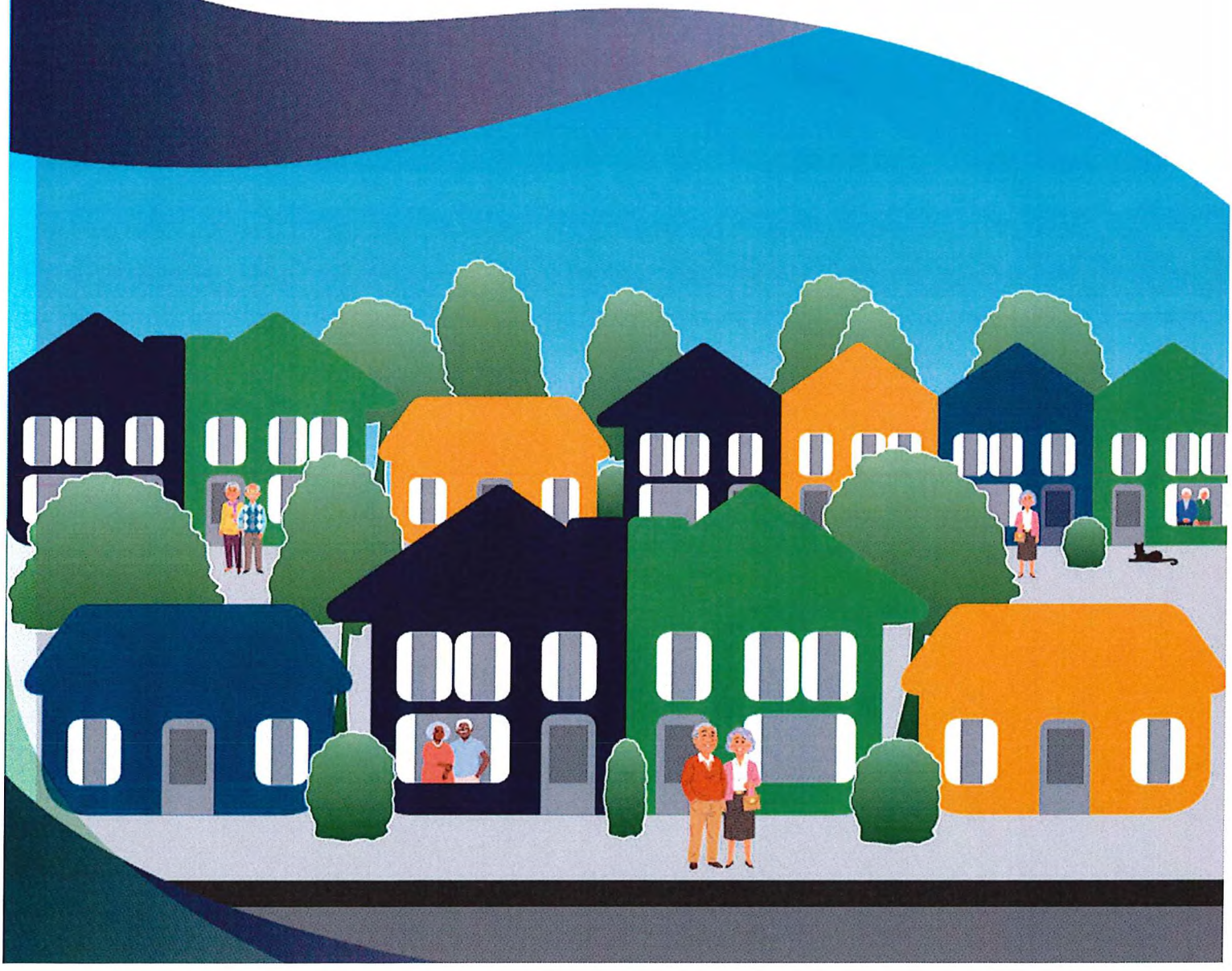
England & Wales - Charity number 1186758

Accounts

Company Number: 11929754

Trustees' Report

and Financial Statements 2024-2025



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About us

Who We Are

Methodist Ministers' Housing Society ('MMHS') was founded in 1948. Since then, we have been providing quality housing on charitable terms for those who qualify for our help. Our mission statement is set out below.

Our Vision

'There was not a single person in need among them' (Acts 4:34).

Our Mission

To meet the housing and housing-related needs of retired Methodist Ministers of limited means, their spouses, widows and widowers – and to offer support for their wellbeing in the key areas of mobility and independence.

Our Core Values

We have a Christian ethos of which we are proud, and it underpins who we are and what we do. Our concern is to show high standards of care in all we do, and to be professional both as individuals and as an organisation.

Our Plans for 2022-2027

In a later section of this report, 'Plans for the future', we set out some of the plans arising out of our Strategy for 2022-2027.

Message from our Chair and CEO

2024/25 was yet another successful year for MMHS, with us showing clarity of purpose in the toughest of operating environments.

Our main mission is as a housing provider, but notwithstanding, we like to say we are as much about people as we are about property. Accordingly, in this message we would like to begin with a snapshot view of our key people initiatives.

Our wellbeing support has grown beyond our expectations in recent years, and we now reach needs linked to age, ill-health, disability and finance. We provide solutions for many problems.

Our latest venture will see us offering ministerial residents, and their unpaid carers, respite and care break grants. We are aware of the significant pressures experienced in both receiving and providing care.

Through our increasing engagement with our ministerial residents, we can identify households that might benefit from care provision through their local authority, or the installation of aids and adaptations to assist with daily living. We can also signpost to statutory assistance - and provide property related works linked to wellbeing.

We always make sure we are up to date with research and current thinking on the role of carer. Some statistics are challenging, for example, the discovery that male carers aged 65 and over are less likely than female carers in this age group to receive support in their caring roles from family and friends, and almost three-quarters receive no support at all from any sources.

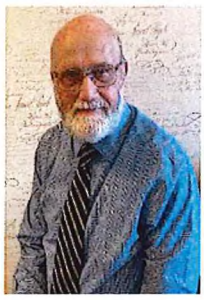
The results of our recently completed Condition, Energy and Occupation Survey will feed into future wellbeing initiatives. As we report under a later section, the surveyors asked set questions on how ministerial residents thought they were managing from day to day, with a focus on their mobility and accessibility. Our strategic focus is on enabling our ministerial residents to live independently in their homes for as long as possible. This is what most want.

We all continue to witness and experience the effects of the cost-of-living crisis. As a charity which provides for those of limited means, we have a keen interest in what it costs to heat a home, particularly in the winter months, and the knock-on consequences.

Age-related issues of all types are of great interest to us. We know that our communities and neighbourhoods become increasingly important to us as we age and accordingly, we shape MMHS policy around having houses in safe and pleasant areas with good amenities. The digital world can be a challenge for older people, especially if they are facing other structural problems such as limited means. We like to signpost appropriately to organisations that can help and our Wellbeing Fund has six categories of support, one being IT. Our wish is to reframe older age, positively.

Like all private landlords in the 2020s, we face many challenges such as rising costs, complex legal frameworks, enhanced tenants' rights, and governmental expectations on Energy Performance Certificate requirements. The Renters Rights Act 2025 is introducing significant changes. The principles – stronger rights, better protections and more security – are good in our view but without doubt, compliance with this piece of legislation will lead to higher costs. Notwithstanding all the pressures, our resolve is to continue providing quality homes.

We would like to end with some observations on our strategic decision to invest in the learning and development ('L&D') of our staff members and trustees. We are proud of our L&D programmes with their focus on upskilling through informal learning and formal qualifications. We know L&D links directly to excellent outcomes, such as improved performance and greater innovation. We wish to attract and retain the best, so we can continue delivering high level services to our much-valued beneficiaries.



Alan Taylor, Chair

Mairi Johnstone, CEO

Strategic Report

More on our mission

MMHS operates in the United Kingdom, the Isle of Man and the Channel Islands. We provide quality housing and associated services across this wide geographical area.

As well as providing for those who retire at usual retirement age, we also look after those who retire early on health or compassionate grounds. We care, too, for widows, widowers and dependants of ministers who die in active service.

We have an equity sharing scheme whereby retiring ministers take an equity interest in the MMHS property in which they live. We also have an equity sharing fund whereby MMHS takes an equity share in a property owned by both retiring and retired ministers.

Wellbeing support is very important to us and is a particular strategic focus. We are committed to assisting our ministerial residents with their mobility needs as much as we can and to enabling them to continue living independently in their own home for as long as possible. A key element of this is ensuring that our properties are suitably adapted for use and are also fully accessible.

Whilst our core mission is providing housing, we are not just about 'bricks and mortar'. We are focused, too, on the occupants of our houses, our ministerial residents. Our mission is as much people-centred as it is property-centred.

Achievements and performance

1 Management of our properties

The Condition, Energy and Occupation Survey ('CEO Survey') commissioned by MMHS was, largely speaking, completed by our year-end. The property data we have collected will enable us to produce more accurate planned maintenance cost projections and allow us to prioritise works. It will also inform our asset management strategy and investment plans.

We began the year with 874 properties. During the year, we sold 94 properties, purchased 15 and received 2 as bequests.

At the end of August 2025, we had 797 properties in our portfolio: 659 were occupied by our ministerial residents, 8 by market rent tenants and 130 were unoccupied. Empty properties are usually always kept to a minimum but during the year, the number of unoccupied properties was unusually high due to implementation of our plan to sell our market-rented portfolio.

We were pleased to provide housing for 12 new ministerial residents. We transferred 4 ministerial households.

At the end of August 2025, 357 ministerial residents had equity shares with a total fair value of £17.7m.

Our policy to sell our market-rented portfolio properties together with our policy to sell ministerial properties which are no longer required for ministers, worked well alongside our policy to purchase for newly retired ministers and those we were able to transfer.

We maintain and repair our properties regularly. 1,765 jobs were completed relating to the maintenance and repair of our properties. These included 14 bathrooms, 23 driveway repairs and 75 external decorations. We also refurbished 4 kitchens and replaced 41 boilers and 14 sets of windows and doors.

In addition to maintaining and repairing our properties, we routinely inspect them to ensure compliance with electrical and gas safety standards. Electrical inspections and associated remedial works are administered and undertaken by HES Fire Protection Limited. Gas-Elec Group are our national supplier for annual gas compliance checks. At the end of August 2025, for our ministerial properties, our CP12 compliance was 99.1% and our EICR compliance was 95.7%.

We delivered 4 refurbishment projects over the year. This number is significantly less than previous years and reflects our strategic move to selling and buying.

Whether maintaining, repairing, undertaking planned works, or refurbishing, we work hard to ensure value-for-money ('VFM'). Traditionally, VFM has been defined around the '3Es', effectiveness, efficiency and economy, in other words, how resources are managed to achieve desired results.

2 Wellbeing support and initiatives

We have ambitious targets under our strategy when it comes to wellbeing. We are addressing needs linked to age, ill-health, disability and finance.

MMHS's wellbeing casework included working alongside 99 households. The work undertaken was wide-ranging and covered assessing and awarding grants from MMHS's Wellbeing Fund, signposting to external support services, and assisting with property-linked matters, for example, adaptations such as grab handles, handrails, and ramps.

We are grateful for the support we receive from the Fund for the Support of Presbyters and Deacons. This fund reimburses costs incurred by us on behalf of our ministers linked to aids and adaptations.

We were also focused on the new opportunities we have, to strategically – and practically – link our wellbeing initiatives to our safeguarding responsibilities.

The results of the occupation section of the CEO Survey were put to good use early; before the year-end we were able to start planning our responses. Our aim, using the data, is to enhance existing wellbeing initiatives. The surveyors were asked to collect information about how our ministerial residents manage day to day, specifically recording any

difficulties ministerial residents had in accessing parts of their home. Residents were asked six set questions.

Our Wellbeing Fund had six categories of support – mobility improvements, maintenance and repair, rent, general expenditure, annual Initiatives, and IT initiatives.

During the year, wellbeing expenditure was as follows: mobility improvements £91k, maintenance and repair £20k, rent £10k, general expenditure £4k, and IT Initiatives £314.

3 Engagement with key stakeholders and supporters

We meet at least twice a year with fellow charities in the Methodist family to offer mutual support. We also collaborate with other faith-linked housing providers, primarily to share experiences, but also to share knowledge and skills.

We are very grateful for the generosity shown to us by our supporters through gifts, donations, bequests and legacies. We endeavour always to express our heartfelt thanks.

It is also important for us to have trust-embedded relationships with our service-providers. In our business dealings, we aspire, always, to abide by our core values – being professional as individuals and as an organisation and showing high standards of care, with everything underpinned by our Christian ethos.

Plans for the Future

We are in the fourth year of our strategy for 2022-2027.

This year and next, we will continue to deepen our existing mission to ministers, acknowledging that we cannot widen it. The main way in which we will deepen is through enhancing existing wellbeing initiatives and launching a new one offering respite and care-break grants. This is an exciting development.

We will also commence implementation of the findings of the CEO Survey. Part of this exercise will involve a complete rewrite of our asset management strategy. This will be far-reaching and will include strategic targets for how MMHS can best handle all regulatory and legislative changes being rolled out by the current UK Government.

We are also targeting taking full advantage of digital and technological developments to assist in the futureproofing of MMHS's success.

We will launch our new mission in 2026 and in tandem with this development, we will rebrand our charity.

Risk Management

MMHS has adopted a sophisticated model for assessing its risks and addressing their consequences.

Our modus operandi is broadly based on Enterprise Risk Management (ERM) architecture whereby the management of risks is transferred from lower-level functional groups and activities to a higher, senior management level which enjoys a near-panoramic view of the organisation's total risk exposure. The fundamental theory is that the ERM framework integrates risk management within all an organisation's objectives and throughout all its departments.

In addition to basing our modus operandi on ERM architecture, we have also made use of the Three Lines of Defence Model, to access practical guidance on implementing the principles required to manage risk.

MMHS's 'first line' is vested in operational staff with senior management support, while the 'second line' is provided by a team, drawn largely from the CEO's Office, which meets in alternate months to review the risk landscape and examine the Risk Register in detail. MMHS, due to its size, does not have a formal 'third line' but our Board and our equivalent to an 'external assurance provider' – our auditors, Companies House, and charity Regulators and Registries – provide additional defence, guidance and oversight. We would also like to add that we employ the services of external experts to provide assurance and advice on areas of MMHS's operations. Further, we have formalised our policies, processes and procedures for 'quality assurance' and 'complaints' handling.

With our risk register, we have sought to define our risk scores more clearly and link them to proposed types of action. We have adopted a four-colour scheme with two shades of amber, which helps indicate that a risk is beginning to move up or down the scale between red and green as mitigating actions start to take effect. We have also updated and repurposed columns. A new 'Pending Mitigations' has been added next to the 'Mitigations' column. Use of the 'Risk Description', 'Impact Description' and 'Owner' columns has also been improved. Finally, we have begun marking risks as opportunities where appropriate, reflecting MMHS's mindset that risks are not just threats but chances to improve and innovate.

Our trustees have ultimate responsibility for statutory and governance oversight of the risks faced by MMHS. Accordingly, risk is a standing item at all Board meetings.

Here are examples of some key risks we have identified in each of the five areas we monitor – governance, strategic, financial, property, and ICT & Facilities – and the mitigations we have in place.

Governance

Risk of our board of trustees being unable to discharge its oversight duties.

Trustees need to maintain effective oversight and ensure MMHS's success and compliance with legal requirements.

Mitigation:

- three-year cycle of skillset analysis;
- trustee L&D programme in place;
- recruitment processes and appointments carefully crafted; and
- Code of Conduct signed annually.

Strategic

Reducing demand for MMHS's services.

While many charities might view this as an indication of success in eliminating need rather than a risk, we view this as a significant risk to the charity's success.

Mitigation:

- new mission identified;
- new mission set up;
- funding allocated; and
- pilot planned and ready for launch in 2026.

Financial

Failure of financial systems and processes.

MMHS needs always to have robust systems and processes in place, to prevent and address financial mismanagement.

Mitigation:

- robust financial systems and processes in place and reviewed regularly;
- staff undertake regular training;
- MMHS invests in reliable IT infrastructure and software; and
- third-party specialists and experts consulted.

Property

Failure to maintain and repair properties adequately.

Ensuring proper maintenance and repair is undertaken is a legal obligation and failure can have serious consequences, both financial and legal.

Mitigation:

- the commissioning of the CEO Survey;
- robust Maintenance and Repair policies in place;

- ministerial residents are proactive and this is encouraged; and
- regular training and the use of KPIs.

ICT and Facilities

Failure to manage data properly.

It is vital for MMHS not to lose or compromise its data, nor violate regulations and laws.

Mitigation:

- adherence to all MMHS policies around data;
- our IT systems are tested regularly by our external IT provider who also provides advice;
- staff are trained regularly; and
- the external environment is monitored for regulatory and legislative changes.

Financial Review

The year ended 31 August 2025 saw MMHS working towards delivery of its long-term strategic vision. This meant having a smaller, functional property portfolio, to meet the needs of our current and future beneficiaries, and the increase of our investment assets, with a view to ensuring both financial sustainability and the maximisation of income, to support expenditure on current and future charitable missions.

The impact of our planning can already be seen clearly in both the financial performance and position of the charity.

Financial Performance

Overall performance for the year was broadly consistent with that anticipated at the outset of the year.

Total income for the period remained broadly stable at £7.9m (2024: £8.1m) and behaved as expected under our strategy. Investment income was stable at £2.3m (2024: £2.3m) but the make-up of that income evolved thanks to reductions in the market rented portfolio size and related increases in cash deposits and investment assets. Charitable rental income from the functional property portfolio fell to £2m (2024: £2.5m), driven mainly by a reduction in the number of ministerial residents. Market rent income fell to £1.5m (2024: £1.8m) reflecting the planned disposal programme. Gains on disposals booked through profit and loss increased to £2.08m (2024: £1.65m) owing to the increased number of property disposals across both portfolios.

Total expenditure was also broadly stable and in-line with expectations at £7.72m (2024: £7.6m), the main components of expenditure continued to be property maintenance, refurbishment, office based operating costs, depreciation and salaries. Changes in the expenditure mix were once again consistent with our strategy. Spending allocated to housing maintenance and repairs fell to £6.2m (2024: £6.33m), in keeping with the decline in the size of the property portfolio. Spending allocated to property disposals increased to £470k (2024: £398k), reflecting an increase in disposals. Spending on support for our ministerial residents, including wellbeing, increased to £520k (2024: £413k), reflecting the growing focus on wellbeing.

A net operational surplus of £190k (2024: £457k restated) was generated before unrealised gains and losses. Incorporating unrealised gains on investment assets and revaluation of investment properties, an overall deficit of £96k (2024: £2.58m surplus restated) was recorded. In summary, the charity continues to operate sustainably whilst walking a path of major transformation.

Financial Position

The balance sheet position continues to be robust, with net assets of £190m (2024: £190m).

The overall balance sheet total is therefore stable, but it is important to note that the enaction of MMHS's strategy has seen the make-up of the Balance Sheet total change materially over the period, with a gradual reduction in property related holdings facilitating an increase in investment asset type holdings. At 31 August 2025, programme related housing investments were £138m (2024: £141m), Investment property holdings £18.5m (2024: £34m), long term Investments £11m (2024: £2.6m) and current asset investments £21m (2024: £12.7m).

Reserves Policy

MMHS's reserves policy for the year was to hold free reserves sufficient to absorb variations in its operating surplus/deficit. Under its operating model, any such variations were likely to have arisen from unexpected expenditure demands. In the future, negative shocks to the valuation of MMHS's investment funds, and consequential reductions in investment income, are likely to the biggest drivers of variability. MMHS therefore targets holding free reserves more than the higher of six months' worth of expenditure and a 20% fall in the value of its investment funds. This figure would be £8.4m based on investment valuations at 31 August 2025.

Free Reserves

Accounting Reserves at 31/08/2025	£ 190m
Less Fixed Assets	£ (167m)
Less funds ringfenced for new charitable mission	£ (11m)
Free Reserves at 31/08/2025	£ 12m

The trustees are satisfied that the free reserves held exceed the minimum coverage required by the reserves policy. They expect the gap between the minimum coverage required and actual free reserves held to reduce over the coming years as MMHS's strategy is enacted. £1m of free reserves was held as cash at 31/08/25.

Investment Policy

The Articles of MMHS do not restrict the classes of assets that it can invest in; accordingly, it can invest in equity shares, fixed interest bonds & debt securities, commodities & precious metals, investment properties (retail and commercial), derivatives (including futures), cash and funds (of some/all the foregoing assets). MMHS's investment aims are set out in its policy; it seeks to fund certain of its charitable activities, whilst also covering inflation and changes in funding mixes, at an acceptable level of risk and variability in returns. It also seeks a real return of c2.50% per annum over the long term.

Structure, Governance and Management

MMHS is a charitable company limited by guarantee:

Company Number	11929754
Charity Number	1186758 (England and Wales)
Charity Number	SC050661 (Scotland).

The Board of Trustees is the body responsible for the management of MMHS, and the number is required to consist of:

- not less than five but not more than fifteen; and
- at any one time no less than one and no more than five shall be tenants of MMHS.

Trustees are appointed for a fixed term not exceeding three years and are eligible for reappointment for up to a further two consecutive terms each of three years. They are not eligible for reappointment after the end of their third consecutive term until an interval of at least three years has elapsed.

If trustees consider it would be in the best interests of MMHS for a particular trustee to continue to serve beyond nine consecutive years, the trustees may resolve to reappoint that trustee for a further fixed term of one year.

MMHS had nine trustees during the year. The Senior Management Team comprised the CEO, and two executive directors, both for part only of the year. All details are set out at the end of this document.

The trustees may delegate, on such terms as they think fit, any of their powers or functions to any committee as the trustees may appoint. The trustees may delegate the implementation of their decisions or day-to-day management of the affairs of MMHS to any person or committee.

The Board of Trustees had one committee during the year, the Audit Committee, which acts in accordance with the terms of reference by which powers or functions are delegated. The Board met regularly during the year, and this included a day conference to consider strategic matters.

The CEO is responsible for the implementation of the decisions of the trustees and the day-to-day management of the affairs of MMHS. The CEO is also the Company Secretary. Together with the Chair, the CEO works to enable the Board to fulfil its functions. The CEO is responsible for effective management systems to ensure all staff have clarity about their roles and objectives and have the appropriate appraisals and training to enable them to fulfil their roles and contribute to MMHS's strategic objectives.

The requirement for trustees to demonstrate effective governance of charities increases year on year. Our trustees give priority to good governance and some of the issues they have considered are detailed below.

Public Benefit

MMHS's purpose, as set out in its articles, is to provide housing or financial assistance towards the housing needs of Methodist Presbyters and Deacons ('ministers') of limited means who are in receipt of their full Methodist Church pension, and to various categories of persons connected to the ministers. In this report, we have been pleased to provide full details of all those who have benefitted from the charitable activities and objectives of MMHS during the year, 1 September 2024 to 31 August 2025.

We are always mindful of the Charity Commission's general guidance on public benefit whenever we review both what we are doing at present and what we hope to do in the future.

Safeguarding

We know we have a responsibility to ensure that we don't cause harm to anyone who has contact with us. We promote a strong safeguarding culture. We make sure that our trustees and staff are suitable persons for their roles and to that end we have robust recruitment processes, obtain references and carry out Disclosure and Barring Service (DBS) checks. We have policies in place covering bullying, harassment and whistleblowing. We have procedures in place to ensure safe handling of incidents or allegations of abuse. One of our trustees, in addition to their wider responsibilities as a trustee, is the Lead Trustee for Safeguarding and champions safeguarding across MMHS.

Environmental Responsibilities / ESG

We are pleased to report we have initiatives in place which are improving our environmental impact significantly.

These include:

- participating in a recycling scheme and making use of recycling bins;
- encouraging green cleaning;
- using emails wherever possible rather than paper post;
- good management of our office's heating and cooling system;
- making use of energy-efficient appliances;
- being careful with our travel footprint, noting that the increase in hybrid and online Board meetings has helped with this objective;
- ensuring our asset management strategy encompasses green initiatives.

Equality, Diversity and Inclusion in the workforce

We are an equal opportunities employer and employ staff from a wide variety of backgrounds, origins, and cultures. We respect and value people's differences in terms of skills, experiences, ethnicity, and gender.

We believe in treating each other fairly, creating a workplace where every person has access to opportunities to develop their potential fully.

We also adhere to the following practices:

- we are transparent;
- we do not tolerate any form of intimidation, bullying or harassment;
- we listen to and respect one another's opinions; and
- we promote an inclusive culture.

Staff Remuneration Policy and Performance Management

MMHS's Remuneration Policy is designed to support the achievement of MMHS's objectives and to be consistent with our purpose and values. It provides a vehicle to articulate pay in a transparent manner and to provide equity across all roles.

We are committed to attracting and retaining the best people and as such, we benchmark to market every two years and pay an annual cost of living award. Some posts require skills that relate specifically to the housing sector, some are more generic, and some are professional. Data from individual markets provides us with the ranges within which we remunerate staff at different levels.

A comprehensive package of benefits is also offered to staff including a generous contributory pension scheme, life and critical illness insurance, annual leave and flexible working options.

We support staff and trustees' development through learning and development programmes for each. For staff, their performance is evaluated through a comprehensive appraisal system and includes qualitative and quantitative feedback. Targets are set in line with strategic objectives. For trustees, we follow the recommendations of the Charity Governance Code and review board and trustee performance in a three-year cycle incorporating one external evaluation of governance.

Fundraising

Although we do not raise funds from the public, we are registered with the Fundraising Regulator. Accordingly, we are aware of the Regulator's Code of Practice and its core values.

Our fundraising expenditure is incurred in raising funds through our investment portfolio and our investment properties, and in the management of bequests and legacies.

Statement of Trustees' Responsibilities

In accordance with applicable law and United Kingdom Accounting Standards, the trustees are required to prepare the trustees' report and financial statements for each financial year which give a true and fair view of the position of MMHS and of the income and expenditure of MMHS for that period.

In preparing these financial statements, the trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards and Charities SORP (FRS 102); and
- prepared the financial statements on the going concern basis.

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of MMHS, and enable them to ensure the financial statements comply with applicable law.

The trustees are also responsible for safeguarding the assets of MMHS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report on pages 1 to 16 was approved by the Board of Trustees on 12 February 2026 and signed on their behalf by:

A Taylor
A Taylor (Mar 26, 2026 17:12:15 GMT)

Alan Taylor, Revd.
Chair of Trustees

26 March 2026

Date

Independent Auditors' Report

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF METHODIST MINISTERS' HOUSING SOCIETY

Opinion

We have audited the financial statements of Methodist Ministers' Housing Society (the 'charity) for the year ended 31 August 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2025 and the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt

on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the trustees.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its environment, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;

- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, the Charities Act 2011 and the Charities Statement of Recommended Practice.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

NJ Wakefield
Nicola Wakefield (Mar 26, 2026 19:09:38 GMT)

Nicola Wakefield
(Senior Statutory Auditor)

for and on behalf of
Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza,
Sutton Court Road,
Sutton, Surrey, SM1 4FS

Date 26/03/2026

Financial Statements

Company Number: 11929754

Statement of Financial Activities for the year ended 31 August 2025

	Note	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total funds 2025 £000	Total funds (as restated) 2024 £000
Income from:					
Donations, legacies and grants	2.1	1,439	-	1,439	1,511
Charitable activities	2.3	2,048	-	2,048	2,555
Investments	2.2	2,342	-	2,342	2,339
Gain on disposal of properties	2.4	2,078	-	2,078	1,655
Total	2	**7,907**	**-**	**7,907**	**8,060**
Expenditure on:					
Raising funds	3.1	161	-	161	151
Charitable activities					
Housing maintenance & repair	3.1	6,203	-	6,203	6,331
Buying & selling properties	3.1	470	-	470	398
Ministerial resident support	3.1	520	-	520	413
Equity	3.1	363	-	363	310
Total	3	**7,717**	**-**	**7,717**	**7,603**
Net income before revaluation and investment gains/(losses)		**190**	**-**	**190**	**457**
Unrealised gains on long term investment	4	203	-	203	218
Unrealised gain on valuation of functional properties	7.2	-	-	-	929
Unrealised (losses)/gains on valuation of investment properties	7.2	(498)	-	(498)	856
Depreciation adjustment re investment properties	7.1	-	-	-	78
Increase in equity share investment revaluation reserve		9	-	9	46
Net movement in funds		**(96)**	**-**	**(96)**	**2,584**
Funds					
Total funds brought forward (as previously stated)	11/12	190,206	9	190,215	187,823
Prior year adjustment		192	-	192	-
Total funds brought forward (as restated)		190,398	9	190,407	187,823
Total Funds carried forward	11/12	**190,302**	**9**	**190,311**	**190,407**

All activities relate to continuing activities. There are no other recognised gains and losses.
The notes on pages 25 to 43 form part of these financial statements.

Balance Sheet at 31 August 2025

Company Number: 11929754

	Note	2025 £000	2025 £000	2024 (As restated) £000	2024 (As restated) £000
Fixed Assets					
Tangible assets	6	32		10	
Programme related investments	7	137,773		140,913	
Investment properties	7	18,532		33,864	
Long term investment	4	10,912		2,605	
MMHS equity share investment		136		127	
Total fixed assets			**167,385**		**177,518**
Current assets:					
Debtors	8	1,736		625	
Investments	9	20,900		12,686	
Cash at bank and in hand		1,077		535	
Total current assets		23,713		13,846	
Liabilities					
Creditors: Amounts falling due within one year	10	(787)		(957)	
Net current assets			22,926		12,889
Net Assets			**190,311**		**190,407**
The funds of MMHS					
Restricted income funds	11		9		9
Unrestricted income funds			45,547		35,470
Income funds			45,556		35,479
Designated fixed asset reserves	12		137,773		140,923
Revaluation reserve	12		6,812		13,844
Designated equity share fund	12		34		34
Equity share investment revaluation reserve	12		136		127
Total MMHS funds			**190,311**		**190,407**

The financial statements were approved by the Board of Trustees and signed on its behalf by:

A Taylor (Mar 26, 2026 17:12:15 GMT)

Alan Taylor, Revd.
Chair of Trustees

26/03/2026

Date

Statement of Cash flows for the year ended 31 August 2025

	Note	2025 £000	2025 £000	2024 £000	2024 £000
Net cash (used in) operating activities	16		(3,880)		(1,137)
Cashflows from investing activities:					
Investment income		2,342		2,339	
Purchase of MMHS Equity investments		-		(46)	
Purchase of COIF investments		-		(1)	
Purchase of long-term investments		(8,104)		(46)	
Purchase of properties		(5,388)		(6,084)	
Purchase of tangible fixed assets		(40)		(5)	
Proceeds from sale of properties		24,264		10,131	
Residents' equity contributions received		81		248	
Residents' equity contributions repaid		(519)		(882)	
Net cash provided by investing activities			12,636		5,654
Change in cash in the year			8,756		4,517
Cash brought forward at 1 September 2024			13,206		8,689
Cash at 31 August 2025			**21,962**		**13,206**

Reconciliation of cash balances:

Cash at bank		1,077	535
Investment cash	9	20,885	12,671
Cash at 31 August 2025		**21,962**	**13,206**

Notes to the Financial Statements

The Financial Statements have been prepared in accordance with applicable accounting standards. The accounting policies adopted are described below.

1 Accounting Policies

a) Basis of preparation
The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees consider that it is appropriate for these accounts to be prepared on the going concern basis given the level of properties and reserves held. The charity has adequate financial resources and can manage the business risks. The planning processes, including financial forecasts and projections, take into consideration the prevailing economic climate and its potential impact on the various sources of income and planned expenditure. The trustees have looked at least twelve months ahead and are satisfied that the charity has adequate resources to continue in operational existence for the near future and there are no material uncertainties that call into doubt the charity's ability to continue in operation.

b) Accounting Convention
The financial statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings, and in accordance with the Statement of Recommended Practice, (SORP), "Accounting and Reporting by Charities: Statement of Recommended Practice", applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102)) and Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

c) Accounting for Fixed Assets
Land and buildings are shown at cost less depreciation of the buildings. Where there is evidence of impairment fixed assets are written down to their recoverable amount. No depreciation is provided for on freehold land. The principal annual rates used for assets are:

Properties:	2% straight line
Office equipment:	25% straight line

d) Valuation of Properties
At the date of incorporation properties were included in the accounts at fair value and treated as deemed cost. A ratio of 1/3 land and 2/3 building costs was taken as the split between the two components. The building costs were depreciated at 2% annually from the date of incorporation.

The equity share of the properties held by tenants is valued as a percentage of the valuation of the properties. An adjustment is made to adjust the acquisition cost of the equity to equal the percentage of the valuation of the properties. The amount of the adjustment is offset against the depreciation charge set against the total values of the properties.

e) Valuation of Investment Properties
Properties held for the purpose of generating income are investment properties and are held at fair value. External valuations are conducted at regular intervals with an internal review in intermediate years. These properties are let on short term arrangements so that they are available for future retiring ministers. The value of the properties will be regularly reviewed, to identify any permanent impairment.

f) Value Added Tax
As the work of MMHS is classified as exempt or non-business activities for the purpose of Value Added Tax MMHS is unable to reclaim the Value Added Tax, which it suffers on purchases. Expenditure in these financial statements is shown inclusive of Value Added Tax paid.

g) Income
Income is recognised in the period in which MMHS is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity must fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period. In accordance with this policy, legacies are included when MMHS is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

The treatment of void properties has been changed so that the void adjustment is calculated based on lost market rent rather than calculating the loss of income based on the rent paid by ministers. This does not affect the overall result but increases income and void losses.

h) Expenditure and basis of allocation of costs
Expenditure is included when incurred. Most costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objects of the charity. Staff costs and office costs are allocated in the same proportion as directly attributed staff costs.

i) Fund Accounting
Funds held by MMHS are either:

Unrestricted general funds – these are funds, which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds – these are funds that can only be used for restricted purposes within the objects of the charity. Restrictions arise when specified by the donor when funds are raised for restricted purposes.

Revaluation reserve – these funds represent the revaluation gains on the properties transferred to investment properties from functional fixed assets.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

j) *Planned Maintenance Expenditure*
To show the full costs incurred on maintaining properties, planned maintenance costs are included in the Statement of Financial Activities and are not capitalised to the balance sheet.

k) *Capitalisation*
MMHS has capitalised part of the cost of refurbishments. The basis of the amount capitalised is the lower of costs incurred and the difference between the market value before and after refurbishment.

l) Pension Costs
MMHS operated a defined benefit pension scheme with the Methodist Church up to May 2019. The assets of the scheme are invested and managed independently of the finances of MMHS. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Variations from the regular pension costs are spread evenly through the statement of financial activities over the average remaining service lives of current employees.

MMHS also operates a defined contribution workplace pension plan with Scottish Widows. Pension contributions payable for the year in respect of the pension plan are recognised as an expense and as a liability, after deducting any amounts already paid.

m) Liquid Resources
MMHS's liquid resources consist of cash invested in deposit accounts with the Central Finance Board of the Methodist Church, which can be accessed on demand. During the year cash was also held in its HSBC current account.

n) Allocation of salary and support costs
Salary and support costs are allocated between expenditure headings based on staff time and the number of staff working on departmental activities. Governance costs are allocated in line with the support costs.

2 Total income

2.1 Voluntary income

	2025 £000	2024 £000 (As restated)
Grants		
Fund for Support for Presbyters and Deacons	-	66
Legacies		
Legacies receivable in the year	303	905
Donations		
District contributions	30	42
General donations	6	3
Bequests/Gifted Properties		
Bequests receivable in the year	1,100	495
	1,439	**1,511**

2.2 Investment income

	2025 £000	2024 £000
Interest receivable on deposits	732	513
Market rents receivable	1,474	1,765
Dividends	136	61
	2,342	**2,339**

2.3 Income from charitable activities

	2025	2024
	£000	£000
Charitable rents receivable	**2,048**	**2,555**

Rental analysis	No.	No.
Charitable Ministerial Rents	640	672
Market rent tenants	60	101
Vacant units	99	101
	799	**874**

2.4 Gain on disposal of properties

	2025	2024
	£000	£000
Gains on sale of properties	2,397	2,107
(Loss) on reimbursement of equity	(319)	(452)
	2,078	**1,655**

3 Total Expenditure

3.1 Analysis of expenditure

Summary	2025	Staff costs	Support costs	Direct costs	2024
	£000	£000	£000	£000	£000
Raising funds	161	71	75	15	151
Housing maintenance & repair	6,203	584	609	5,010	6,331
Buying & selling properties	470	227	236	7	398
Ministerial resident support	520	191	198	131	413
Equity	363	167	174	22	310
	7,717	**1,240**	**1,292**	**5,185**	**7,603**

3.2 Analysis of salary costs

	2025	2024
	£000	£000
Salaries	978	955
Employers' national insurance contributions	95	92
Employers' pension & phi contributions	167	167
	1,240	**1,214**

The figures stated are inclusive of payments for loss of office of £47,810 in respect of 3 individuals.

The full-time equivalent number of employees in 2025 was 17.2 (2024: 19.2). The head count in 2025 was 20 (2024: 21).

Employees receiving remuneration excluding pension contributions in excess of £60,000:	2025	2024
	No.	No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£130,001 - £140,000	1	1
	4	4

The key management personnel of MMHS are comprised of the Senior Management Team. During the year, a reorganisation took place and the services of external expert consultants were commissioned to meet organisational needs. Accordingly, total benefits paid were £185,592 (2024: £307,933). The total employer's pension contribution of the key management personnel was £39,576 (2024: £46,032). The total employer's national insurance contribution of the key management personnel was £16,556 (2024: £27,701).

3.3 Analysis of support costs

	2025	Raising Funds	Housing maintenance & repair	Buying & selling properties	Ministerial resident support	Equity	2024
	£000	£000	£000	£000	£000	£000	£000
Staff training	28	2	13	5	4	4	5
Staff recruitment	13	1	6	2	2	2	60
Temporary staff	39	2	19	7	6	5	23
Travel & subsistence	24	1	11	5	4	3	25
Office rent, rates & services	100	6	48	18	14	14	81
Office administration costs	255	15	120	47	39	34	221
Professional charges	816	47	384	149	126	110	496
Depreciation	17	1	8	3	3	2	20
Wellbeing costs	-	-	-	-	-	-	4
Support costs	**1,292**	**75**	**609**	**236**	**198**	**174**	**935**

3.4 Analysis of direct costs

3.4.1 Costs of raising voluntary income

	2025	2024
	£000	£000
Publicity & advertising	15	27
Direct costs	**15**	**27**

3.4.2 Charitable activities – housing maintenance and repair

	2025 £000	2024 £000
Refurbishment	141	1
Planned work	1,035	1,126
Repairs & maintenance	232	241
Gas & Electrical Contract	187	276
Electrical Remedial Work	128	134
Electrical Testing Programme	30	36
External painting	251	251
Primary	2,004	2,165
Property depreciation	2,231	2,302
Property insurance	84	100
Leasehold charges	64	98
Empty property costs	100	282
Management fees	150	351
Other including governance	27	23
Secondary	2,656	3,156
	4,660	**5,321**

3.4.3 Charitable activities – buying and selling of properties

	2025 £000	2024 £000
Governance costs	7	6
Direct costs	**7**	**6**

3.4.4 Governance costs allocated to charitable activities

	2025	2024
	£000	£000
Auditors' remuneration – audit	26	26
Board expenses	11	5
Direct costs	**37**	**31**

The Board expenses of £10,981 (2024: £5,334) is made up of travel and subsistence expenses amounting to £3,177 (2024: £2,884) which were reimbursed to 8 board members (2024: 6); and board conference and related expenses of £7,804 (2024: £2,489). No member of the Board received any remuneration in the current year or prior year.

3.4.5 Charitable activities – ministerial resident support

	2025	2024
	£000	£000
Wellbeing – general expenditure	4	5
Wellbeing – repairs and maintenance	20	15
Wellbeing – mobility	91	51
Wellbeing – rent	10	7
Governance costs	6	15
Direct costs	**131**	**83**

3.4.6 Charitable activities – equity

	2025	2024
	£000	£000
Professional charges	16	16
Governance costs	6	5
Direct costs	**22**	**21**

4 Long Term Investments

	2025 £000	2024 £000
Fair value at 1 September 2024	2,605	2,341
Purchase/Sale of investments	8,104	46
Gain/(Loss) on revaluation	203	218
Fair value at 31 Aug 2025	**10,912**	**2,605**
Represented by:		
Equity fund	5,987	1,366
Overseas fund	929	208
Government bond funds	711	260
Corporate bond fund	797	288
Climate Stewardship fund	744	198
UK Property fund	511	77
Other	558	129
Short term fund	559	65
Cash	116	14
Total investments	**10,912**	**2,605**

Investments are held in accordance with MMHS's Investment Policy referred to in the Trustees' Report.

5 Pension Costs

5.1 MMHS operates a defined contribution workplace pension plan with Scottish Widows for all qualifying employees. The contribution rate for the year varied between 6% and 16% depending on the employee's contribution, which is a minimum of 3%.

5.2 MMHS is also a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church ('the Scheme'), a defined benefit scheme.

FRS102 Disclosures

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2025 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:

	31 August 2025 % pa	31 August 2024 % pa
Discount rate	6.1	5.0
RPI inflation rate	3.2	3.3
CPI inflation rate	2.6	2.7
Rate of increase in pensionable earnings	NA*	2.7
Rate of increase in pension payments	2.2 / 3.1 / 5.0	2.2 / 3.2 / 5.0

*The Trustee resolved on 18 March 2025 to commence the winding up of the Scheme and therefore an assumption for future increases to Pensionable Earnings is no longer required.

The major categories of the Scheme's assets (excluding money purchase AVCs) as a percentage of the total Scheme assets, were as follows:

	31 August 2025 %	31 August 2024 %
Cash	0.3	0.4
L&G Annuities	4.7	4.6
Aviva Annuities	95.0	95.0

The following amounts at 31 August 2025 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	47.4
Present value of scheme liabilities	(47.6)
Net overfunding in Scheme	(0.2)
Unrecognised Assets	-
Net Defined Benefit Liability	(0.2)

The Scheme operated by the Methodist Church is a defined benefit scheme. However, MMHS is not the only participating employer in the Scheme and under the terms of the Scheme, the assets and liabilities are pooled amongst the participating employers. Contributions paid into the Scheme have not been invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of MMHS and therefore MMHS is unable to determine its share of underlying assets and liabilities on a consistent and reasonable basis.

The Trustee resolved to commence the winding up of the Scheme on 18 March 2025. The Trustee is now in the process of arranging for individual annuities to be issued to members, before the Scheme can be fully wound up. From 1 September 2025, the Trustee and the Connexional Council agreed that the Connexional Council will pay all future Scheme expenses and the amount of any balancing premium owed to Aviva that is more than available cash in the Scheme. Therefore, if any deficit were to arise within the Scheme prior to wind up, MMHS would not be required to contribute towards this.

6 Tangible assets

	2025	2024
	£000	£000
Office equipment		
Cost at 1 September 2024	321	316
Addition in the year	40	5
Disposal in the year	-	-
Cost at 31 August 2025	361	321
Depreciation at 1 September 2024	312	292
Depreciation in the year	17	20
Depreciation at 31 August 2025	329	312
Net book value at 31 August 2025	32	10

7 Programme related investments

7.1 Land and buildings

	Freehold	Leasehold	2025	2024
	£000	£000	£000	£000
Cost				
Balance at 1 September 2024	159,821	10,077	169,898	172,737
Additions in year	5,063	325	5,388	6,084
Disposals in year	(6,955)	(587)	(7,542)	(8,412)
Transfer to investment properties	-	-	-	(2,829)
Transfer from investment properties	-	-	-	2,318
Balance at 31 August 2025	157,929	9,815	167,744	169,898
less				
Depreciation				
Depreciation at 1 September 2024	10,573	673	11,246	9,435
Depreciation for disposals	(789)	(55)	(844)	(413)
Depreciation re investments	-	-	-	(78)
Depreciation for the year	2,101	130	2,231	2,302
Depreciation at 31 August 2025	11,885	748	12,633	11,246
Balance at 31 August 2025	146,044	9,067	155,111	158,652
Balance at 31 August 2024	149,248	9,404	158,652	163,303
No of units at 1 September 2024	802	72	874	894
No of acquisitions	19	-	19	21
No of disposals	(86)	(8)	(94)	(41)
No of units at 31 August 2025	735	64	799	874

The assets under this heading comprise 799 (2024: 874) units of accommodation which include 60 (2024: 101) units which are occupied by market rent tenants who have security of tenure at the 31 August 2025. Note 1d describes how the properties are valued. The revaluation reserve is included within General Reserves, in accordance with the Charities SORP.

7.2 Equity sharing scheme

The equity sharing scheme enables ministerial residents to acquire a financial interest in their retirement homes. This interest is determined by the amount contributed by a ministerial resident in proportion to the value of the property at the relevant date. At the year-end, 357 ministerial residents had an equity share. (2024: 375).

		2025		2024
	No.	£000	No.	£000
At Cost				
Balance at 1 September 2024	375	17,596	394	18,230
Additions in year	3	81	2	248
Disposals in year	(21)	(519)	(21)	(882)
Balance at 31 August 2025	357	17,158	375	17,596
less				
Depreciation adjustment				
Balance at 1 September 2024		144		100
Annual adjustment		36		44
Balance at 31 August 2025		180		144
Combined		17,338		17,740

Total Programme related investments

	2025	2024
	£000	£000
Land and Buildings	155,111	158,653
Equity Sharing Scheme	(17,338)	(17,740)
	137,773	**140,913**

Investment Properties

	2025	2024
	£000	£000
Balance brought forward	33,864	31,504
Transfer from tangible fixed assets	-	2,829
Disposed	(14,834)	(2,318)
Revaluation of properties	(498)	1,849
Balance carried forward	**18,532**	**33,864**

8 Debtors

	2025 £000	2024 £000 (As restated)
Sundry debtors	50	18
Prepayments & accrued income	532	39
Bequests receivable	940	375
Legacies receivable	214	192
	1,736	**625**

9 Investments

	2025 £000	2024 £000
Restricted Funds		
COIF Inc Shares	14	14
Deposits with Central Finance Board	1	1
	15	**15**
Unrestricted Funds		
Deposits with Central Finance Board	20,885	12,671
Total investments	**20,900**	**12,686**

10 Creditors: amounts falling due within one year

	2025 £000	2024 £000
Creditors	361	570
Tax and Other Social Security	24	21
Accruals	399	364
Loans – interest free	2	2
Loans – Auxiliary Fund	1	-
	787	**957**

11 Restricted funds

The Pigott Trust

	2025	2024
	£000	£000
Charities Official Investment Fund income shares	9	9
	9	9

In September 1960, the Charity Commissioners approved and established a Scheme whereby the Charity of Mary Pigott and the specified endowment thereof could be administered and managed under the title of the Pigott Trust by MMHS.

The capital sum is invested with the Central Finance Board of the Methodist Church and the Charities Official Investment Fund, and the income is applied to defray the costs of repair and upkeep according to the terms of the Scheme.

12 Unrestricted funds

	At 1 September 2024 (As restated)	Revaluation/ Other	Movements in the year	Transfers between funds	At 31 August 2025
	£000	£000	£000	£000	£000
Revaluation reserve	13,844	(498)	-	(6,534)	6,812
Fixed asset reserve	140,923	-	-	(3,150)	137,773
Equity share reserve	34	-	-	-	34
Equity share revaluation reserve	127	9	-	-	136
Total designated funds	**154,928**	**(489)**	**-**	**(9,684)**	**144,755**
General funds	35,470	-	393	9,684	45,547
Total	**190,206**	**(489)**	**393**	**-**	**190,302**

Designated funds are those earmarked by the trustees for specific purposes or projects as noted in the above designations.

13 Capital commitments

At the year-end MMHS had commitments to acquire properties totalling £260k (2024: £nil)

14 Operating lease commitments

Commitments under operating leases are as follows:

	2025 £000	2024 £000
Payments within one year	139	139
Expiring between two–five years	311	450
	450	**589**

15 Related parties

One trustee (2024: two), Revd A M Taylor, was a ministerial resident of MMHS. His tenancy was on normal terms.

16 Cash flow information

Reconciliations of net income/(expenditure) to net cash flow from operating activities

	2025 £000	2024 (As restated) £000
Net income/(expenditure)	393	1,667
Adjustments for:		
(Increase)/Decrease in debtors	(1,111)	170
(Decrease)/Increase in creditors	(170)	360
Net realised (gain) on sale of assets	(2,695)	(2,107)
Unrecognised (gain) on investments and fixed assets	(203)	(1,210)
Depreciation	2,248	2,322
Investment income	(2,342)	(2,339)
Net cash (used in) operating activities	**(3,880)**	**(1,137)**

17 Prior year adjustment

The trustees identified a legacy that they received notification of during 2023/24, which resulted in an interim payment of £171k being received during that financial year. However, during 2024/25, MMHS received a final payment of £192k, which was received before the 2023/24 accounts were approved, which should have been recognised in 2023/24. The error has been corrected through retrospective restatement. As a result, income and debtors for the prior year have each increased by £192k.

The impact of the restatement is an increase in net assets of £192k at 31 August 2024 and increase of the previously reported surplus for the year ended 31 August 2024, by the same amount.

18 Comparative Statement of Financial Activities for the year ended 31 August 2024

	Unrestricted funds (As restated) 2024 £000	Restricted funds 2024 £000	Total funds (As restated) 2024 £000
Income from:			
Donations, legacies and grants	1,511	-	1,511
Charitable activities	2,555	-	2,555
Investments	2,339	-	2,339
Gain on disposal of properties	1,655	-	1,655
Total	**7,868**	**-**	**7,868**
Expenditure on:			
Raising funds	151	-	151
Charitable activities			
Housing maintenance & repair	6,331	-	6,331
Buying & selling properties	398	-	398
Ministerial resident support	413	-	413
Equity	310	-	310
Total	**7,603**	**-**	**7,603**
Net income/(expenditure) before revaluation and investment gains	**265**	**-**	**265**
Unrealised gains/(losses) on long term investment	218	-	218
Tangible Fixed asset adjustment	-	-	-
Unrealised gain on valuation of functional properties	929	-	929
Unrealised gains on valuation of investment properties	856	-	856
Depreciation adjustment re investment properties	78	-	78
Increase in equity share investment revaluation reserve	46	-	46
Net movement in funds	**2,392**	**-**	**2,392**
Funds			
Total funds brought forward	187,814	9	187,823
Total Funds carried forward	**190,398**	**9**	**190,407**

Administrative Details

Trustees, officers and professional advisers

Trustees

Mrs Kate Andrews **
Mr Chris Appleton
Mr Alexander Campbell OBE
Revd Dr Marion Cole
Mrs Sharon Green
Mrs Abigail Labbett
Revd Paul Martin *
Mr Richard Myers
Revd Alan Taylor (Chair of Trustees) *

* Member of the Audit Committee
** Chair of the Audit Committee

Senior Management Team

Mrs Mairi Johnstone	CEO
Mr Richard Hawkins	Operations Director (until 18.09.24)
Mr Richard Miller	Director of Finance, ICT and Investments (from 03.11.25)
Mrs Rachel Dawson	Director of Strategy and Planning (from 01.01.25)

Principal Bankers

HSBC
The Peak, 333 Vauxhall Bridge Road, Victoria, London SW1V 1EJ

Auditor

Forvis Mazars LLP
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Contact Details

Registered Office and Place of Business:
109 Baker Street, London W1U 6RP

Email and switchboard
admin@mmhs.org.uk 0203 848 6020

Company Number 11929754
Charity Numbers 1186758 (England and Wales), SC050661 (Strategic172)

METHODIST MINISTERS' HOUSING SOCIETY

England & Wales - Charity number 1186758

Accounts

Company Number: 11929754

Trustees' Report

and Financial Statements 2023-2024

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About us

Who We Are

Methodist Ministers' Housing Society ('MMHS') was founded in 1948. For over seventy-five years, we have been providing quality housing on charitable terms for those who qualify for our help. Our mission statement is set out below.

Our Vision

'There was not a single person in need among them'. (Acts 4:34)

Our Mission

To meet the housing and housing-related needs of retired Methodist Ministers of limited means, their spouses, widows and widowers – and to offer support for their wellbeing in the key areas of mobility and independence.

Our Core Values

We have a Christian ethos of which we are proud, and it underpins who we are and what we do. Our concern is to show high standards of care in all we do, and to be professional both as individuals and as an organisation.

Our Plans For 2022-2027

In a later section of this report, 'Plans for the future', we set out some of the plans arising out of our Strategy for 2022-2027.

Message from our Chair and CEO

As an organisation committed to reflective learning, we understand the benefit of '*looking back',* and the preparation of an Annual Report provides an ideal opportunity to do so. To paraphrase Soren Kierkegaard, *'life may be lived forward, but it is understood backward'*. This practice, of course, can be applied equally to corporate entities as to individuals. We value looking back at what actually unfolded, but when we do so, it's always from a position of pressing forward.

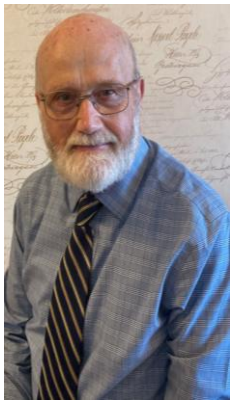
Looking back over the year 2023-24, it has been heartening to note the progress we made against our targets, in yet another challenging geo-political and economic environment. We faced many challenges – continued supply chain problems, the effects of inflation, and recruitment struggles to name but three. Each presented opportunities to learn from our experiences, focus on our long-term financial resilience, and upskill and develop our people.

We know life is hard for many of our ministerial residents, not least because of food and fuel inflation, but also because of the difficulties of older age. We were delighted to appoint a Housing and Wellbeing Officer to help us crystallise our ambitions to put wellbeing at the heart of our mission. Our focus is enabling mobility and assisting our ministerial residents keep their independence.

In furtherance of our commitment to look after both our properties and the people living in them, we commissioned a comprehensive Condition and Energy Survey of all our properties, and added an Occupation Survey asking ministerial residents six key questions on their mobility. The answers will really help us get to the nub of need.

We were pleased to introduce a new housing and finance management system, in our pursuit of becoming an organisation that is '*agile, mobile and with access to real-time data and information'*. We are embracing technological change in order to drive digital transformation. We know digital transformation will benefit MMHS immensely. We need to adapt continually to the constantly changing environment in which we work. As a digital enterprise – our aspiration – we know our mission will be delivered better and we expect the experience of our beneficiaries to improve.

We hope you enjoy reading the remainder of our Trustees' Report and Financial Statements. Together, they tell our ongoing story of significant charitable impact.



Alan Taylor, Chair

Mairi Johnstone, CEO

Strategic Report

More on our mission

MMHS operates in the United Kingdom, the Isle of Man and the Channel Islands. We provide safe, warm and comfortable homes and associated services across this wide geographical area.

As well as providing for those who retire at usual retirement age, we also look after those who retire early on health or compassionate grounds. We care, too, for widows, widowers and dependants of ministers who die in active service.

We have an equity sharing *scheme*, whereby retiring ministers take an equity interest in the MMHS property in which they live. We also have an equity sharing *fund* whereby MMHS takes an equity share in a property owned by both retiring and retired ministers.

Wellbeing support is very important to us and has been given a particular strategic focus. We are committed to assisting our ministerial residents with their mobility needs as much as we can and to enabling them to continue living independently in their own home for as long as possible. A key element of this is ensuring that our properties are suitably adapted for use, and are also fully accessible.
In summary, whilst we are a housing provider, we are also focused on the occupants of our houses, our ministerial residents. Our mission is as much people-centred as it is property-centred.

Achievements and performance

In this section, we would like to report on a range of matters which we will categorise as follows:

- management of our properties;
- wellbeing support and initiatives; and
- collaborative endeavours and engagement with key stakeholders and supporters.

1 Management of our properties

We began the year with 894 properties. During the year, we sold 41 properties, purchased 19 and received two as bequests.

At the end of August 2024, we had 874 properties in our portfolio: 672 were occupied by our ministerial residents, 101 by market rent tenants and 101 also were unoccupied. Empty properties are usually always kept to a minimum but during the year, the number of unoccupied properties was unusually high due to implementation of our plan to sell our market-rented portfolio.

We were pleased to provide housing for 18 new ministerial residents. We transferred six ministerial households.

At the end of August 2024, 375 ministerial residents had equity shares with a total fair value of £17,739,000.

Our policy to sell our market-rented portfolio properties together with our policy to sell ministerial properties which are no longer required for ministers, worked alongside our policy to purchase for newly-retired ministers and those we were able to transfer.

We maintain and repair our properties regularly. More than 975 jobs were completed relating to the maintenance and repair of our properties. These included 18 bathrooms, 31 driveway repairs and 90 external decorations. We also refurbished 7 kitchens, and replaced 48 boilers and 16 sets of windows and doors.

In addition to maintaining and repairing our properties, we routinely inspect them to ensure compliance with

electrical and gas safety standards. Electrical inspections and associated remedial works are administered and undertaken by HES Fire Protection Limited. Gas-Elec Group are our national supplier for annual gas compliance checks. As at the end of August 2024, for our ministerial properties, our CP12 compliance was 98.3% and our EICR compliance was 100%.

We delivered 3 refurbishment projects over the year. This number is significantly less than previous years and reflects our move to selling and buying as mentioned above.

Whether maintaining, repairing, undertaking planned works, or refurbishing, we work hard to ensure value-for-money ('VFM'). Traditionally, VFM has been defined around the '3Es', effectiveness, efficiency and economy, in other words, how resources are managed to in order to achieve desired results.

2 Wellbeing support and initiatives

A key part of our strategy is enabling our ministerial residents to remain in their own homes for as long as possible, if this is what they wish to do. We were able to deliver this part of our strategy, in part through the provision of direct grants for building adaptations such as grab handles, hand rails, and external ramps. These items are usually put in a property following a request from a ministerial resident or a member of their family or community.

An increasing dependence on aids and adaptations is a sensitive matter. Most people are proud and do not like to admit that they need help. There can also be a stigma in having adaptations fitted. People do not like to admit they are losing their independence, and patience and understanding are often required to encourage ministerial residents to apply for grants.

During the year, a total of 13 mobility improvements were carried out at a cost of just over £66k.
The new post of *Housing and Wellbeing Officer* ('HWO') has transformed what MMHS is able to offer by way of wellbeing support. We are already evidencing benefits, not only in terms of emotional and practical outcomes for applicants, ministerial residents and their families, but in terms of greater efficiencies and effectiveness. We are also focused on the new opportunities we have, to strategically – and practically – link our wellbeing initiatives to our safeguarding responsibilities.

The priorities for the HWO are delivery of MMHS's housing services (which in themselves enhance wellbeing) and enabling residents to live in their MMHS homes independently for as long as possible.

We developed our Wellbeing Fund under five categories of support – general expenditure, IT, maintenance and repair, rent subsidising and mobility. This demonstrates the width of coverage and, in time, the fund will grow to enable yet more support.

3 Collaborative endeavours and engagement with key stakeholders and supporters

There is much we could say under this heading, but we will focus on a few key points.

We are in regular contact with fellow charities in the Methodist family in order to offer mutual support. We also collaborate with other faith-linked housing providers, primarily to share experiences, but also to share knowledge.

Our main stakeholder group, our ministerial residents, are the subject of most of our objectives, as is to be expected. Commissioning our Condition, Energy and Occupation Survey ('CEO Survey') was a significant investment. It will enable us to implement quite a number of the strategic objectives in our Strategy for 2022-2027 – and beyond.

One such objective is caring for and improving our housing stock to the best of our ability. We wish to ensure that all our houses are warm and comfortable, wind and watertight, and suitably adapted for use in later years. We are also mindful of what lies ahead for MMHS with regard to expected changes to EPC requirements and the decarbonisation agenda. Our CEO Survey will provide data which will inform present and future compliance requirements, budgets, investment plans, maintenance and repair requirements, and wellbeing plans.

We are enormously grateful for the generosity shown to us by our supporters – also a key stakeholder group – through gifts, donations, bequests or legacies. We endeavour to express our heartfelt thanks at all times.

It is also important for us to have trust-embedded relationships with our service-providers. In our business dealings, we aspire, at all times, to abide by our core values – being professional as individuals and as an organisation and showing high standards of care, with everything underpinned by our Christian ethos.

Plans for the future

In 2023, we celebrated our 75th anniversary. This was a remarkable achievement of which we were proud. In no small measure, the success of MMHS can be attributed to the farsightedness of mission-hearted people who since 1948, either through their service or financial giving, have made it possible for MMHS to meet its mission.

The need for housing has been a constant since 1948. MMHS has met – and will continue to meet – the housing and housing-related needs of retiring ministers of the Methodist Church who would otherwise find it difficult, if not impossible, to purchase a property for their retirement. It is our privilege to serve those who have served so many in their ministries, and continue to do so as supernumeraries. Their ministries have far-reaching impact on lives and communities.

In recent years we have expanded our present mission to include wellbeing and as we have been pleased to report, our intention is to develop wellbeing further.

However, despite all our efforts to widen and deepen our present mission, MMHS is acutely aware of the impact of the declining number of Methodist Ministers in active service. We expect the need for our services to decline markedly from the late 2020s onwards. Accordingly, we are pushing ahead with our plans to establish a new mission for MMHS, to run in parallel with our present mission.

Risk Management

Risk is an everyday element of charitable activity. Managing it optimally is essential to MMHS if we are to achieve our strategic objectives and safeguard our funds and assets.

Our risk management framework has been designed to support informed decision making. We are cognisant of the fact that risk is a strategic asset which we should use to unlock new opportunities. We wish to both minimise threats and maximise opportunities.

We manage risks in five distinct areas:

- Governance;
- Strategic;
- Financial;
- Property; and
- ICT and Facilities.

In each of these areas of risk, we identify our top risks.

Our Risk Register is reviewed regularly by the CEO's Office, with a particular focus on new and emerging risks as well as new opportunities.

Individual risks are identified, assessed and managed by the owners identified in our Risk Register.

Our trustees have ultimate responsibility for statutory and governance oversight of the risks faced by MMHS. Accordingly, risk is a standing item at all Board meetings.

Here are examples of some key risks that we have identified in each of the five areas referred to above, and details of the mitigation we have in place.

Governance

Failure of our trustees to handle conflicts of interest correctly.

Conflicts of interest need to be handled carefully by all trustees. In the case of MMHS, ministerial residents can be trustees, and it is a requirement of our Articles that at least one ministerial resident is so. This places extra responsibility on the board to ensure it is acting in the best interests of MMHS.

Examples of mitigation:

- Comprehensive governance documents;
- Declarations of interest process in place at every Board meeting;
- Annual Declarations of Interest forms in use; and
- Learning and Development materials available for use.

Strategic

Inadequate investment strategic planning with adverse consequences for mission delivery.

Generating income in a sustainable way is of immense importance to MMHS. Our low charitable rents present operating income challenges.

Examples of mitigation:

- We have a comprehensive Investment Policy;
- We make use of external investment advisers;
- We counter-balance the rental income generated from our ministerial portfolio with rental income generated from our market rented portfolio; and
- We have a plan for generating income from other capital investments.

Financial

Failure of financial systems and processes.

It is crucial for MMHS to prioritise financial management and implement robust systems and processes to prevent and address financial mismanagement.

Examples of mitigation:

- We have robust financial systems and processes which are reviewed regularly;
- Staff undertake regular training;
- MMHS invests in reliable IT infrastructure and software; and
- Third-party specialists are utilised.

Property

Failure to understand and/or meet regulatory or statutory compliance requirements.

Non-compliance could have severe consequences and affect every aspect of MMHS's operations - its property, people, finances – and generally, its reputation and legal liabilities.

Examples of mitigation:

- We have comprehensive policies and procedures ;
- Compliance risk assessments are conducted regularly;
- Awareness training is undertaken; and
- Due diligence is undertaken on third-party risks.

ICT and Facilities

Failure to manage data properly.

It is vital for MMHS not to lose, or compromise, its data, nor violate regulations and laws, knowingly and unknowingly.

Examples of mitigation:

- Adherence to sound policies is a strict requirement;
- Our IT systems are tested regularly;
- Staff are trained regularly; and
- The external environment is monitored for regulatory and legislative changes.

Financial Review

Overview

Income for the year ended 31 August 2024 totalled £7.9m (2023: £5.7m). Of this amount, revenues generated from the rental income stream amounted to £4.9m (2023: £4.7m).

Donations amounting to £45k (2023: £66k) were received from individual supporters, churches and circuits within the Methodist family. Legacies and grants amounted to £713k (2023: £312k). We remain extremely grateful for the continued generosity of those who value our mission.

The net surplus derived from the sale of surplus properties amounted to £1,655k (2023: £281k). Investment income from cash deposits amounted to £513k (2023: £336k); and dividends from funds invested in Epworth Investment Management Limited (EIM) long term investments yielded £61k (2023: £36k). These EIM investments are held in a combination of equities, fixed interest securities and cash. Over the 12-month reporting year, an unrealised revaluation gain of £218k (2023: loss £13k) was calculated on the EIM investments.

Total expenditure in the year was £7.6m (2023: £7.5m). The main components of the cost base were property maintenance, refurbishment, office-based operating costs, depreciation and salaries. The year finished with a surplus of £1.47m (2023: deficit of £670k).

MMHS has a strong balance sheet. The closing year balance sheet net assets were £190.2m (2023: £187.8m) – with £35.2m (2023: £28.1m) of this being represented by its unrestricted income funds at year end. We aim to maintain a stable financial position for the coming years with the aid of strengthened financial processes, reallocation of resources, and service reviews, to ensure MMHS is well positioned to serve present and future generations of beneficiaries.

Reserves Policy

MMHS's reserves policy for the year was to hold free reserves sufficient to absorb variations in its operating surplus/deficit. Under its operating model, any such variations were likely to have arisen from unexpected expenditure demands. In the future, negative shocks to the valuation of MMHS's investment funds are likely to the biggest drivers of variability. MMHS therefore targets holding free reserves in excess of the higher of six months' worth of expenditure and a 20% fall in the value of its investment funds, noting this was £521k as at 31 August 2024, based on investment funds of £2.6m.

As at 31 August 2024, MMHS's total free reserves were £15.3m (2023: £11.2m) of which the total cash balance was £13.2m (2023: £8.7m). The free reserves are equivalent to 29 months' (2023: 21 months') worth of expenditure. The Trustees are satisfied that the free reserves, held with the Central Finance Board on an interest bearing deposit account, will fall towards the above policy target level as MMHS's policies and plans are implemented.

Investment Policy

The Articles of MMHS do not restrict the classes of assets that it can invest in; accordingly, it can invest in equity shares, fixed interest bonds & debt securities, commodities & precious metals, investment properties (retail and commercial), derivatives (including futures), cash and funds (of some/all of the foregoing assets).

MMHS's investment aims are set out in its policy; it seeks to fund certain of its charitable activities, whilst also covering inflation and changes in funding mixes, at an acceptable level of risk and variability in returns. It also seeks a real return of c2.50% per annum over the long term.

Structure, Governance and Management

MMHS is a charitable company limited by guarantee:

Company Number	11929754
Charity Number	1186758 (England and Wales)
Charity Number	SC050661 (Scotland).

The Board of Trustees is the body responsible for the management of MMHS and the number is required to consist of:

- not less than five but not more than fifteen; and
- at any one time no less than one and no more than five shall be tenants of MMHS.

Trustees are appointed for a fixed term not exceeding three years and are eligible for reappointment for up to a further two consecutive terms each of three years. They are not eligible for reappointment after the end of their third consecutive term until after an interval of at least three years has elapsed.

If trustees consider it would be in the best interests of MMHS for a particular trustee to continue to serve beyond nine consecutive years, the trustees may resolve to reappoint that particular trustee for a further fixed term of one year.

MMHS had ten trustees during the year. One resigned during the year. The Senior Management Team comprised the CEO and three executive directors, two for part only of the year. All details are set out at the end of this document.

The trustees may delegate, on such terms as they think fit, any of their powers or functions to any committee as the trustees may appoint. The trustees may delegate the implementation of their decisions or day-to-day management of the affairs of MMHS to any person or committee.

The Board of Trustees had one committee during the year – the Audit Committee – which acts in accordance with the terms of reference by which powers or functions are delegated. The Board met regularly during the year and this included a day conference to consider strategic matters.

The CEO is responsible for the implementation of the decisions of the trustees and the day-to-day management of the affairs of MMHS. The CEO is also the Company Secretary. Together with the Chair, the CEO works to enable the Board to fulfil its functions. The CEO is responsible for effective management systems to ensure all staff have clarity about their roles and objectives, and have the appropriate appraisals and training to enable them to fulfil their roles and contribute to MMHS's strategic objectives.

The requirement for trustees to demonstrate effective governance of charities increases year on year. Our trustees give priority to good governance and some of the issues they have considered are detailed below.

Public Benefit

MMHS's purpose, as set out in its Articles, is to provide housing or financial assistance towards the housing needs of Methodist Presbyters and Deacons ('ministers') of limited means who are in receipt of their full Methodist Church pension, and also to various categories of persons connected to the ministers. In this report, we have been pleased to provide full details of all those who have benefitted from the charitable activities and objectives of MMHS during the year, 1 September 2023 to 31 August 2024.

We are always mindful of the Charity Commission's general guidance on public benefit whenever we review both what we are doing at present and what we hope to do in the future.

Safeguarding

We know we have a responsibility to ensure that we don't cause harm to anyone who has contact with us. We promote a strong safeguarding culture. We make sure that our trustees and staff are suitable persons for their roles and to that end we have robust recruitment processes, obtain references and carry out Disclosure and Barring Service (DBS) checks. We have policies in place covering bullying, harassment and whistleblowing. We have procedures in place to ensure safe handling of incidents or allegations of abuse. One of our trustees, in addition to their wider responsibilities as a trustee, is the Lead Trustee for Safeguarding and champions safeguarding accordingly.

Environmental Responsibilities / ESG

We are pleased to report we have initiatives in place which are improving our environmental impact significantly.

These include:

- participating in a recycling scheme and making use of recycling bins;
- encouraging green cleaning;
- using emails wherever possible rather than paper post;
- good management of our office's heating and cooling system;
- making use of energy-efficient appliances;
- encouraging use of our Board Management Software; and
- being careful with our travel footprint, noting that the increase in hybrid and online Board meetings has helped with this objective.

Equality, Diversity and Inclusion in the workforce

We are an equal opportunities employer and employ staff from a wide variety of backgrounds, origins, and cultures. We respect and value people's differences in terms of skills, experiences, ethnicity, and gender.

We believe in treating each other fairly, creating a workplace where every person has access to opportunities to develop their potential fully.

We also adhere to the following practices:

- we are transparent;
- we do not tolerate any form of intimidation, bullying or harassment;
- we listen to and respect one another's opinions; and
- we promote an inclusive culture.

Staff Remuneration Policy and Performance Management

MMHS's Remuneration Policy is designed to support the achievement of MMHS's objectives and to be consistent with our purpose and values. It provides a vehicle to articulate pay in a transparent manner and to provide equity across all roles.

We are committed to attracting and retaining the best people and as such, we aspire to pay market rates for jobs and to pay an annual cost of living award. Some posts require skills that relate specifically to the housing sector and some are more generic. Data from individual markets provides us with the ranges within which we remunerate staff at different levels.

A comprehensive package of benefits is also offered to staff including a generous contributory pension scheme, life and critical illness insurance, annual leave and flexible working options.

We support staff and trustees' development through learning and development programmes for each. For staff, their performance is evaluated through a comprehensive appraisal system and includes capturing qualitative and quantitative feedback. Targets are set in line with strategic objectives. For trustees, we follow the recommendations of the Charity Governance Code and seek to review board and trustee performance in a three-year cycle incorporating an external evaluation of governance.

Fundraising

Although we do not raise funds from the public, we are registered with the Fundraising Regulator. Accordingly, we are aware of the Regulator's Code of Practice and its core values.

Our fundraising expenditure is incurred in raising funds through our investment portfolio and our investment properties, and in the management of bequests and legacies.

Statement of Trustees' Responsibilities

In accordance with applicable law and United Kingdom Accounting Standards, the trustees are required to prepare the trustees' report and financial statements for each financial year which give a true and fair view of the state of affairs of MMHS and of the income and expenditure of MMHS for that period.

In preparing these financial statements, the trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards and Charities SORP (FRS 102); and
- prepared the financial statements on the going concern basis.

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of MMHS, and enable them to ensure the financial statements comply with applicable law.

The trustees are also responsible for safeguarding the assets of MMHS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report on pages 1 to 13 was approved by the Board of Trustees on 13 February 2025 and signed on their behalf by:

Alan Taylor, Revd.
Chair of Trustees

13 April 2025
Date

Independent Auditors' Report

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF METHODIST MINISTERS' HOUSING SOCIETY

Opinion

We have audited the financial statements of Methodist Ministers' Housing Society (the 'charity) for the year ended 31 August 2024 which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet, the Statement of Cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2024 and the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the report of the trustees.

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

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its environment, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, the Charities Act 2011 and the Charities Statement of Recommended Practice.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

NJ Wakefield
Nicola Wakefield (Apr 24, 2025 15:20 GMT+1)

Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of
Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza,
Sutton Court Road,
Sutton, Surrey, SM1 4FS

Date 04/24/2025

Financial Statements

Income and Expenditure Account for the year ended 31 August 2024

	Note	2024 £000	2023 £000
Income			
Voluntary income		1,319	742
Investment income		2,339	2,018
Income from charitable activities		2,555	2,665
Realised net gain on sale of properties		1,655	281
	2	**7,868**	**5,706**
Expenditure			
Raising funds		151	134
Housing maintenance & repair		6,331	6,426
Buying & selling properties		398	349
Ministerial resident support		413	276
Equity		310	287
	3	**7,603**	**7,472**
Operating Surplus/(Deficit) for the year		**265**	**(1,766)**
Statement of Total Recognised Gains and Losses			
Surplus/(Deficit) for the year		**265**	**(1,766)**
Unrecognised gain on fixed asset Investments		1,210	1,096
		1,475	**(670)**

Statement of Financial Activities for the year ended 31 August 2024

	Note	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total funds 2024 £000	Total funds 2023 £000
Income from:					
Donations, legacies and grants	2.1	1,319	-	1,319	742
Charitable activities	2.3	2,555	-	2,555	2,665
Investments	2.2	2,339	-	2,339	2,018
Gain on disposal of properties	2.4	1,655	-	1,655	281
Total	2	**7,868**	**-**	**7,868**	**5,706**
Expenditure on:					
Raising funds	3.1	151	-	151	134
Charitable activities					
Housing maintenance & repair	3.1	6,331	-	6,331	6,426
Buying & selling properties	3.1	398	-	398	349
Ministerial resident support	3.1	413	-	413	276
Equity	3.1	310	-	310	287
Total	3	**7,603**	**-**	**7,603**	**7,472**
Net income/(expenditure) before revaluation and investment gains		**265**	**-**	**265**	**(1,766)**
Unrealised gains/(losses) on long term investment	4	218	-	218	(13)
Tangible Fixed asset adjustment		-	-	-	(175)
Unrealised gain on valuation of functional properties	7.2	929	-	929	1,239
Unrealised gains on valuation of investment properties	7.2	856	-	856	1,031
Depreciation adjustment re investment properties	7.1	78	-	78	102
Increase in equity share investment revaluation reserve		46	-	46	4
Net movement in funds		**2,392**	**-**	**2,392**	**422**
Funds					
Total funds brought forward	11/12	187,814	9	187,823	187,401
Total Funds carried forward	11/12	**190,206**	**9**	**190,215**	**187,823**

All activities relate to continuing activities. There are no other recognised gains and losses.
The notes on pages 23 to 41 form part of these financial statements.

Company Number: 11929754

Balance Sheet as at 31 August 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Fixed Assets					
Tangible assets	6	10		24	
Programme related investments	7	140,913		144,973	
Investment properties	7	33,864		31,504	
Long term investment	4	2,605		2,341	
MMHS equity share investment		127		81	
Total fixed assets			177,518		178,923
Current assets:					
Debtors	8	433		795	
Investments	9	12,686		8,570	
Cash at bank and in hand		535		132	
Total current assets		13,654		9,497	
Liabilities					
Creditors: Amounts falling due within one year	10	(957)		(597)	
Net current assets			12,697		8,900
Net Assets			190,215		187,823
The funds of MMHS					
Restricted income funds	11		9		9
Unrestricted income funds			35,278		28,082
Income funds			35,287		28,091
Designated fixed asset reserves	12		140,923		144,997
Designated rent reserves	12		-		600
Revaluation reserve	12		13,844		13,970
Designated equity share fund	12		34		84
Equity share investment revaluation reserve	12		127		81
Total MMHS funds			190,215		187,823

The financial statements were approved by the Board of Trustees and signed on its behalf by:

A Taylor

13 April 2025

Alan Taylor, Revd.
Chair of Trustees

Date

Statement of Cash flows for the year ended 31 August 2024

	Note	2024 £000	2024 £000	2023 £000	2023 £000
Net cash (used in) operating activities	16		(1,137)		(1,235)
Cashflows from investing activities:					
Investment income		2,339		2,019	
Purchase of MMHS Equity investments		(46)		(4)	
Purchase of COIF investments		(1)		-	
Purchase of long-term investments		(46)		(92)	
Purchase of properties		(6,084)		(4,543)	
Purchase of tangible fixed assets		(5)		-	
Proceeds from sale of properties		10,131		3,600	
Residents' equity contributions received		248		226	
Residents' equity contributions repaid		(882)		(539)	
Net cash provided by investing activities			5,654		667
Change in cash in the year			4,517		(568)
Cash brought forward at 1 September 2023			8,689		9,257
Cash at 31 August 2024			13,206		8,689
Reconciliation of cash balances:					
Cash at bank			535		132
Investment cash	9		12,671		8,557
Cash at 31 August 2024			13,206		8,689

Notes to the Financial Statements for the year ended 31 August 2024

The Financial Statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

1 Accounting Policies

a) Basis of preparation
The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees consider that it is appropriate for these accounts to be prepared on the going concern basis given the level of properties and reserves held. The charity has adequate financial resources and is able to manage the business risks. The planning processes, including financial forecasts and projections, take into consideration the prevailing economic climate and its potential impact on the various sources of income and planned expenditure. The trustees have looked at least twelve months ahead and are satisfied that the charity has adequate resources to continue in operational existence for the near future and there are no material uncertainties that call into doubt the charity's ability to continue in operation.

b) Accounting Convention
The financial statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings, and in accordance with the Statement of Recommended Practice, (SORP), "Accounting and Reporting by Charities: Statement of Recommended Practice", applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102)) and Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

c) Accounting for Fixed Assets
Land and buildings are shown at cost less depreciation of the buildings. Where there is evidence of impairment fixed assets are written down to their recoverable amount. No depreciation is provided for on freehold land. The principal annual rates used for assets are:

Properties:	2% straight line
Office equipment:	25% straight line

d) Valuation of Properties
At the date of incorporation properties were included in the accounts at fair value and treated as deemed cost. A ratio of 1/3 land and 2/3 building costs was taken as the split between the two components. The building costs were depreciated at 2% annually from the date of incorporation.

The equity share of the properties held by tenants is valued as a percentage of the valuation of the properties. An adjustment is made to adjust the acquisition cost of the equity to equal the percentage of the valuation of the properties. The amount of the adjustment is offset against the depreciation charge set against the total values of the properties.

e) Valuation of Investment Properties
Properties held for the purpose of generating income are considered to be investment properties and are held at fair value. External valuations are conducted at regular intervals with an internal review in intermediate years. These properties are let on short term arrangements so that they are available for future retiring ministers. The value of the properties will be regularly reviewed in order to identify any permanent impairment.

f) Value Added Tax
As the work of MMHS is classified as exempt or non-business activities for the purpose of Value Added Tax MMHS is unable to reclaim the Value Added Tax, which it suffers on purchases. Expenditure in these financial statements is shown inclusive of Value Added Tax paid.

g) Income
Income is recognised in the period in which MMHS is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period. In accordance with this policy, legacies are included when MMHS is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

The treatment of void properties has been changed so that the void adjustment is calculated on the basis of lost market rent rather than calculating the loss of income based on the rent paid by ministers. This does not affect the overall result but increases income and void losses.

h) Expenditure and basis of allocation of costs
Expenditure is included when incurred.
The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objects of the charity. Staff costs and office costs are allocated in the same proportion as directly attributed staff costs.

i) Fund Accounting
Funds held by MMHS are either:

Unrestricted general funds - these are funds, which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor when funds are raised for particular restricted purposes.

Revaluation reserve – these funds represent the revaluation gains on the properties transferred to investment properties from functional fixed assets.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

j) *Planned Maintenance Expenditure*
To show the full costs incurred on maintaining properties, planned maintenance costs are included in the Statement of Financial Activities and are not capitalised to the balance sheet.

k) *Capitalisation*
MMHS has capitalised part of the cost of refurbishments. The basis of the amount capitalised is the lower of costs incurred and the difference between the market value before and after refurbishment.

l) Pension Costs
MMHS operated a defined benefit pension scheme with the Methodist Church up to May 2019. The assets of the scheme are invested and managed independently of the finances of MMHS. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Variations from the regular pension costs are spread evenly through the statement of financial activities over the average remaining service lives of current employees.

MMHS also operates a defined contribution workplace pension plan with Scottish Widows. Pension contributions payable for the year in respect of the pension plan are recognised as an expense and as a liability, after deducting any amounts already paid.

m) Liquid Resources
MMHS's liquid resources consist of cash invested in deposit accounts with the Central Finance Board of the Methodist Church, which can be accessed on demand. During the year cash was also held in its HSBC current account.

n) Allocation of salary and support costs
Salary and support costs are allocated between expenditure headings on the basis of staff time and the number of staff working on departmental activities. Governance costs are allocated in line with the support costs.

2 Total income

2.1 Voluntary income

	2024	2023
	£000	£000
Grants		
Fund for Support for Presbyters and Deacons	66	74
Legacies		
Legacies received in the year	713	312
Donations		
District contributions	42	38
General donations	3	28
Bequests/Gifted Properties		
Bequests received in the year	495	290
	1,319	**742**

2.2 Investment income

	2024	2023
	£000	£000
Interest receivable on deposits	513	336
Market rents receivable	1,765	1,646
Dividends	61	36
	2,339	**2,018**

2.3 Income from charitable activities

	2024 £000	2023 £000
Charitable rents receivable	2,555	2,665

Rental analysis	No.	No.
Charitable Ministerial Rents	672	685
Market rent tenants	101	162
Vacant units	101	47
	874	894

2.4 Gain on disposal of properties

	2024 £000	2023 £000
Gains on sale of properties	2,107	509
(Loss) on reimbursement of equity	(452)	(228)
	1,655	281

3 Total Expenditure

3.1 Analysis of expenditure

Summary	2024	Staff costs	Support costs	Direct costs	2023
	£000	£000	£000	£000	£000
Raising funds	151	70	54	27	134
Housing maintenance & repair	6,331	574	440	5,317	6,426
Buying & selling properties	398	221	171	6	349
Ministerial resident support	413	186	144	83	276
Equity	310	163	126	21	287
	7,603	1,214	935	5,454	7,472

3.2 Analysis of salary costs

	2024	2023
	£000	£000
Salaries	955	809
Employers national insurance contributions	92	79
Employers pension & phi contributions	167	147
	1,214	1,035

The full-time equivalent number of employees in 2024 was 19.2 (2023: 20.6). The head count in 2024 was 21 (2023: 22)

Employees receiving remuneration excluding pension contributions in excess of £60,000:	2024 No.	2023 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	-
£80,001 - £90,000	1	2
£110,001 - £120,000	-	1
£130,001 - £140,000	1	-
	4	4

The key management personnel of MMHS comprised the CEO, Finance Director, Operations Director and Property and People Services Director. Total benefits paid were £307,933 (2023: £266,623). The total employer's pension contribution of the key management personnel was £46,032 (2023: £49,787).

3.3 Analysis of support costs

	2024	Raising Funds	Housing maintenance & repair	Buying & selling properties	Ministerial resident support	Equity	2023
	£000	£000	£000	£000	£000	£000	£000
Staff training	5	1	1	1	1	1	9
Staff recruitment	60	3	29	11	9	8	3
Temporary staff	23	1	11	4	4	3	74
Travel & subsistence	25	1	12	5	4	3	25
Office rent, rates & services	81	5	38	15	12	11	67
Office administration costs	221	13	104	40	34	30	212
Professional charges	496	29	234	91	76	66	190
Depreciation	20	1	9	4	3	3	27
Wellbeing costs	4	-	2	-	1	1	-
Support costs	**935**	**54**	**440**	**171**	**144**	**126**	**607**

3.4 Analysis of direct costs

3.4.1 Costs of raising voluntary income

	2024	2023
	£000	£000
Publicity & advertising	27	22
Direct costs	**27**	**22**

3.4.2 Charitable activities – housing maintenance and repair

	2024 £000	2023 £000
Refurbishment	1	608
Refurbishments capitalised	-	(386)
Planned work	1,226	1,369
Repairs & maintenance	241	177
Gas & Electrical Contract	276	210
Electrical Remedial Work	134	126
Electrical Testing Programme	36	38
External painting	251	202
Primary	2,165	2,344
Property depreciation	2,302	2,336
Property insurance	100	83
Leasehold charges	98	61
Empty property costs	282	95
Management fees	351	447
Other including governance	23	147
Secondary	3,156	3,169
	5,321	5,513

3.4.3 Charitable activities – buying and selling of properties

	2024 £000	2023 £000
Governance costs	6	14
Direct costs	6	14

3.4.4 Governance costs allocated to charitable activities

	2024	2023
	£000	£000
Auditors remuneration – audit	26	25
Board expenses	5	36
Direct costs	31	61

The Board expenses of £5,334 (2023: £36,331) is made up of travel and subsistence expenses amounting to £2,844 (2023: £2,878) which were reimbursed to 6 board members (2023: 8); and board expenses of £2,489 (2023: £6,054) and trustee search and appointment costs of £nil (2023: £27,339). No member of the Board received any remuneration in the current year or prior year.

3.4.5 Charitable activities – ministerial resident support

	2024	2023
	£000	£000
Wellbeing – general expenditure	5	6
Wellbeing – repairs and maintenance	15	14
Wellbeing – mobility	51	-
Wellbeing – rent	7	3
Governance costs	5	10
Direct costs	83	33

3.4.6 Charitable activities – equity

	2024	2023
	£000	£000
Professional charges	16	16
Governance costs	5	10
Direct costs	21	26

4 Long Term Investments

	2024	2023
	£000	£000
Fair value at 1 September 2023	2,341	2,262
Purchase and sale of investments	46	92
Gain/(Loss) on revaluation	218	(13)
Fair value at 31 Aug 2024	2,605	2,341
Represented by:		
Equity fund	1,365	1093
Overseas fund	208	791
Government bond funds	260	350
Corporate bond fund	287	330
Climate Stewardship fund	198	314
UK Property fund	77	70
Other	129	-
Short term fund	65	36
Cash	14	16
Total investments	2,605	2,341

Investments are held in accordance with MMHS's Investment Policy referred to in the Trustees' Report.

5 Pension Costs

5.1 MMHS operates a defined contribution workplace pension plan with Scottish Widows for all qualifying employees. The contribution rate for the year varied between 10% and 16% depending on the employee's contribution, which is a minimum of 5%.

5.2 MMHS is also a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church ('the Scheme'), a defined benefit scheme.

FRS102 Disclosures

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2024 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:

	31 August 2024 % pa	31 August 2023 % pa
Discount rate	5.0	5.2
RPI inflation rate	3.3	3.4
CPI inflation rate	2.7	2.8
Rate of increase in pensionable earnings	2.7	2.8
Rate of increase in pension payments	2.2 / 3.2 / 5.0	2.2 / 3.3 / 5.0

The major categories of the Scheme's assets (excluding money purchase AVCs) as a percentage of the total Scheme assets, were as follows:

	31 August 2024 %	31 August 2023 %
Equities	-	-
Corporate bonds	-	45.6
Property	-	-
Cash	0.4	19.3
Liability Driven Investment	-	30.7
L&G Annuities	4.6	4.4
Aviva Annuities	95.0	-

The following amounts at 31 August 2024 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	54.2
Present value of scheme liabilities	55.1
Net overfunding in Scheme	(0.9)

MMHS is not the only participating employer in the Scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. This is because contributions paid into the Scheme have not been invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of MMHS. In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer.

Under the terms of the Scheme, the assets and liabilities are pooled amongst the participating employers. If a participating employer were to cease to participate then that employer would be required to pay a debt to fully fund their share of the Scheme's liabilities. MMHS would not be liable for another employer's debt but has an option to assume responsibility under an apportionment arrangement.

The Scheme closed to new entrants and the future accrual of pensionable service with effect from 31 May 2019 and therefore regular employer contributions ceased on this date.

A full actuarial valuation of the Scheme was carried out at 1 September 2023 by the Scheme Actuary. The valuation disclosed a past service deficit of £676,000. The shortfall revealed at 1 September 2023 was eliminated by contributions paid from the Pension Reserve Fund of the Methodist Church to the Scheme as follows:

- £700,000 (the shortfall plus interest) was transferred on 22 April 2024; and
- A further £50,000 was transferred on 22 April 2024 in support of the Scheme's secondary funding objective to purchase annuities with an insurance company.

The next full actuarial valuation is due to be carried out as at 1 September 2026.

6 Tangible assets

	2024	2023
	£000	£000
Office equipment		
Cost at 1 September 2023	316	319
Addition in the year	5	-
Disposal in the year	-	(3)
Cost at 31 August 2024	321	316
Depreciation at 1 September 2023	292	232
Depreciation in the year	20	60
Depreciation at 31 August 2024	312	292
Net book value at 31 August 2024	10	24

7 Programme related investments

7.1 Land and buildings

	Freehold	Leasehold	2024	2023
	£000	£000	£000	£000
Cost				
Balance at 1 September 2023	161,489	11,248	172,737	174,782
Additions in year	6,084	-	6,084	4,157
Capitalisation of refurbishments	-	-	-	386
Disposals in year	(7,156)	(1,256)	(8,412)	(3,348)
Transfer to investment properties	(2,639)	(190)	(2,829)	(3,840)
Transfer from investment properties	2,043	275	2,318	600
Balance at 31 August 2024	159,821	10,077	169,898	172,737
less				
Depreciation				
Depreciation at 1 September 2023	8,818	617	9,435	7,335
Depreciation for disposals	(329)	(84)	(413)	(135)
Depreciation re investments	(73)	(5)	(78)	(102)
Depreciation for the year	2,157	145	2,302	2,336
Depreciation at 31 August 2024	10,573	673	11,246	9,434
Balance at 31 August 2024	149,248	9,404	158,652	163,303
Balance at 31 August 2023	152,671	10,632	163,303	167,447
No of units at 1 September 2023	815	79	894	896
No of acquisitions	21	-	21	13
No of disposals	(34)	(7)	(41)	(15)
No of units at 31 August 2024	802	72	874	894

The assets under this heading comprise 874 (2023: 894) units of accommodation which include 101 (2023: 162) units which are occupied by market rent tenants who have security of tenure as at the 31 August 2024. Note 1d describes how the properties are valued. The revaluation reserve is included within General Reserves, in accordance with the Charities SORP.

7.2 Equity sharing scheme

The equity sharing scheme enables ministerial residents to acquire a financial interest in their retirement homes. This interest is determined by the amount contributed by a ministerial resident in proportion to the value of the property at the relevant date. At the year-end, 375 ministerial residents had an equity share. (2023: 394).

	2024		2023	
	No.	£000	No.	£000
At Cost				
Balance at 1 September 2023	394	18,230	402	18,543
Additions in year	2	248	3	226
Disposals in year	(21)	(882)	(11)	(539)
Balance at 31 August 2024	375	17,596	394	18,230
less				
Depreciation adjustment				
Balance at 1 September 2023		100		42
Annual adjustment		44		58
Balance at 31 August 2024		144		100
Combined		17,740		18,330

Total Programme related investments

	2024	2023
	£000	£000
Land and Buildings	158,653	163,303
Equity Sharing Scheme	(17,740)	(18,330)
	140,913	144,973

Investment Properties

	2024	2023
	£000	£000
Balance brought forward	31,504	25,994
Transfer from tangible fixed assets	2,829	3,840
Transfer to tangible fixed assets	(2,318)	(600)
Revaluation of properties	1,849	2,270
Balance carried forward	33,864	31,504

8 Debtors

	2024	2023
	£000	£000
Sundry debtors	18	72
Prepayments & accrued income	39	390
Bequests receivable	375	332
	433	795

9 Investments

	2024	2023
	£000	£000
Restricted Funds		
COIF Inc Shares	14	13
Deposits with Central Finance Board	1	1
	15	14
Unrestricted Funds		
Deposits with Central Finance Board	12,671	8,556
Total investments	12,686	8,570

10 Creditors: amounts falling due within one year

	2024	2023
	£000	£000
Creditors	591	53
Accruals	364	541
Loans – interest free	2	3
	957	597

11 Restricted funds

The Pigott Trust

	2024	2023
	£000	£000
Charities Official Investment Fund income shares	9	9
	9	9

In September 1960, the Charity Commissioners approved and established a Scheme whereby the Charity of Mary Pigott and the specified endowment thereof could be administered and managed under the title of the Pigott Trust by MMHS.

The capital sum is invested with the Central Finance Board of the Methodist Church and the Charities Official Investment Fund and in accordance with the Scheme the income is applied to defray the cost of repair and upkeep of the property belonging to MMHS and situated at 47 Gainsford Road, Clacton, Essex.

12 Unrestricted funds

	At 1 September 2023	Revaluation / Other	Movements in the year	Transfers between funds	At 31 August 2024
	£000	£000	£000	£000	£000
Revaluation reserve	13,970	(126)	-	-	13,844
Fixed asset reserve	144,997	-	-	(4,074)	140,923
Rent reserve	600	-	-	(600)	-
Equity share reserve	84	-	(50)	-	34
Equity share revaluation reserve	81	46	-	-	127
Total designated funds	**159,732**	**(80)**	**(50)**	**(4,674)**	**154,928**
General funds	28,082	998	1,524	4,674	35,278
Total	**187,814**	**918**	**1,474**	**-**	**190,206**

Designated funds are those earmarked by the trustees for specific purposes or projects as noted in the above designations.

13 Capital commitments

At the year-end MMHS had no commitments to purchase properties.

14 Operating lease commitments

Commitments under operating leases are as follows:

	2024 £000	2023 £000
Payments within one year	139	50
Expiring between two–five years	450	640
More than five years	-	38
	589	728

15 Related parties

There were two trustees, Revd A M Taylor and Revd Dr M Cole (until 6 December 2023), who were ministerial residents of MMHS. Their tenancies were on normal terms.

16 Cash flow information

Reconciliations of net income/(expenditure) to net cash flow from operating activities

	2024 £000	2023 £000
Net income/(expenditure)	1,475	(670)
Adjustments for:		
Decrease in debtors	362	1,204
Increase/(decrease) in creditors	360	(552)
Net realised (gain) on sale of assets	(2,107)	(499)
Unrecognised (gain) on investments and fixed assets	(1,210)	(1,096)
Depreciation	2,322	2,396
Investment income	(2,339)	(2,018)
Net cash (used in) operating activities	(1,137)	(1,235)

17 Comparative Statement of Financial Activities for the year ended 31 August 2023

	Unrestricted funds	Restricted funds	Total funds
	2023 £000	2023 £000	2023 £000
Income from:			
Donations, legacies and grants	742	-	742
Charitable activities	2,665	-	2,665
Investments	2,018	-	2,018
Gain on disposal of properties	281	-	281
Total	**5,706**	**-**	**5,706**
Expenditure on:			
Raising funds	134	-	134
Charitable activities			
Housing maintenance & repair	6,426	-	6,426
Buying & selling properties	349	-	349
Ministerial resident support	276	-	276
Equity	287	-	287
Total	**7,472**	**-**	**7,472**
Net (expenditure)/income/before revaluation and investment gains	**(1,766)**	**-**	**(1,766)**
Unrealised (loss) on long term investment	(13)	-	(13)
Tangible fixed asset adjustment	(175)	-	-
Unrealised gain on valuation of functional properties	1,239	-	1,239
Unrealised gain on valuation of investment properties	1,031	-	1,031
Depreciation adjustment re investment properties	102	-	102
Increase in equity share investment revaluation reserve	4	-	4
Net movement in funds	**422**	**-**	**422**
Funds			
Total funds brought forward	187,392	9	187,401
Total Funds carried forward	**187,814**	**9**	**187,823**

Administrative Details

Trustees, officers and professional advisers

Trustees

Mrs Kate Andrews ** (appointed 19.10.23)
Mr Chris Appleton (appointed 19.10.23)
Revd Alan Taylor (CHAIR) *
Mr Alexander Campbell OBE
Revd Dr Marion Cole
Revd Jacqueline Evans (resigned 19.10.23)
Mrs Sharon Green
Mrs Abigail Labbett (appointed 19.10.23)
Revd Paul Martin *
Mr Richard Myers (appointed 19.10.23)

* Member of the Audit Committee
** Chair of the Audit Committee

Senior Management Team

Mrs Mairi Johnstone	CEO
Mr Richard Hawkins	Operations Director
Mrs Atawa Aryee	Finance Director (until 09.10.23)
Mr Aiden Johnson-Hugill	Property and People Services Director (until 30.06.24)
Mrs Rachel Dawson	Director of Strategy and Planning (from 01.01.25)

Principal Bankers

HSBC
The Peak, 333 Vauxhall Bridge Road, Victoria, London SW1V 1EJ

Auditor

Forvis Mazars LLP
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Contact Details
Registered Office and Place of Business:
109 Baker Street, London W1U 6RP

Email and switchboard
admin@mmhs.org.uk 0203 848 6020

Company Number 11929754
Charity Numbers 1186758 (England and Wales), SC050661 (Scotland)

METHODIST MINISTERS' HOUSING SOCIETY

England & Wales - Charity number 1186758

Accounts

Trustees' Report and Financial Statements 2022-2023

MMHS is a registered charity nos 1186758 (England and Wales) and SC050661 (Scotland),
and a company limited by guarantee no 11929754. Registered office: 109 Baker Street, London W1U 6RP

mmhs.org.uk

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About us

WHO WE ARE

Methodist Ministers' Housing Society ('MMHS') was founded in 1948. For seventy-five years, we have been providing quality housing on charitable terms for those who qualify for our help. Our mission statement is set out below.

OUR VISION

'There was not a single person in need among them'. (Acts 4:34)

OUR MISSION

To meet the housing and housing-related needs of retired Methodist Ministers of limited means, their spouses, widows and widowers - and to offer support for their wellbeing in the key areas of mobility and independence.

OUR CORE VALUES

We have a Christian ethos of which we are proud and it underpins who we are and what we do. Our concern is to show high standards of care in all we do and to be professional both as individuals and as an organisation.

OUR PLANS FOR 2022-2027

In a later section of this report, 'Present Plans', we set out some of the plans arising out of our Strategy for 2022- 2027.

Welcome from our Chair and CEO

In 2023, MMHS had the great pleasure of celebrating its 75th anniversary.

We enjoyed commemorating the year in a number of ways, from the commissioning of a contemporary hymn, *Christ is The Cornerstone*, to the hosting a dinner for an inspiring gathering of people who, one way or another, were connected to our charity and its work.

We spent time researching our history, certain we would learn much.

The first years of peacetime after World War II were marked by economic crises: shortages of food, fuel and housing. During this period, many presbyters of retiring age couldn't find a suitable house in which to live, because of both the scarcity of houses and the high costs of those that were available. Many continued in active service well into their seventies, and even their eighties, while others accepted hospitality from relatives and friends, or made do with whatever accommodation they could secure. It was a far from ideal situation.

The generosity of one extraordinary donor, a Mrs M Hoult, leaps off the pages of MMHS's history. Mrs Hoult saw the clear need of presbyters and in response, she donated her manor house and surrounding land. This was a true catalyst event and one which inspired other movers and shakers to step forward. MMHS was formed on 19 November 1948 and the foundation stones for its first purpose-built properties, constructed on Mrs Hoult's land, were laid on 15 June 1949.

Fast forward to today; it is our privilege to still be meeting need.

As with most organisations, we found the year on which we are reporting, a challenge. The economic climate, not least the cost-of-living crisis, had an impact, so too inflationary pressures. We were all affected – ministerial residents, staff members, suppliers, and trustees alike.

Notwithstanding, we are delighted to say that we had a good year and our Trustees' Report and Financial Statements bear testament to that. We hope you enjoy reading the case studies we selected for inclusion in the report, so too the various analyses of our charitable impact.

Alan Taylor, Chair

Mairi Johnstone, CEO

Strategic Report

MORE ON OUR MISSION

MMHS operates in the United Kingdom, the Isle of Man and the Channel Islands. We are pleased to be able to provide housing and associated services across such a wide geographical area. It means we are able to offer choice.

As well as providing for those who retire at a usual retirement age, we also look after those who retire early on health or compassionate grounds. We care, too, for widows, widowers and dependants of ministers who die in active service.

We have an equity sharing *scheme*, whereby retiring ministers take an equity interest in the MMHS property in which they live. We also have an equity sharing *fund* whereby MMHS takes an equity share in a property owned by both retiring and retired ministers.

Wellbeing support is very important to us, particularly when it comes to assisting our ministerial residents with their mobility needs and their ability to live independently in their own home for as long as possible. A key element of this is to ensure that our properties are suitably adapted for use, and are also fully accessible.

While we are a housing provider, we are equally focused on the occupants of our houses, our ministerial residents. Our mission is as much people-centred as it is property-centred.

ACHIEVEMENTS AND PERFORMANCE: OUR WORK

In this section, we would like to report on a range of matters which we will categorise as follows:

1 management of our properties;
2 wellbeing initiatives;
3 wellbeing support;
4 collaborative endeavours;
5 engagement with our key stakeholders and supporters.

In between each of these sections, we are pleased to share a number of interesting case studies, all of which link, one way or another, to the celebrations of our 75th anniversary.

1 Management of our properties

We began the year with 896 properties. During the year, we sold 15 properties, purchased nine and received four as bequests.

Of the 894 properties in our portfolio at the end of August 2023, 685 were occupied by our ministerial residents, 162 by market rent tenants and 47 were unoccupied. Empty properties are unavoidable due to ministerial residents' moving in and out of properties and during marketing periods for sale or rent. Empty property numbers are always kept to a minimum and the time left empty is kept as short as possible.

We were pleased to provide housing for 13 new ministerial residents, including one medical retiree. We transferred five ministerial residents.

Equity interests are calculated by reference to the market value of the property at the time a Ministerial resident moves in. At the end of August 2023, 394 ministerial residents had equity shares with a total fair value of £18,330,000.

Under present policy, we prioritise purchasing properties over using our existing portfolio for new retiring ministerial residents.

If it is possible to use our existing portfolio for those transferring, we do so, but we will purchase when the need is clear. We are very aware that life can be difficult for our older ministerial residents, especially if they are advancing significantly in age – many wish to live near to their close family members. We also respond quickly to needs arising out of ill health.

We maintain and repair our properties regularly. More than 1,783 jobs were completed relating to the maintenance and repair of our properties. These included 19 bathrooms, 48 driveway repairs and 81 external decorations. We also refurbished 14 kitchens.

In addition to maintaining and repairing our properties, we routinely inspect them to ensure compliance with electrical and gas safety standards including CO2, heat and smoke detectors.

Electrical inspections and associated remedial works are administered and undertaken by HES Fire Protection Limited. Gas-Elec Group are our national supplier for annual gas compliance checks.

We also delivered 17 refurbishment projects. We continue to benefit from highly competitive quotations for our refurbishments through the use of smaller contractors. The environment continues to be tough in terms of the costs of materials and labour. Typically, we invite five contractors to tender for every refurbishment, with at least one from the locality of the property.

CASE STUDY 1 Iris – 'puppy love'

We asked our ministerial residents to share their anniversary stories as part of MMHS's 75th celebrations in 2023. Iris was celebrating her 40th anniversary of being a 'Puppy Raiser' for Guide Dogs, just after that charity marked its 90th birthday.

As a Puppy Raiser, Iris looks after dogs for 12-16 months and guides them through training. She has cared for 27 puppies who have gone on to help people who have sight loss. 'I'd quite like to make it to 30,' she said. Iris has also done some daring fund-raising activities for the charity such as parachuting and abseiling – as well as gliding down the world's fastest zipwire at speeds of around 100mph.

Iris lives in an MMHS property in a small Somerset village. At the time of our interview,

she was training Tigger – a black Labrador who was 'full of bounce', as indicated by his name from the Winnie the Pooh stories. She's also been looking after a retired Guide Dog called Kim. Iris is delighted with her MMHS home. 'It's a very cosy house in a terrace, and I'm so lucky I have lovely neighbours,' she said.

CASE STUDY 2 Jenny and Trevor – 'he taught me how to rock and roll'

Ministerial resident Trevor played a part in a movement that transformed pop culture. Like The Beatles' John Lennon, Mick Jagger of The Rolling Stones, and The Who's Roger Daltrey, Trevor was part of a skiffle group in the 50s – skiffle emerged from early 50s jazz clubs as a British expression of American folk and blues.

Called *The Sapphires*, Trevor's band played a regular Saturday night spot at their local pub and won a skiffle championship in Yorkshire. Trevor played guitar. His three other bandmates played guitar, tea-chest bass and washboard. 'We all went to the same youth club. We were only 16, 17 year-old, if that,' Trevor remembered from his skiffle days. 'We were number one in our street,' he smiled.

Even more life-changing was when Trevor rolled up on his James motorbike to impress young Jenny. A Cliff Richard fan, Jenny knew nothing of skiffle, but her heart skipped to a new rhythm – particularly when Trevor took her dancing. 'He taught me how to rock and roll,' smiled Jenny, now 78. The couple married on Boxing Day 1963. They celebrated their Diamond Wedding during MMHS's 75th anniversary year.

On retiring, the couple moved into an MMHS property in 2008. They have a view of the sea.

We are very committed to continue our work of 'greening' our property portfolio. Energy efficiency and insulation levels are constantly being upgraded whenever works are undertaken. We are pleased to confirm the following:

- we have a rolling programme of boiler replacement taking out old inefficient boilers and replacing them with modern combination boilers. A total of 69 new boilers were installed. We are also eliminating cold water storage tanks which can harbour diseases such as legionella;
- heating systems are being upgraded to provide better controls including thermostatic radiator valves throughout to allow our Ministerial residents to minimise their use of fuel whilst still remaining comfortable;
- instantaneous low-flow shower fittings are being provided;
- loft insulation is being installed when missing and also increased where appropriate;
- our window and external door replacement programme is delivering modern double-glazed units that improve insulation levels and eliminate draughts. A total of 31 properties benefited from new windows and external doors;
- all new light fitting replacements to kitchens and bathrooms are low energy fittings.

We continue to monitor closely the availability of Government grants made available as part of 'the green agenda' and we will utilise them if we can. We are mindful of the costs we will incur in the future to ensure compliance with new regulations and legislation and any grants for which we qualify will be pursued.

2 Wellbeing initiatives

Our initiatives are wide-ranging, from contributing to decorating costs to providing financial help with rent. We signpost to where help can be found on a range of subjects – for this we use our website and our newsletter.

We also deliver our mission through the providing adaptations such as grab handles, handrails and external ramps.

CASE STUDY 3 Paul Field – a hymn for our time

Singer-songwriter Paul Field is well-known in the Methodist community and was one of the brains behind Cliff Richard's *The Millennium Prayer*. When we wanted to create a song to help mark our 75th anniversary, we asked him to do it. Paul came up with a contemporary hymn, *Christ Is The Cornerstone*.

When he is commissioned to write a bespoke piece, Paul starts with whatever ideas the individual or organisation has in mind in terms of lyric, content and style. He said he received 'a very helpful brief' from MMHS – around a scripture from Ephesians 2:19-22.

'Obviously it very much relates to the work of MMHS,' said Paul, 'you are no longer strangers and aliens, but you're all fellow citizens with the saints and members of the household of God. That's wonderfully inclusive to start with. It's great!' That inspired Paul to write the line, 'There are no strangers here, no barricades, no walls'.

Now the song has been released – through Amazon and all major streaming services – Paul said he wants people in church music groups to play it. 'As it's out there with the music, obviously people will always make the song their own. They'll play it at different speeds, different tempos – that's all fine with me.'

3 Wellbeing support

We never underestimate the value of emotional support, the need for which can arise at anytime and often without much notice.

New ministerial residents in particular require our services at a time in their lives when they are facing substantial change. For those who retire at usual retirement time, the two big changes they face are a change of location and a change of vocation. A change of location involves new relationships, new people and a new environment. Supernumerary ministry is important but loss of stipendiary ministry can be difficult for some. Some embrace the changes, other shrink from them. We are there to support as needed.

Ministerial residents who retire for health or compassionate reasons often have particular vulnerabilities and again, we offer support as needed. Death in service presents a particular challenge as we find ourselves supporting families in the early stages of bereavement.

When our ministerial residents are much older, there is often a shift in the support we need to offer them most notably with reduced mobility, dementia and end of life concerns. One big decision for any individual or family is the move from independent living as a fully active, self-sufficient person, to something more appropriate for increasing incapacity, whether supported or assisted living housing or a care home. We can signpost to what might be available.

We are even able to address loneliness. When a ministerial resident contacts us about any everyday matter such as repair, we are aware that what they might also need is a chat about their day or a listening ear for a problem. It can be a privilege to be part of an unexpected conversation.

4 Collaborative endeavours

Collaborating with other organisations is useful for all charities, not least for MMHS.

Digital inclusion is of great importance for older people and we are pleased to have acted as a catalyst for connectivity and the development of digital skills, through an informal partnership with AbilityNet. Digital inclusion is an area which we wish to develop.

We are in regular dialogue with fellow charities in the Methodist family in order to share information and offer support.

In collaborating with other faith-linked housing providers, we are able to learn from peers with the same values and aims. Very much on a mutual basis, we give and take advice and share knowledge.

5 Engagement with our key stakeholders and supporters

Engagement with our key stakeholders and supporters is crucial to our success as an organisation.

We are hugely grateful for the generosity shown to us in so many ways, in particular through gifts, donations, bequests or legacies. We cannot say 'thank you' enough.

We engage with the Methodist Church through networking events, regular conversations and attendance at The Methodist Church Conference and the Church's retirement courses.

It is also important for us to have good relationships with those we contract for services. In our business dealings, we wish, at all times, to abide by our core values, being professional as individuals and as an organisation and by showing high standards of care, all underpinned by our Christian ethos.

CASE STUDY 4 Les and Di – folk heroes

MMHS ministerial residents Les and Di celebrated their Golden Wedding in our 75th anniversary year. Les and Di met during the heady days of the Methodist Association of Youth Clubs in the 60s and 70s, when tens of thousands would gather for huge rallies with live music. The couple became not only a popular folk music duo at such events – but also husband and wife.

Les met Di at a Methodist youth club. They formed bands and eventually became a duo. They performed *Streets Of London* at local halls and prestigious venues – when it was a little-known tune. Among the lofty places they played was Methodist Central Hall, Westminster, sharing the bill with psychedelic folk-rockers Parchment – who enjoyed chart success with *Light Up The Fire*.

Les and Di have two children and four grandchildren, and also keep busy running a regular folk session that draws people from various backgrounds and ages. When Les retired in 2019, he and Di wanted to live in Norfolk. An MMHS supporter left a house in their will and by coincidence, it was just what they needed. 'We've been very happy here,' said Les, 'MMHS have been absolutely fantastic.' Di added, 'It's a wonderful place to be.'

The beneficiaries of our mission, our ministerial residents, are a central stakeholder group, of course, and we are totally committed to serving them as best we can. It is important for us to be fully aligned with their needs.

PLANS FOR THE FUTURE

Change is all around us. MMHS has always sought to respond well to change whether social, economic or political, and we will continue to do so. We also aspire to be changemakers as well as being an organisation which responds well to change not of our own making.

We are facing into powerful headwinds, for example, continued cost of living and inflationary pressures. Declining numbers in the Methodist Church also present a medium to long-term challenge.

It is with confidence, however, that we are choosing to face the future. We are able to do so because of the strength of our balance sheet and our commitment to using our resources in the best way possible, for the benefit of our present core mission and in new areas of mission.

Insofar as our core mission is concerned, we will continue to innovate where we can, primarily by taking advantage of new technology. This should result in improved efficiency and data quality. It should also speed up the reporting process.

We wish to enhance our services and under our present five-year strategy, we are taking a 'property and people' approach to everything we do. Each is equally important.

MMHS prides itself in providing quality housing and we will continue to care for and improve our housing stock and focus on such matters as heating, insulation and energy efficiency.

In recent years, we have expanded our mission to include wellbeing and we will developing this further. Our wellbeing support encompasses matters connected to age, ill-health, disability and finance.

Risk Management

Risk is an everyday element of charitable activity. Managing it optimally is essential to MMHS if it is to achieve its strategic objectives and safeguard its funds and assets.

Our risk management framework has been designed to support informed decision making.

Individual risks are identified, assessed and managed by the Senior Management Team. Our trustees have ultimate responsibility for statutory and governance oversight of the risks faced by MMHS.

We manage risks in five distinct areas:

- strategic
- governance
- finance
- property
- operational.

In each of these areas of risk, we identify our top risks. We note which ones present us with opportunities.

Our Risk Register is reviewed regularly and risk is a standing item at all Board meetings. We recognise the importance of regular discussions on risk.

The Senior Management Team sets aside time regularly to focus on new and developing risks. Our trustees have regular sight of the Risk Register.

Here are some key risks that we have identified in each of the five areas referred to above, and details of the mitigation we have in place.

STRATEGIC *Declining number of ministerial residents*

There has been a steady decline since 2008 from a peak of 923 households to c680 now. Given the Church's trajectory for Presbyters and Deacons in service, we are planning for a continued steady decline and even a marked 'drop off '.

Examples of mitigation in place

- our Strategic Plan for 2022-2027 addresses this decline in numbers;
- numbers are being monitored for any acceleration in the decline.

GOVERNANCE *Trustees – failure to handle conflicts of interest correctly and in the best interests of MMHS*

Conflicts of interest need to be handled carefully by all trustees. In the case of MMHS, a number of our trustees are also ministerial residents which compounds the responsibility to act in the best interests of MMHS.

Examples of mitigation in place

- implement an appropriate and robust declaration of interest process;
- remind trustees of their responsibilities.

FINANCE *Lack of budgetary control and financial reporting failure*

MMHS loses control of the budget and accounting process leading to over/underspend. This results in inaccurate and/or insufficient information produced to manage the business appropriately.

Examples of mitigation in place

- annual and monthly accounting processes followed correctly;
- financial monitoring undertaken and monthly management accounts and written reports provided to explain figures;

PROPERTY *Failure to maintain and repair property*

Properties not kept in a good state of repair, causing risk to ministerial residents and reputational risk to MMHS.

Examples of mitigation in place

- robust maintenance and repair policies, processes and procedures;
- use of Key Performance Indicators;

OPERATIONAL *Data governance failure*

MMHS holds and makes use of personal data. Confidentiality around this data is of paramount importance. As with other data owners, MMHS is aware that a breach of data security is a very serious risk.

Examples of mitigation in place

- adherence to all our security policies;
- undertaking regular testing of our IT systems' vulnerabilities;

Financial Review

OVERVIEW

Income for the year ended 31 August 2023 totalled £5.7m. Of this amount, revenues generated from the rental income stream amounted to £4.7m (2022: £4.1m).

Donations amounting to £66k (2022: £61k) were received from individual supporters, churches and circuits within the Methodist family. Legacies and grants amounted to £312k (2022: £179k). We remain extremely pleased and grateful for the continued generosity of those who value our mission, despite 2022/23 being a difficult year for charities.

The net surplus derived from the sale of surplus properties amounted to £281k (2022: £719k). Investment income from cash deposits amounted to £336k (2022: £34k); and dividends from funds invested in Central Finance Board (CFB) long term investments yielded £36k (2022: £42k). These CFB investments are held in a combination of equities, fixed interest securities and cash. Over the 12-month reporting year, an unrealised revaluation loss of £13k (2022: £272k) was calculated on the CFB investments. This negative portfolio performance has been caused by rises in inflation and cost of living and unfavourable global economic factors such as the continued war in Ukraine.

Total expenditure in the year was £7.5m (2022: £7.1m). This expenditure exceeded income but it was still 20% below anticipated annual spend. The main components of the cost base were property maintenance, refurbishment, office-based operating costs, depreciation and salaries. The year finished with a smaller deficit of £670k than had been budgeted for. (2022: surplus of £174k).

MMHS has a strong balance sheet. The closing year balance sheet net assets were £187.9m (2022: £187.4m) – with £28.1m (2022: £24.5m) of this being represented by its unrestricted income funds at year end. We aim to maintain a stable financial position for the coming years with the aid of strengthened financial processes, reallocation of resources and service reviews to ensure MMHS is well positioned to serve present and future generations of beneficiaries.

RESERVES POLICY

MMHS's reserves policy is to maintain an appropriate level of reserves to support the operational activities of MMHS, taking into consideration the risks to which MMHS is exposed, as well as existing and projected future levels of income and expenditure.

The policy and the fixing of the required level of reserves are set in accordance with Charity Commission guidelines and are reviewed annually by our trustees. Our trustees consider that operational reserves should be maintained at six months' worth of operational expenditure.

As at 31 August 2023, MMHS's total free reserves were £11.2m (2022: £12.4m) of which the total cash balance was £8.7m (2022: £9.3m). The free reserves are equivalent to 21 months' (2022: 25.6 months') worth of operational expenditure. It is anticipated that free reserves will continue to fall towards the policy level as MMHS's strategic objectives are implemented.

INVESTMENT POLICY

MMHS has the power to invest in such investments, securities or property as the trustees may determine. MMHS's investment policy states that its objective is to produce the best financial return within an acceptable level of risk. Capital preservation is of paramount importance.

As at 31 August 2023, we held £2.341m (2022: £2.262m) with the Epworth Investment Management in a managed investment portfolio. Epworth Investment Management is dedicated to serving the needs of churches and charities. It is wholly owned by Central Finance Board (CFB) of the Methodist Church.

Surplus cash is held in the deposit fund of CFB which meets the ethical standards of the Methodist Church. During the reporting year, interest rates ranged from 1.70%p.a. in September 2022 to 4.92%p.a. in August 2023.

We also hold investment properties. As at 31 August 2023, the investment properties were valued at £31.5m (2022: £25.9m). It is the policy and practice of the trustees to use the rental income from those properties for the furtherance of the objectives of MMHS.

Structure, Governance and Management

The Methodist Ministers' Housing Society is a charitable company limited by guarantee.

Company Number	11929754
Charity Number	1186758 (England and Wales)
Charity Number	SC050661 (Scotland)

The Board of Trustees is the body responsible for the management of MMHS and the number is required to consist of:

- not less than five but not more than fifteen; and
- at any one time no less than one and no more than five shall be tenants of MMHS.

Trustees are appointed for a fixed term not exceeding three years and are eligible for reappointment for up to a further two consecutive terms each of three years. They are not eligible for reappointment after the end of their third consecutive term until after an interval of at least three years has elapsed.

If trustees consider it would be in the best interests of MMHS for a particular trustee to continue to serve beyond nine consecutive years, the trustees may resolve to reappoint that particular trustee for a further fixed term of a year.

MMHS had eight trustees, two of whom resigned during the year. One resigned after the year-end and four further trustees were appointed, also after the year-end. The Senior Management Team comprised the CEO and three executive directors, one for part only of the year. All details are set out at the end of this document.

The trustees may delegate, on such terms as they think fit, any of their powers or functions to any committee comprising three or more trustees as the trustees may appoint. The trustees may delegate the implementation of their decisions or day-to-day management of the affairs of MMHS to any person or committee.

The Board of Trustees had three committees during part of the year – Property, Finance & Resources, and Audit & Risk. Acting on a governance recommendation, the Board resolved to discontinue those committees and have one committee only, Audit. Committees act in accordance with the terms of reference by which powers or functions are delegated.

The Board met regularly during the year, and increased the number of its meetings to ensure coverage of all business previously dealt with by committees.

The CEO is responsible for the implementation of the decisions of the trustees and the day-to-day management of the affairs of MMHS. The CEO is also the Company Secretary. Together with the Chair, the CEO works to enable the Board to fulfil its functions. The CEO is responsible for effective management systems to ensure all staff have clarity about their roles and objectives, and have the appropriate appraisals and training to enable them to fulfil their roles and contribute to MMHS's strategic objectives.

The requirement for trustees to demonstrate effective governance of charities increases year on year. Our trustees give priority to good governance and some of the issues they have considered are detailed below.

PUBLIC BENEFIT

MMHS's purpose, as set out in its Articles, is to provide housing or financial assistance towards the housing needs of Methodist Presbyters and Deacons ('ministers') of limited means who are in receipt of their full Methodist Church pension, and also to various categories of persons connected to the ministers. In this report, we have been pleased to provide full details of all those who have benefitted from the charitable activities and objectives of MMHS during the year for which we are reporting, 1 September 2022 to 31 August 2023.

We are always mindful of the Charity Commission's general guidance on public benefit whenever we review both what we are doing at present and what we hope to do in the future.

SAFEGUARDING

We know we have a responsibility to ensure that we don't cause harm to anyone who has contact with us. We promote a strong safeguarding culture. We make sure that our trustees and staff are suitable persons for their roles and to that end we have robust recruitment processes, obtain references and carry out Disclosure and Barring Service (DBS) checks. We have policies in place covering bullying, harassment and whistleblowing. We have procedures in place to ensure safe handling of incidents or allegations of abuse.

ENVIRONMENTAL RESPONSIBILITIES

You will have read earlier in this document about our commitment to greening our property portfolio. We are pleased to report we have more initiatives which are improving our environmental impact significantly. These include:

- participating in a recycling scheme;
- emailing letters and materials if at all possible rather than using the postal system;
- good management of our office's heating and cooling system;
- pursuing becoming a paperless office (inasmuch as this is possible in practical terms);
- encouraging full use of our Board Management Software;
- being careful with our travel footprint, noting that the increase in hybrid and online Board meetings has helped with this objective.

EQUALITY AND DIVERSITY

We are an equal opportunities employer and employ staff from a wide variety of backgrounds, origins, experiences and cultures. We respect and value people's differences in terms of skills, experience, background, ethnicity and gender.

We believe in treating each other fairly, creating a workplace where every person has access to opportunities to develop their potential fully.

We also adhere to the following practices:

- we are transparent;
- we do not tolerate any form of intimidation, bullying or harassment;
- we listen to and respect one another's opinions;
- we promote an inclusive culture.

STAFF REMUNERATION POLICY AND PERFORMANCE MANAGEMENT

We are committed to attracting and retaining the best people and as such, aspire to pay market rates for jobs and to pay an annual cost of living award. Some posts require skills that relate specifically to the housing sector and some are more generic. Data from individual markets provides us with the ranges within which we remunerate staff at different levels

A comprehensive package of benefits is also offered to staff including a contributory pension scheme, life and critical illness insurance, generous annual leave and flexible working options. We support staff and trustees' development through learning and development programmes for each. For staff, performance is evaluated through a comprehensive appraisal system and includes capturing qualitative and quantitative feedback. Targets are set in line with strategic objectives.

FUNDRAISING

We do not carry out charitable fundraising, expend resources on fundraising activities or engage the services of third parties to do so on our behalf.

Notwithstanding the foregoing, we are registered with the Fundraising Regulator. We are aware of the Regulator's Code of Practice and its core values.

Statement of Trustees' Responsibilities

In accordance with applicable law and United Kingdom Accounting Standards, the trustees are required to prepare the trustees' report (including the strategic report) and financial statements for each financial year which give a true and fair view of the state of affairs of MMHS and of the income and expenditure of MMHS for that period.

In preparing these financial statements, the trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards and Charities SORP (FRS 102);
- prepared the financial statements on the going concern basis.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of MMHS, and enable them to ensure the financial statements comply with applicable law.

The trustees are not aware of any relevant audit information that has not been disclosed to MMHS's auditors. The trustees have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that MMHS's auditors are aware of this information.

The trustees are also responsible for safeguarding the assets of MMHS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report (including the strategic report) on pages 1 to 16 was approved by the Board of Trustees on and signed on their behalf.

24 April 2024

Alan Taylor, Revd.
Chair of Trustees

Date

Independent Auditors' Report

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE METHODIST MINISTERS' HOUSING SOCIETY

OPINION

We have audited the financial statements of Methodist Ministers' Housing Society (the 'charity) for the year ended 31 August 2023 which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet, the Statement of Cash flows, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2023 and the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its environment, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, the Charities Act 2011 and the Charities Statement of Recommended Practice.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

USE OF THE AUDIT REPORT

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

N J Wakefield
Nicola Wakefield (May 2, 2024 15:04 GMT+1)

Nicola Wakefield
(Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton,
Surrey SM1 4FS

02-May-2024

Date

Financial Statements

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £000	2022 £000
Income			
Voluntary income		742	2,668
Investment income		2,018	1,581
Income from charitable activities		2,665	2,552
Realised net gain on sale of properties		281	719
	2	**5,706**	**7,520**
Expenditure			
Raising funds		134	146
Housing maintenance & repair		6,426	6,095
Buying & selling properties		349	304
Ministerial resident support		276	269
Equity		287	260
	3	**7,472**	**7,074**
Operating Surplus/(Deficit) for the year		**(1,766)**	**446**
Statement of Total Unrecognised Gains and Losses			
Unrecognised (loss)/gain on fixed asset investments		1,096	(272)
		(670)	**174**

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2023

	Note	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from					
Donations, legacies and grants	2.1	742	-	742	2,668
Charitable activities	2.3	2,665	-	2,665	2,552
Investments	2.2	2,018	-	2,018	1,581
Gain on disposal of properties	2.4	281	-	281	719
Total	2	**5,706**	-	**5,706**	**7,520**
Expenditure on					
Raising funds	3.1	134	-	134	146
Charitable activities					
Housing maintenance & repair	3.1	6,426	-	6,426	6,095
Buying & selling properties	3.1	349	-	349	304
Ministerial resident support	3.1	276	-	276	269
Equity	3.1	287	-	287	260
Total	3	**7,472**	-	**7,472**	**7,074**
Net income/(expenditure) before revaluation and investment gains		**(1,766)**	-	**(1,766)**	**446**
Unrealised (losses) on long term investments	4	(13)	-	(13)	(272)
Tangible fixed asset adjustment		(175)	-	(175)	-
Unrealised gain on valuation of functional properties	7.2	1,239	-	1,239	-
Unrealised gain on valuation of investment properties	7.2	1,031	-	1,031	2,878
Depreciation adjustment re investment properties	7.1	102	-	102	180
Increase in equity share investment revaluation reserve		4	-	4	8
Net movement in funds		**422**	**-**	**422**	**3,240**
Funds					
Total funds brought forward	11/12	187,392	9	187,401	184,161
Total Funds carried forward	11/12	**187,814**	**9**	**187,823**	**187,401**

BALANCE SHEET AS AT 31 AUGUST 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed Assets					
Tangible assets	6	24		87	
Programme related investments	7	144,973		148,862	
Investment properties	7	31,504		25,994	
Long term investment	4	2,341		2,262	
MMHS equity share investment		81		77	
Total fixed assets			**178,923**		**177,282**
Current assets					
Debtors	8	795		1,999	
Investments	9	8,570		9,000	
Cash at bank and in hand		132		270	
Total current assets		9,497		11,269	
Liabilities					
Creditors: Amounts falling due within one year	10	(597)		(1,150)	
Net current assets					10,119
			8,900		-
Net Assets			**187,823**		**187,401**
The funds of MMHS					
Restricted income funds	11		9		9
Unrestricted income funds			28,082		24,527
Income funds			28,091		24,536
Designated fixed asset reserves	12		144,997		148,949
Designated rent reserves	12		600		600
Revaluation reserve	12		13,970		13,155
Designated equity share fund	12		84		84
Equity share investment revaluation reserve	12		81		77
Total MMHS funds			**187,823**		**187,401**

24 April 2024

Alan Taylor, Revd.
Chair of Trustees

Date

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Net cash (used in) operating activities	16		(1,235)		(1,159)
Cashflows from investing activities:					
Investment income		2,019		1,581	
Purchase of MMHS Equity investments		(4)		(9)	
Purchase of COIF investments		-		1	
Purchase of long term investments		(92)		-	
Purchase of properties		(4,543)		(1,370)	
Purchase of tangible fixed assets		-		(1,136)	
Proceeds from sale of properties		3,600		4,057	
Residents' equity contributions received		226		319	
Residents' equity contributions repaid		(539)		(1,050)	
Net cash provided by investing activities			667		2,393
Change in cash in the year			(568)		1,234
Cash brought forward at 1 September 2022 / 1 September 2021			9,257		8,023
Cash at 31 August 2023			**8,689**		**9,257**
Reconciliation of cash balances					
Cash at bank			132		270
Investment cash	9		8,557		8,987
Cash at 31 August 2023			**8,689**		**9,257**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2023

The Financial Statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

1 ACCOUNTING POLICIES

a) Basis of preparation

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees consider that it is appropriate for these accounts to be prepared on the going concern basis given the level of properties and reserves held. The charity has adequate financial resources and is able to manage the business risks. The planning processes, including financial forecasts and projections, take into consideration the prevailing economic climate. The trustees have looked at least twelve months ahead and are satisfied that the charity has adequate resources to continue in operational existence for the near future and there are no material uncertainties that call into doubt the charity's ability to continue in operation.

b) Accounting Convention

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings, and in accordance with the Statement of Recommended Practice, (SORP), "Accounting and Reporting by Charities: Statement of Recommended Practice", applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102)) and Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

c) Accounting for Fixed Assets

Land and buildings are shown at cost less depreciation of the buildings. Where there is evidence of impairment fixed assets are written down to their recoverable amount. No depreciation is provided for on freehold land. The principal annual rates used for assets are:

Properties:	2% straight line
Office equipment	25% straight line

d) Valuation of Properties

At the date of incorporation, properties were included in the accounts at fair value and treated as deemed cost. A ratio of 1/3 land and 2/3 building costs was taken as the split between the two components. The building costs were depreciated at 2% annually from the date of incorporation

The equity share of the properties held by tenants is valued as a percentage of the valuation of the properties. An adjustment is made to adjust the acquisition cost of the equity to equal the percentage of the valuation of the properties. The amount of the adjustment is offset against the depreciation charge set against the total values of the properties.

e) Valuation of Investment Properties

Properties held for the purpose of generating income are considered to be investment properties and are held at fair value. External valuations are conducted at regular intervals with an internal desktop review in intermediate years. External valuations are carried out by independent valuers who have ability in, and experience of, the valuation of land and buildings of the particular kind, and in the particular area, in question. These properties are let on short term arrangements so that they are available for future retiring ministers. The value of the properties will be regularly reviewed in order to identify any permanent impairment.

f) Value Added Tax

As the work of MMHS is classified as exempt or non-business activities for the purpose of Value Added Tax the Society is unable to reclaim the Value Added Tax, which it suffers on purchases. Expenditure in these financial statements is shown inclusive of Value Added Tax paid.

g) Income

Income is recognised in the period in which MMHS is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period. In accordance with this policy, legacies are included when the Society is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Void adjustment is calculated on the basis of lost market rent rather than calculating the loss of income based on the rent paid by ministers. This does not affect the overall result but increases income and void losses.

h) Expenditure and basis of allocation of costs

Expenditure is included when incurred.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objects of the charity. Staff costs and office costs are allocated in the same proportion as directly attributed staff costs.

i) Fund Accounting

Funds held by MMHS are either:

Unrestricted general funds – these are funds, which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor when funds are raised for particular restricted purposes.

Revaluation reserve – these funds represent the revaluation gains on the properties transferred to investment properties from functional fixed assets.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

j) Planned Maintenance Expenditure

To show the full costs incurred on maintaining properties, planned maintenance costs are included in the Statement of Financial Activities and are not capitalised to the balance sheet.

k) Capitalisation

MMHS has capitalised part of the cost of refurbishments. The basis of the amount capitalised is the lower of costs incurred and the difference between the market value before and after refurbishment.

l) Pension Scheme

MMHS operated a defined benefit pension scheme with the Methodist Church up to May 2019. The assets of the scheme are invested and managed independently of the finances of MMHS. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the statement of financial activities over the average remaining service

lives of current employees.

A defined contribution Workplace pension scheme and an auto enrolment scheme are also operated by Scottish Widows.

m) Liquid Resources

MMHS's liquid resources consist of cash invested in deposit accounts with the Central Finance Board of the Methodist Church, which can be accessed on demand. During the year cash was also held in its HSBC current account.

n) Allocation of salary and support costs

Salary and support costs are allocated between expenditure headings on the basis of staff time and the number of staff working on departmental activities. Governance costs are allocated in line with the support costs.

2 TOTAL INCOME

2.1 Voluntary income

	2023	2022
	£000	£000
Grants		
Fund for Support of Presbyters and Deacons	74	18
Legacies		
Legacies received in the year	312	179
Donations		
District contributions	38	49
General donations	28	12
Bequests/Gifted Properties		
Bequests received in the year	290	2,410
Voluntary Income	**742**	**2,668**

2.2 Investment income

	2023	2022
	£000	£000
Interest receivable on deposits	336	34
Market rents receivable	1,646	1,505
Dividends	36	42
	2,018	**1,581**

2.3 Income from charitable activities

	2023	2022
	£000	£000
Charitable rents receivable	**2,665**	**2,552**
Rental analysis	No.	No.
Charitable Ministerial Rents	685	710
Market rents	166	166
Vacant units	47	20
	894	**896**

2.4 Gain on disposal of properties

	2023	2022
	£000	£000
Gains on sale of properties	509	1,115
(Loss) on reimbursement of equity	(228)	(396)
	281	**719**

3 TOTAL EXPENDITURE

3.1 Analysis of expenditure

Summary	2023	Staff costs	Support costs	Direct costs	2022
	£000	£000	£000	£000	£000
Raising funds	134	62	50	22	146
Housing maintenance & repair	6,426	507	406	5,513	6,095
Buying & selling properties	349	186	149	14	304
Ministerial resident support	276	135	108	33	269
Equity	260	143	85	32	260
	7,472	**1,035**	**829**	**5,608**	**7,074**

3.2 Analysis of salary costs

	2023	2022
	£000	£000
Salaries	809	794
Employers national insurance contributions	79	81
Employers pension & phi contributions	147	147
	1,035	**1,022**

The full-time equivalent number of employees in 2023 was 20.6 (2022: 15.2). The headcount in 2023 was 22 (2022: 16)

Employees receiving remuneration excluding pension contributions, in excess of £60,000:	2023 No.	2022 No.
£60,001 - £70,000	1	-
£70,001 - £80,000	-	3
£80,001 - £90,000	2	-
£90,001 - £100,000	-	1
£110,001 - £120,000	1	-
	4	**4**

The key management personnel of MMHS comprise of the CEO, Finance Director, Operations Director and Property Director (part-year only). Total benefits paid were £266,623 (2022: £321,140). The total employer's pension contribution of the key management personnel was £49,787 (2022: £50,645).

3.3 Analysis of support costs

	2023	Raising Funds	Housing maintenance & repair	Buying & selling properties	Ministerial resident support	Equity	2022
	£000	£000	£000	£000	£000	£000	£000
Staff training	8	1	4	1	1	1	9
Staff recruitment	46	3	22	9	6	6	3
Temporary staff	46	3	23	8	6	6	74
Travel & subsistence	29	2	14	5	4	4	25
Office rent, rates & services	69	4	34	12	9	10	67
Office administration costs	256	15	126	46	33	36	212
Professional charges	369	22	180	67	48	52	190
Depreciation	6	-	3	1	1	1	27
Support costs	**829**	**50**	**406**	**149**	**108**	**116**	**607**

3.4 Analysis of direct costs

3.4.1 Costs of raising voluntary income

	2023	2022
	£000	£000
Publicity & advertising	22	48
Direct costs	**22**	**48**

3.4.2 Charitable activities – housing maintenance and repair

	2023	2022
	£000	£000
Refurbishment	608	874
Refurbishments capitalised	(386)	(650)
Planned work	1,369	944
Repairs & maintenance	177	157
Gas & electrical contract	210	212
Electrical remedial work	126	335
Electrical testing programme	38	80
External painting	202	231
Primary	2,344	2,183
Property depreciation	2,336	2,346
Property insurance	83	72
Leasehold charges	61	64
Empty property costs	95	84
Management fees	447	479
Grants to tenants	-	26
Other including governance	147	43
Secondary	3,169	3,114
	5,513	**5,297**

3.4.3 Charitable activities – buying and selling of properties

	2023	2022
	£000	£000
Professional charges	-	5
Governance costs	14	6
Direct costs	**14**	**11**

3.4.4 Governance costs allocated to charitable activities

	2023	2022
	£000	£000
Auditors remuneration - audit	25	14
Board expenses	36	4
Direct costs	**61**	**18**

The Board expenses of £36,331 (2022: £3,567) is made up of travel and subsistence expenses amounting to £2,878 (2022: £2,390) which were reimbursed to 9 board members (2022: 9); and board expenses of £6,054 (2022: £1,178) and trustee search and appointment costs of £27,399 (2022: £0). No member of the Board received any remuneration in the current year or prior year.

3.4.5 Charitable activities – ministerial resident support

	2023	2022
	£000	£000
Wellbeing – general expenditure	6	16
Wellbeing – repairs and maintenance	14	1
Wellbeing – initiatives	-	35
Wellbeing – rent	3	1
Governance costs	10	4
Direct costs	**33**	**57**

3.4.6 Charitable activities – equity

	2023	2022
	£000	£000
Professional charges	16	28
Governance costs	10	4
Direct costs	**26**	**32**

4 LONG TERM INVESTMENTS

	2023	2022
	£000	£000
Fair value at 1 September 2022	2,262	2,507
Purchase and sale of investments	92	27
Loss on revaluation	(13)	(272)
Fair value at 31 Aug 2023	**2,341**	**2,262**
Represented by:		
Equity funds	1,093	791
Overseas funds	791	841
Government bond funds	350	413
Corporate bond funds	330	365
Climate Stewardship fund	314	-
UK Property fund	70	-
Short term funds	36	330
Cash	16	-
Total investments	**2,341**	**2,262**

Investments are held in accordance with MMHS's investment policy detailed in the trustees' report.

5 PENSION COSTS

MMHS is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church ('the Scheme'), a defined benefit scheme.

FRS102 Disclosures

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2023 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:

	31 August 2023 % pa	**31 August 2022** % pa
Discount rate	5.2	3.9
RPI inflation rate	3.4	3.5
CPI inflation rate	2.8	3.0
Rate of increase in pensionable earnings	2.8	3.0
Rate of increase in pension payments	2.2 / 3.3 / 5.0	2.3 / 3.4 / 5.0

The major categories of the Scheme's assets (excluding money purchase AVCs) as a percentage of the total Scheme assets, were as follows:

	31 August 2023 % pa	**31 August 2022** % pa
Equities	-	12
Corporate bonds	46	37
Property	-	10
Cash	19	16
Liability Driven Investment	31	20
Annuities	4	5

The following amounts at 31 August 2023 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	57.2
Present value of scheme liabilities	53.2
Net overfunding in Scheme	4.0
Unrecognised assets	(4.0)
Net Defined Benefit Asset	**0.0**

The Scheme operated by the Methodist Church is a defined benefit scheme. However, MMHS is not the only participating employer in the Scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. This is because contributions paid into the Scheme have not been invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of MMHS.

In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer.

Under the terms of the Scheme, the assets and liabilities are pooled amongst the participating employers.

If a participating employer were to cease to participate then that employer would be required to pay a debt to fully fund their share of the Scheme's liabilities. MMHS would not be liable for another employer's debt but has an option to assume responsibility under an apportionment arrangement.

The Scheme closed to new entrants and the future accrual of pensionable service with effect from 31 May 2019 and therefore regular employer contributions ceased on this date.

A full actuarial valuation of the Scheme was carried out at 1 September 2020 by the Scheme Actuary. The valuation disclosed a past service deficit of £16.7m. It was agreed that the shortfall revealed at 1 September 2020 should be eliminated by contributions to be paid from the Pension Reserve Fund of the Methodist Church to the Scheme as follows:

- £2,380,000 per annum each August, starting August 2021 up to and including August 2026; and
- Between £0 and £529,000 each December, starting December 2021 up to and including December 2026. The precise amount payable will be determined by the Scheme Actuary having regard to Scheme experience.

An update of the funding position as at 1 September 2022 was carried out by the Scheme Actuary. This showed that the past service deficit had reduced from £16.7m to £1.1m.

A full actuarial valuation was carried out as at 1 September 2023.

6 TANGIBLE ASSETS

	2023	**2022**
	£000	£000
Office equipment		
Cost at 1 September 2022	319	296
Additions in the year	-	23
Disposals in the year	(3)	
Cost at 31 August 2022	316	319
Depreciation at 1 September 2022	232	183
Depreciation in the year	60	49
Depreciation at 31 August 2023	292	232
Net book value at 31 August 2023	**24**	**87**

7 PROGRAMME RELATED INVESTMENTS

7.1 Land and buildings

	Freehold	Leasehold	**2023**	**2022**
	£000	£000	£000	£000
Cost				
Balance at 1 September 2022	162,221	12,561	174,782	176,448
Revaluations during the year	-	-	-	-
Additions in year	4,157	-	4,157	2,180
Capitalisation of refurbishments	386	-	386	650
Disposals in year	(2,957)	(391)	(3,348)	(3,211)
Transfer from/to leasehold/freehold properties	235	(235)	-	-
Transfer to investment properties	(3,153)	(687)	(3,840)	(4,227)
Transfer from investment properties	600	-	600	2,942
Balance at 31 August 2023	161,489	11,248	172,737	174,782
less				
Depreciation				
Depreciation at 1 September 2022	6,830	505	7,335	5,290
Depreciation for disposals	(124)	(11)	(135)	(120)
Depreciation written off	-	-	-	-
Depreciation re investments	(84)	(18)	(102)	(180)
Depreciation for the year	2,196	140	2,336	2,345
Depreciation at 31 August 2023	8,818	616	9,434	7,335
Balance at 31 August 2023	**152,671**	**10,632**	**163,303**	**167,447**
Balance at 31 August 2022	**155,391**	**12,056**	**167,447**	**171,158**
No. of units at 1 September 2022	816	80	896	909
No. of acquisitions	13	-	13	8
No. of disposals	(14)	(1)	(15)	(21)
No. of units at 31 August 2023	**815**	**79**	**894**	**896**

The assets under this heading comprise 894 (2022: 896) units of accommodation which include 162 (2022: 166) units which are occupied by market rent tenants who have security of tenure as at the 31 August 2023. Note 1d describes how the properties are valued. The revaluation reserve is included within General Reserves, in accordance with the Charities SORP.

7.2 Equity sharing scheme

The equity share scheme enables ministerial residents to acquire a financial interest in their retirement homes. This interest is determined by the amount contributed by a ministerial resident in proportion to the value of the property at the relevant date. At the year-end, 394 MMHS ministerial residents had an equity share. (2022: 402).

		2023		**2022**
	No.	£000	No.	£000
At Cost				
Balance at 1 September 2022	402	18,543	418	18,959
Additions in year	3	226	4	319
Disposals in year	(11)	(539)	(20)	(735)
Balance at 31 August 2023	394	18,230	402	18,543
Less				
Depreciation adjustment				
Balance at 1 September 2022		42		15
Annual adjustment		58		27
Balance at 31 August 2023		100		42
Combined		**18,330**		**18,585**

Total Programme related investments

	2023	**2022**
	£000	£000
Land and buildings	163,303	167,447
Equity sharing scheme	(18,330)	(18,585)
	144,973	**148,862**

Investment Properties

	2022	**2021**
	£000	£000
Balance brought forward	25,994	21,831
Transfer from tangible fixed assets	3,840	4,227
Transfer to tangible fixed assets	(600)	(2,942)
Revaluation of properties	2,270	2,878
Balance carried forward	**31,504**	**25,994**

8 DEBTORS

	2023	2022
	£000	£000
Sundry debtors	72	-
Prepayments & accrued income	390	236
Legacies	332	1,763
	795	**1,999**

9 INVESTMENTS

	2023	2022
	£000	£000
Restricted Funds		
COIF Inc Shares	13	14
Deposits with Central Finance Board	1	1
	14	15
Unrestricted Funds		
Deposits with Central Finance Board	8,556	8,440
Other investments	-	545
Total investments	**8,570**	**9,000**

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£000	£000
Creditors	53	716
Accruals	541	432
Loans – interest free	3	2
	597	**1,150**

11 RESTRICTED FUNDS

The Piggott Trust

	2023	2022
	£000	£000
Charities Official Investment Fund income shares	9	9
	9	**9**

In September 1960 the Charity Commissioners approved and established a Scheme whereby the Charity of Mary Piggott and the specified endowment thereof could be administered and managed under the title of the Piggott Trust by MMHS.

The capital sum is invested with the Central Finance Board of the Methodist Church and the Charities Official Investment Fund and in accordance with the Scheme the income is applied to defray the cost of repair and upkeep of the property belonging to MMHS and situated at 47 Gainsford Road, Clacton, Essex.

12 UNRESTRICTED FUNDS

	At 1 September 2022	Revaluation/ Other	Movements in the year	Transfers between funds	At 31 August 2023
	£000	£000	£000	£000	£000
Revaluation reserve	13,155	815	-	-	13,970
Fixed asset reserve	148,949	-	-	(3,952)	144,997
Rent reserve	600	-	-	-	600
Equity share reserve	84	-	-	-	84
Equity share revaluation reserve	77	4	-	-	81
Total designated funds	162,865	819	**-**	**(3,952)**	159,732
General funds	24,527	1,572	**(670)**	3,952	28,082
Total	**187,152**	**1,092**	**(670)**	**-**	**187,814**

Designated funds are those earmarked by the trustees for specific purposes or projects as noted in the above designations.

13 CAPITAL COMMITMENTS

At the year end MMHS had no commitments to purchase properties.

14 OPERATING LEASE COMMITMENTS

Commitments under operating leases are as follows:

	2023	2022
	£000	£000
Payments within one year	50	152
Expiring between two–five years	640	36
More than five years	38	-
	728	**188**

Rent paid in respect of the financial year 2022-2023 was a total of £152,000 (2022: £152,000)

15 RELATED PARTIES

There are three Board members, Revd A Taylor, Revd Dr M Cole and Revd S Jenner (resigned 18 May 2023) who are ministerial residents of MMHS. Their tenancies are on normal terms.

16 CASH FLOW INFORMATION

Reconciliations of net income/(expenditure) to net cash flow from operating activities

	2023	**2022**
	£000	£000
Net income/(expenditure)	(670)	174
Adjustments for:		
Decrease/(increase) in debtors	1,204	(1,828)
Decrease/(increase) in creditors	(552)	400
Net realised (gain) on sale of properties	(499)	(1,115)
Unrecognised (gain) on investments and fixed assets	(1,096)	-
Net realised loss on reimbursement of equity	-	396
Depreciation		
	2,396	2,395
Investment income	(2,018)	(1,581)
Net cash (used in) operating activities	(**1,235**)	**(1,159)**

17 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022

	Unrestricted funds	Restricted funds	Total funds
	2022	2022	2022
	£000	£000	£000
Income from			
Donations, legacies and grants	2,668	-	2,668
Charitable activities	2,552	-	2,552
Investments	1,581	-	1,581
Gain on disposal of properties	719	-	719
Total	**7,520**	**-**	**7,520**
Expenditure on Raising funds	146	**-**	146
Charitable activities			
Housing maintenance and repair	6,095	-	6,095
Buying and selling properties	304	-	304
Ministerial resident support	269		269
Equity	260	-	260
Total	**7,074**	**-**	**7,074**
Net income before revaluation and investment gains	**446**	**-**	**446**
Unrealised loss on long term investment	(272)	-	(272)
Unrealised gain on valuation of investment properties	2,878	-	2,878
Depreciation adjustment re investment properties	180	-	180
Increase in equity share investment revaluation reserve	8	-	8
Net movement in funds	**3,240**	**-**	**3,240**
Funds			
Total funds brought forward	184,152	9	184,161
Total Funds carried forward	**187,392**	**9**	**187,401**

Administrative Details

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

Trustees

Revd Alan Taylor *(Chair from 16 Feb 2023)* *
Mr Alexander Campbell OBE *(Chair until 16 Feb 2023)*
Revd Paul Martin [2] [3] [4]
Revd Dr Marion Cole
Mrs Sharon Green [3]

Resignations
Mr Chris Firth [1] (Resigned 24 Nov 2022)
Revd Jacquie Evans [2]
Revd Stephanie Jenner [3] (Resigned 18 May 2023)

Appointments
Mrs Kate Andrews [4] (Appointed 16 Nov 2023)
Mrs Abi Labbett (Appointed 16 Nov 2023)
Mr Richard Myers (Appointed 16 Nov 2023)
Mr Chris Appleton (Appointed 16 Nov 2023)

[1] Chair of the Finance & Resources Committee (until 24 Nov 2022)
[2] Chair of the Audit & Risk Committee (until 24 Nov 2022)
[3] Member of the Property Committee (until 24 Nov 2022)
[4] Chair Elect of the Audit Committee (from 16 Nov 2023)
* *Ex-officio* member of all Committees

Senior Management Team

Mrs Mairi Johnstone	CEO
Mr Richard Hawkins	Operations Director
Mrs Atawa Aryee	Finance Director (until 9 Oct 2023)
Mr Paul Gillam	Property Director (until 23 Sept 2022)

Principal Bankers

HSBC
The Peak, 333 Vauxhall Bridge Road, Victoria, London SW1V 1EJ

Auditor

Mazars LLP
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Methodist Ministers'
Housing Society

Contact Details
Place of Business and Registered Office:
Methodist Ministers' Housing Society
109 Baker Street, London W1U 6RP

admin@mmhs.org.uk
0203 848 6020

Company Numbers 11929754 (UK)
Charity Numbers 1186758 (England and Wales), SC050661 (Scotland)

METHODIST MINISTERS' HOUSING SOCIETY

England & Wales - Charity number 1186758

Accounts

Trustees' Report and Financial Statements 01 September 2021– 31 August 2022

Methodist Ministers' Housing Society

Company Numbers 11929754 (UK), 006195F (Isle of Man)
Charity Numbers 1186758 (England and Wales), SC050661 (Scotland)

mmhs.org.uk

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About us

WHO WE ARE

Methodist Ministers' Housing Society ('MMHS') was founded in 1948. Our story from the very beginning has been one of extraordinary generosity and far-reaching vision. Our purpose is set out in our mission statement below.

OUR VISION

'There was not a single person in need among them'. (Acts 4:34)

OUR MISSION

To meet the housing and housing-related needs of retired Methodist Ministers of limited means, their spouses, widows and widowers - and to offer support for their wellbeing in the key areas of mobility and independence.

OUR CORE VALUES

We have a Christian ethos of which we are proud and it underpins who we are and what we do. Our concern is to show high standards of care in all we do and to be professional both as individuals and as an organisation.

OUR PLANS FOR 2022-2027

In a later section of this report, 'Plans for the Future', we set out key plans arising out of Strategy for 2022-2027.

Welcome from our Chair

We are living in very challenging times or perhaps I should say, we continue to live in very challenging times.

It was with some relief when, finally, we were able to move beyond the worst of the Covid-19 pandemic, but we were then thrust into a period of multiple crises. Consider our current cost of living crunch, the war in Ukraine, a cost and supply crisis with building materials, industrial action and the impact of a shrinking workforce, to name some but not all.

Quite remarkably, given the backdrop, I am pleased to say that, once again, we managed to deliver our services effectively. During the deepest troughs of the Covid-19 pandemic, the staff team remained positive and resolute. This year's report showcases our successes with some of our many projects and activities. I hope you enjoy reading it.

During this period, we were also able to set out our Strategy for 2022-2027. I would like to express my thanks to our CEO, Mairi Johnstone, and my fellow trustees, for all the hard work that went into mapping out a good future for MMHS. Some of the steps we will be taking are elaborated on in the section, 'Plans for the Future'.

Finally, I would like to acknowledge warmly, the amazing generosity shown to MMHS through the gifts and donations we receive from our supporters and the legacies and bequests we receive from those who remember us in their Wills. All make the seemingly impossible, possible. We are so grateful.

Alan Taylor, Revd.

Message from our CEO

The 2020s, so far, have been incredibly difficult.

Throughout its history, MMHS has always sought to respond well to change whether social, economic, or political. As we entered the 2020s, little did we realise quite how much this well-honed attitude to change would be tested.

The global Covid-19 pandemic serves as an example of change that impacted severely on individuals and communities. It placed significant pressure on MMHS, but we worked around – or with – the challenges of the pandemic and did not fail in our mission.

The challenges that followed hard on the heels of the pandemic, as touched on in our Chair's Welcome, have been equally hard to navigate but again, I am delighted that we have not failed in our mission. I would even go so far as to say that we have been brave and confident and have pressed ahead with new plans.

I hope everyone reading this report enjoys the mix of facts and figures we have provided which show how we have managed to reach our vision, realise our mission and live up to our core values. The case studies in our report showcase lives well lived. It is our privilege to provide housing for ministers who have dedicated their lives to making the world a better place, in both ordinary and extraordinary ways.

In finishing, I would like to pay tribute to all the people who make MMHS what it is – a charity with a heart. In so many ways, MMHS is its people. Thank you, all.

Mairi Johnstone

Strategic Report

MORE ON OUR MISSION

MMHS operates in the United Kingdom, the Isle of Man and the Channel Islands. We are delighted to be able to provide housing and associated services across this wide geographical area. It means we are able to offer real choice.

As well as providing for those who retire at a usual retirement age, we also look after those who retire early on health or compassionate grounds. We care, too, for widows, widowers and dependants of ministers who die in active service.

Our equity sharing *scheme*, whereby retiring ministers can have an equity interest in the properties we provide, extends our mission very effectively. We also have an equity sharing *fund* whereby MMHS can take an equity share in a property owned by both retiring and retired ministers.

Wellbeing support is very important to us, particularly when it comes to assisting Ministerial Residents with their mobility and their ability to live independently in their MMHS properties for as long as possible. A key element of this is to ensure that our properties are suitably adapted for use, and are also fully accessible.

Whilst we are a housing provider, we are equally focused on the occupants of our houses, our Ministerial Residents. Our mission is very much people-centred.

ACHIEVEMENTS AND PERFORMANCE: OUR WORK

In this section, we would like to report on a range of matters which we will categorise as follows:

1 management of our properties;
2 wellbeing initiatives;
3 wellbeing support;
4 collaborative endeavours;
5 engagement with key stakeholders and supporters.

In between each of these sections, we are pleased to share a number of interesting case studies.

1. Management of our properties

We began the year with 909 properties. During the year, we sold 21 properties, purchased six and received two as bequests.

Of the 896 properties in our portfolio at the end of August 2022, 710 were occupied by our Ministerial Residents, 166 by market rent tenants and 20 were unoccupied. Empty properties are unavoidable due to Ministerial Residents' movements and during marketing periods for sale or rent. Empty property numbers are always kept to a minimum and the time left empty is kept as short as possible.

We were pleased to provide housing for 27 new Ministerial Residents, including two medical retirees. We transferred six Ministerial Residents.

Under our equity share scheme, Ministerial Residents can have an equity share of their retirement homes.

Equity interests are calculated by reference to the market value of the property at the time a Ministerial Resident moves in. At the end of August 2022, 402 Ministerial Residents had equity shares with a total fair value of £18,585,000.

Under present policy, we prioritised using our existing portfolio when offering accommodation to new Ministerial Residents. Occasionally, however, we will purchase properties for those who have medical or other valid reasons for requiring a particular type of property in a particular area, not covered by our portfolio.

Our purchasing budget is allocated mainly to transferees. Life can be very difficult for our older Ministerial Residents, especially if they are advancing significantly in age – many want to live near their close family members. We also respond quickly to needs arising out of ill health.

Best possible management of our property portfolio is at the heart of our mission. We strive to get things right. During the year, we had to manage the continuing disruption from the enforcement of Covid-19 response Guidance and Regulations. This included the following:

- a reduction in requests from residents for non-urgent works;
- many residents shielding, precluding the attendance of workpeople at their homes;
- difficulties in procuring and ordering works;
- many contractors working at reduced capacity.

We have a rolling programme for maintaining and repairing our properties. More than 1,787 jobs were completed relating to the maintenance and repair of our properties. These included 12 bathrooms, 8 kitchen refits, 34 driveway repairs and 82 external decorations.

In addition to maintaining and repairing our properties, we routinely inspect them to ensure compliance with electrical and gas safety standards including CO_2, heat and smoke detectors.

Electrical inspections and associated remedial works are administered and undertaken by HES Fire Protection Limited. For most of the year, Boiler Plan UK Limited was our national supplier for annual gas compliance checks. They entered into administration towards the end of the year on which we are reporting. We have since engaged the services of Gas-Elec.

As responsible landlords, we also have an external decorating programme, in order to maintain the external fabric of our properties. This year, we focused on the general external 'kerb appeal' of our properties, substantially increasing the spend for external decorations, driveway upgrades and fencing.

We also delivered 26 refurbishment projects with a total spend of £905,439. We continue to benefit from highly competitive quotations for our refurbishments through using smaller contractors with limited overheads, all despite a very difficult climate in the building industry. Typically, we will use five contractors for every refurbishment tender, with at least one from the locality of the property.

We maintained a tight control of refurbishment contracts by ensuring our documentation of works included all that they should, at the time of tender. This meant that 75% of our projects were delivered below budget.

Equally satisfying is the fact that half of our refurbishment projects were delivered ahead of time, despite Covid-19 Pandemic restrictions impacting material delivery and labour supply.

All of our projects come under Construction, Design and Management regulations and it has been a few

CASE STUDY 1

THE THRILL OF GARDENING – AS TOLD BY OUR MINISTERIAL RESIDENT, ANN.

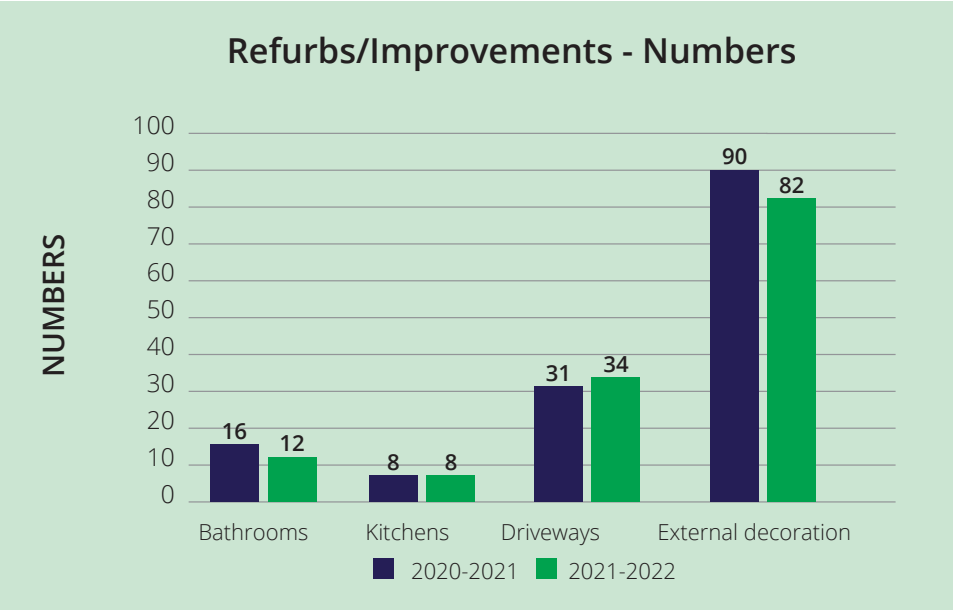
Have you ever experienced the thrill of eating your own food? You've never had a carrot until you've had one straight out of your own ground. All you have to do is wash the soil off and eat it. My husband Paul and I have been gardening for many years. We've been in our MMHS house here in north-east England since 1997 – and put in a shed, five raised beds and a waist-high trough. Gardening is good for your mental health because you're close to nature. It's something we should all try and do.

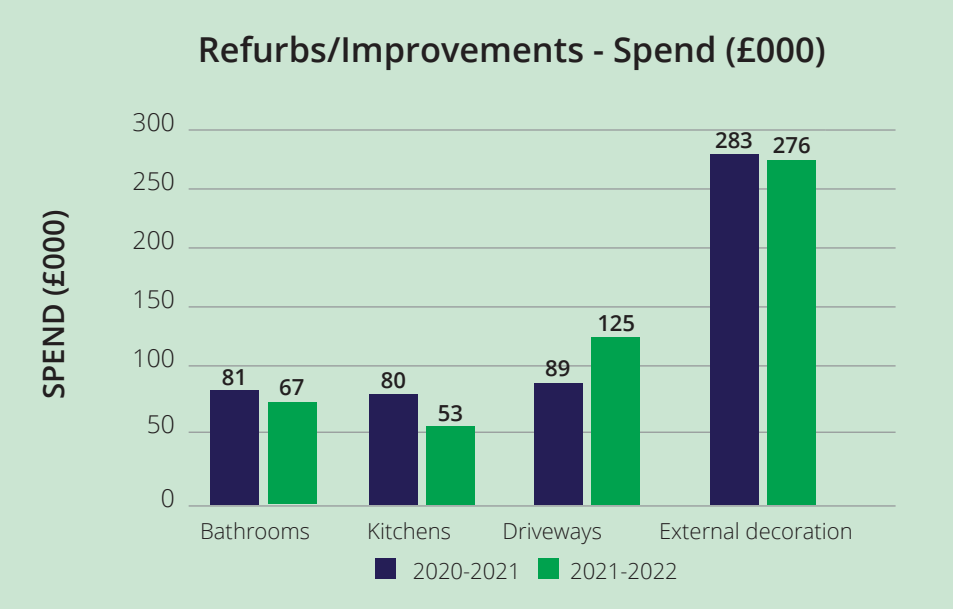
years since any of our refurbishments have come under the F10 notification of major works to the Health and Safety Executive, as we do not at present carry out structural works such as 'through lounges' and 'kitchen/diners'. It should also be noted we no longer use external consultants for regular refurbishments and all design, as well as Health and Safety matters, are dealt with on an 'in house' basis.

We remain very committed to 'greening' our property portfolio. Energy efficiency and insulation levels are constantly being upgraded whenever works are undertaken. We are pleased to confirm the following:

- we have a rolling programme of boiler replacement taking out old inefficient boilers and replacing them with modern combination boilers. A total of 55 new boilers were installed in the period. We are also eliminating cold water storage tanks which can harbour diseases such as legionella;
- heating systems are being upgraded to provide better controls including thermostatic radiator valves throughout to allow our Ministerial Residents to minimise their use of fuel whilst still remaining comfortable;
- instantaneous low flow shower fittings are being provided;
- loft insulation is being installed when missing and also increased where appropriate;
- our window and external door replacement programme is delivering modern double-glazed units that improve insulation levels and eliminate draughts. A total of 30 properties benefited from new windows and external doors;
- all light fitting replacements to kitchens and bathrooms are low energy fittings.

We continue to monitor closely the availability of Government grants in connection with 'the green agenda' and will utilise them if we can. We are mindful of the costs to be incurred in the future to ensure compliance with new regulations and legislation and any grants for which we qualify will be most welcome.

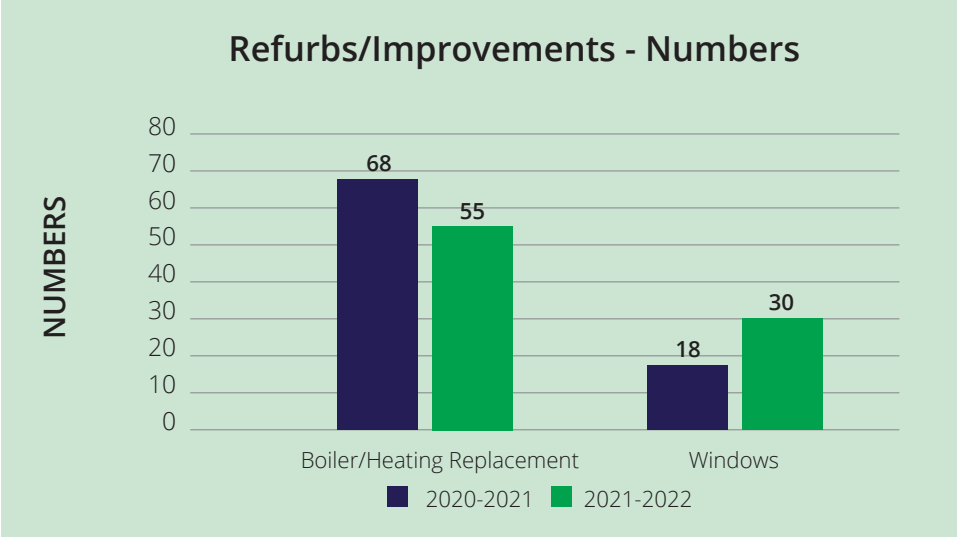


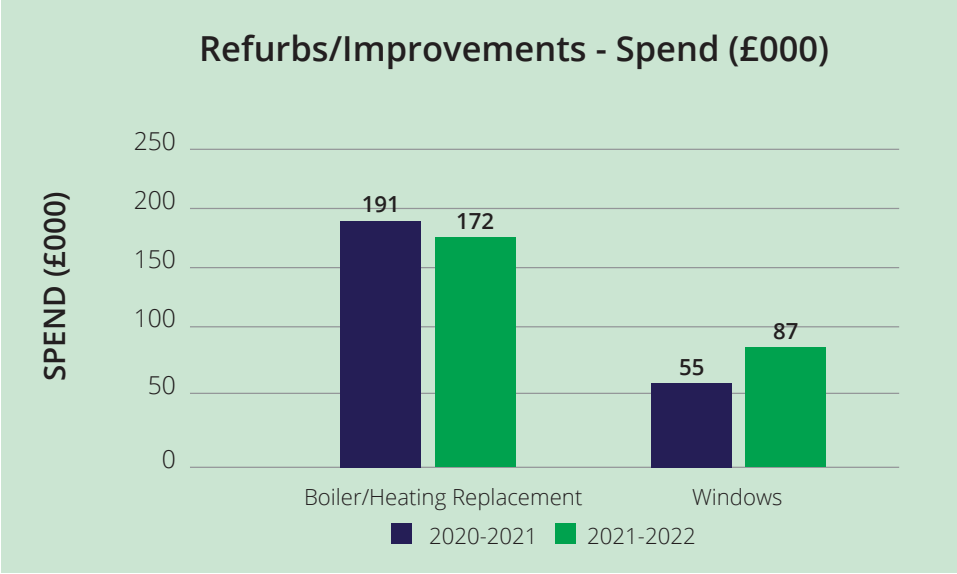


CASE STUDY 2

CHARLES MAKES THE NEWS

MMHS ministerial resident and former trustee, Charles, made the news. He completed an 80-mile walk along The Wirral Way – taking him across stunning scenery and down ancient pathways – and also onto headlines across web, print and airwaves. Journalists in radio stations and newspapers shared the story of Charles' terrific trek that marked his 80th birthday and the 50th anniversary of his ordination. Charles raised more than £2000 for our Wellbeing Fund.





2. Wellbeing initiatives

Our initiatives cover a wide range from contributing to decorating costs to providing financial help with rent. We also signpost to where help on a range of subjects can be obtained – for this we use our website and our newsletter.

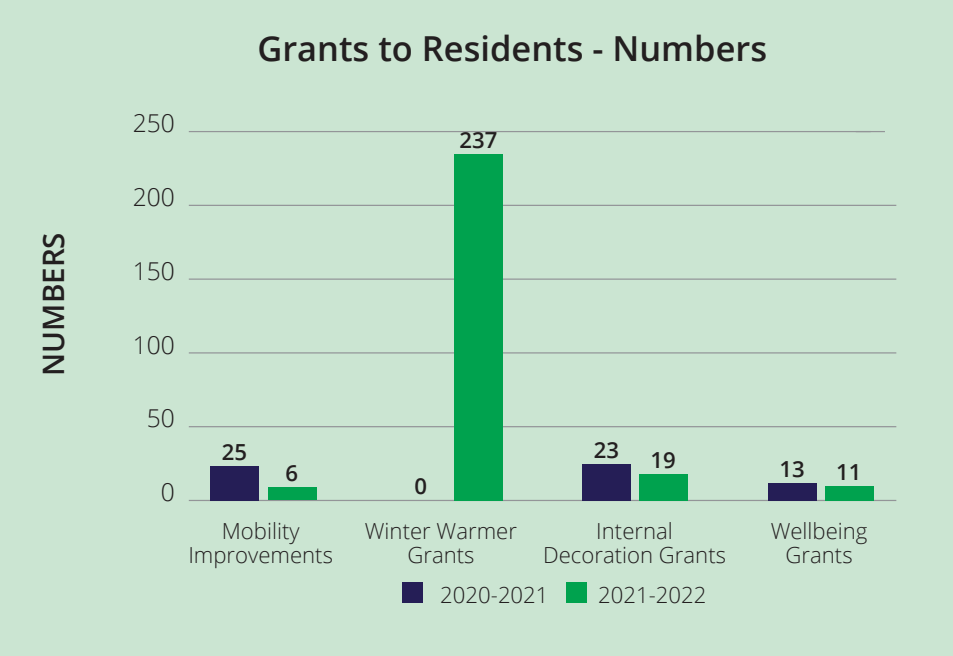
We will also link up with other organisations if we can see benefit for our Ministerial Residents. We were pleased to enter into a collaborative relationship with *AbilityNet*, an organisation which, as they put it, 'believe in a digital world accessible to all'. One part of their mission is providing free IT support to older people.

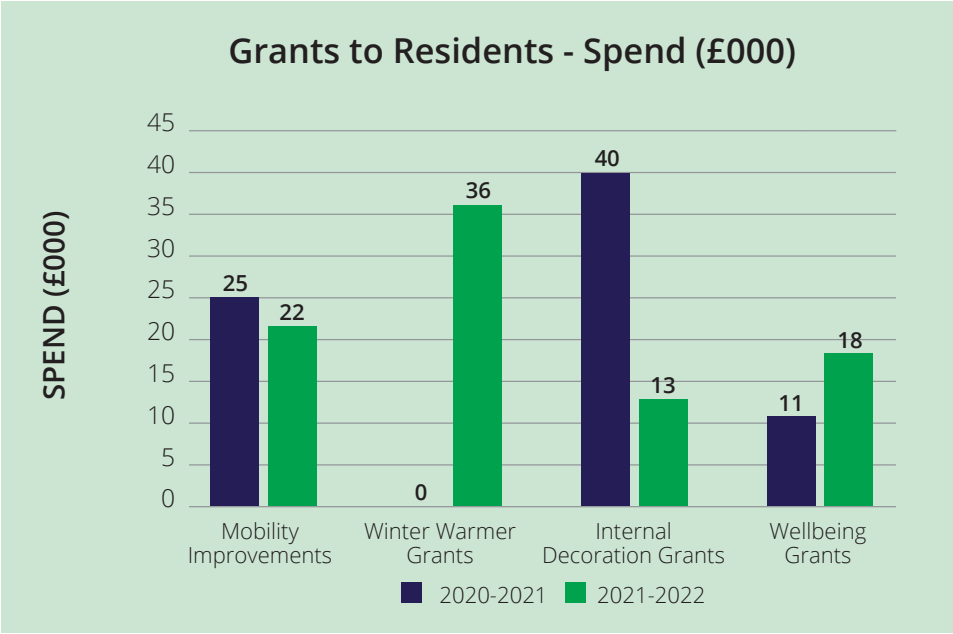
Our responsibilities as a landlord do not normally cover internal decoration. If we become aware, however, that some of our Ministerial Residents are struggling with this matter both physically and financially, we will assist. A new grant scheme was launched to provide support in the present energy price crisis.

In total, we had 273 wellbeing claims with a total commitment of just under £89,000.

3. Wellbeing support

We never underestimate the value of emotional support and the role MMHS can play in a person's sense of wellbeing. There are many times and contexts when we are able to provide timely support.





New Ministerial Residents need our services at a time in their lives when they are facing substantial change. For those who retire at a more usual time, the two big changes which they face are a change of location and a change of vocation. Supernumerary ministry is important but loss of stipendiary ministry can be difficult for some. A change of location involves new relationships, new people and a new environment. Some find these changes easier than others. We are there to support as needed.

Ministerial Residents who retire for health or compassionate reasons often have particular vulnerabilities and again, we offer support as needed. Death in service presents a particular challenge as we are often supporting families in the early stages of bereavement.

When our Ministerial Residents are much older, we can become involved supporting them and their families with a range of issues most notably, reduced mobility, dementia and end of life matters. One big decision for any individual or family is the move from independent living as a fully active, self-sufficient person, to something more appropriate for incapacity, whether supported or assisted living housing or a

CASE STUDY 3

MEET JOYCE – A PIONEER IN MISSION, MINISTRY AND... METALLURGY

Just as L S Lowry was a pioneer of northern art, fellow Salfordian Joyce is a pioneer of women in mission. Born in the land of 'matchstalk men and matchstalk cats and dogs', Joyce's Salford story reflects the Lowry print that hangs in her MMHS home. 'You could play happily in the streets because there was very little transport,' she recalled. 'The milk was delivered by horse and cart. It was just a nice, friendly place.'

Joyce went on to earn a scholarship for grammar school: 'I had this great interest in science'. Leaving school in 1952, she became a research trainee specialising in metals at a large engineering firm, Metropolitan-Vickers in Manchester's Trafford Park. 'Somehow metallurgy hit me,' Joyce smiled. 'We were growing crystals in petri dishes which are now used in everything we have...what are we calling them now...semiconductors!' The technology they were developing helped create all our electronic appliances today.

Joyce spent her spare time at Salford's historic Dock Mission, leading small groups and working with the Guides. She was inspired by the deaconesses, who had time for others: 'They were absolutely great women'.

She sensed her own calling to become a minister. 'I didn't see myself continuing in industry, but what was my place in the Church? I couldn't see it,' said Joyce. Women were not allowed to become presbyters at the time.

Initially, Joyce found vocational fulfilment in Christian Aid. She was inspired by Janet Lacey, a fellow Methodist, who made history as the first director of Christian Aid. Joyce spent ten years with the fledgling Christian Aid.

When the Church started ordaining women, Joyce did one last job for Christian Aid – establishing their work in Greater Manchester – before becoming a minister in 1979.

care home. We can signpost to what might be available.

Sometimes it is in the middle of dealing with the ordinary that we find we are able to offer support, for example, when someone has made contact for say, a repair, but what they really want more than anything is a conversation or a listening ear. Loneliness is a problem that we help alleviate in delightful and unexpected ways.

4. Collaborative endeavours

Collaborating with other organisations is useful for all charities, not least for MMHS.

As mentioned in the earlier section on Wellbeing, we collaborated with *AbilityNet* in order to provide our Ministerial Residents with a service we ourselves could not provide. We advertised the service under the heading '*Make friends with your computer*'. Digital inclusion is of great importance for older people and we are pleased to have acted as a catalyst for connectivity and the development of digital skills.

We also collaborated with the Methodist Church and fellow charities in the Methodist family to produce a Legacy booklet *'Thine be the glory'*. It was fitting to be a contributor in a joint Methodist Charities Initiative.

In collaborating with other faith-linked housing providers, we are able to learn from peers with the same values and aims. Very much on a mutual basis, we access and offer information and share skills and knowledge. We were pleased to reach agreement with the Church of England for Methodist Ministers to be able to access two of their seven supported housing schemes.

5. Engagement with our key stakeholders and supporters

Engagement with our stakeholders and supporters is crucial to our success as an organisation.

We are hugely grateful for the kindness shown to us in so many ways, in particular financially, through gifts, donations, bequests or legacies.

We engage with the Methodist Church through networking events, regular conversations and attendance at The Methodist Church Conference and Retirement Courses.

We always express our thankfulness for financial gifts, especially from Methodist churches and chapels around the country.

It is also important for us to have good relationships with those we contract for services. We aspire, at all times, to live out our core values in our business dealings by being professional as individuals and as an organisation, by showing high standards of care and by having a Christian ethos.

The beneficiaries of our mission, our Ministerial Residents, are a central stakeholder group, of course, and we are totally committed to serving them as best we can. We engage with them through a wide variety of media. It is important for us to be fully aligned with their needs.

PLANS FOR THE FUTURE

In agreeing our five-year Strategic Plan 2022-2027 ('our Strategy'), we were very mindful of the importance of learning from the past and preparing for the future. To paraphrase Kierkegaard, life may be lived forward, but it is understood backward. Learning from the past took us all the way back to 1948 and we tracked from that time, a wide range of matters, for example, need, eligibility, donor intent, and asset management.

CASE STUDY 4

PUPPY LOVE

It's been a dog's life for 40 years for MMHS resident Iris. She recently celebrated her 40th anniversary of being a 'Puppy Raiser' for Guide Dogs, just after the charity marked its 90th birthday. Iris has cared for 27 puppies who went on to help people with sight loss. 'I'd quite like to make it to 30,' she said. Iris has also done some daring fundraising activities for the charity such as parachuting and abseiling – as well as gliding down the world's fastest zipwire at speeds of around 100 mph.

As a Puppy Raiser, Iris has been looking after a dog for 12-16 months and has guided it through training – as well as providing the pup with a happy home.

Iris is delighted with her MMHS home. 'It's a very cosy house in a terrace, and I'm so lucky I have lovely neighbours,' she said.

In 2023, we are celebrating our 75th anniversary. This is a remarkable achievement of which we can be proud.

In Britain, since 1948, there has been an ever-present national need for housing. MMHS has met – and continues to meet – the housing and housing-related needs of retiring ministers of the Methodist Church who would otherwise find it difficult, if not impossible, to purchase a property for their retirement. As mentioned previously, it is our privilege to serve those who have served so many in their ministries, and continue to do so as supernumeraries. Their ministries have far-reaching impact on lives and communities.

A significant amount of in-depth research, discussion, and debate sits behind our Strategy for 2022-2027. We used the consultancy services of experts to review our market-rented portfolio, our maintenance and repair service, our financial performance, and what it would take to fund the decarbonisation agenda.

We researched the future of the Methodist Church in Britain. We worked with data from the Methodist Church, data from the Office for National Statistics on age, and we captured general trends in the UK in the provision of housing, poverty and care of the elderly.

We were able to build a model, bespoke to MMHS's profile, to which we will refer regularly as we plan for the future. We had a Strategy Conference, entitled *Building Boldly*, in October 2021 and a Strategy Day, entitled *Stepping Stones*, in May 2022.

It is from this position of preparedness and indeed, of being fully informed, that we put together our Strategy for 2022-2027.

We have 19 strategic objectives and we would like to highlight some of them:

- We will continue to provide quality housing to retiring ministers who fulfil our eligibility criteria. We look regularly at our eligibility criteria, usually annually. It is important to ensure it remains relevant, financially workable, and responsive to the changing face of ministry in the Methodist Church. Like all private landlords providing quality housing, we are facing into considerable headwinds, most notably – increasing regulation, tough market pressures, the cost impact of inflation, and expected legislative changes, for example, with EPCs and the decarbonisation agenda generally.
- We will have a particular focus on transfers. We know that moving nearer to family members and other sources of support, can assist our ministerial residents to remain in general housing for longer than might otherwise be possible.
- We will establish collaborative relationships with other agencies, charities or groups so that we can signpost ministers to housing that we are unable to provide. We will build on the agreement we have reached with the Church of England for retired Methodist ministers, whether or not with MMHS, to access two of their seven supported housing schemes. MMHS's own provision will remain general housing.
- We will continue to care for and improve our housing stock to the best of our ability. We will undertake a bespoke survey of each of our properties with a focus on energy efficiency, health and safety, and asbestos.
- We will continue to develop use of our Wellbeing Fund, for example, in supporting those who are in financial distress. We will provide further one-off grants similar to the one paid out during this year on which we are reporting, the Winter Warmer Grant.
- We will continue to meet need through the provision of aids and adaptations and, if appropriate, by funding costs ourselves or sharing costs with the Fund for the Support of Presbyters and Deacons. Our wish is to enable our Ministerial Residents to live independently in their own homes for as long as possible.
- We will seek new ways to generate income in a sustainable way. Our exceptionally low charitable rents present operating income challenges, especially in the face of current escalating costs, high inflation rates and increasing regulation. In the short-term, we will continue to subsidise the rental income generated from our Ministerial Residents with commercial rental income from our market-rented portfolio but we will dispose of the market-rented portfolio in the medium-term and purchase investment-only properties or invest in a suitable property fund.
- We will continue to build capacity and capability by investing in and developing our staff team and board of trustees, so that all are fully equipped to deliver what is expected of them.
- We aspire to be 'agile, mobile and with access to real-time data and information'. In the short term, we are continuing to make best use of our existing software, but plans are underway to replace our present housing management system with a system that is better aligned to our present and future needs. We are also rebuilding our document management system.

Risk Management

Risk is an everyday element of charitable activity. Managing it optimally is essential to MMHS if it is to achieve its strategic objectives and safeguard its funds and assets.

Our risk management framework has been designed to support informed decision making.

Individual risks are identified, assessed and managed by the Senior Management Team. Our trustees have ultimate responsibility for statutory and governance oversight of the risks faced by MMHS.

We are committed to managing risks in five distinct areas:

- strategic
- governance
- finance
- property
- operational.

In each of these areas of risk, we identify our top risks. We note which ones might be opportunities.

Our Risk Register is reviewed regularly and risk is a standing item at all Board meetings. We recognise the importance of regular discussions on risk, highlighted by the impact of the recent Covid-19 Pandemic.

The Senior Management Team sets aside time regularly to focus on new and developing risks. Anything of note is fed back into the Risk Register. Our trustees, as a body, have regular sight of the Risk Register.

Here are some key risks that we have identified in each of the five areas referred to above, and details of the mitigation we have in place.

STRATEGIC *Declining number of Ministerial Residents*

There has been a steady decline since 2008 from a peak of 923 households to c710 now. Given the Church's trajectory for Presbyters and Deacons in service, we are planning for a continued steady decline and even a marked 'drop off'. We have noted, gratefully, that Covid-19 did not have a significant impact on our Ministerial Residents in terms of loss of life.

Mitigation

- the CEO is in regular conversation with the Church;
- our new Strategic Plan for 2022-2027 addresses this decline in numbers;
- numbers are being monitored for any acceleration of the decline.

GOVERNANCE *Board - failure to handle conflicts of interest correctly and in the best interests of MMHS*

Conflicts of interest need to be handled carefully by all boards. In the case of MMHS, some of our trustees are also Ministerial Residents which compounds the responsibility to act in the best interests of MMHS.

Mitigation

- implement an appropriate and robust declaration of interest process;
- review declaration of interest forms regularly;
- ensure good understanding of any issues arising;
- remind trustees of their responsibilities.

FINANCE *Lack of budgetary control and financial reporting failure*

MMHS loses control of the budget and accounting process leading to over/underspend. This results in inaccurate and/or insufficient information produced to manage the business appropriately.

Mitigation

- annual and monthly accounting processes followed correctly;
- financial monitoring undertaken and monthly management accounts and written reports provided to explain figures;
- regular Finance Team and Senior Management Team meetings held.

PROPERTY *Property repair*

Properties not kept in a good state of repair, causing risk to Ministerial Residents and reputational risk to MMHS. Lack of knowledge of property condition due to insufficient inspection.

Mitigation

- maintenance of accurate property records;
- robust maintenance and repair policies;
- use of Key Performance Indicators;
- periodic inspection of properties (if delayed, visit ASAP);
- use of a comprehensive Asset Management Strategy;
- continuous review of policies, processes and procedures.

OPERATIONAL *Data governance failure*

MMHS holds and makes use of sensitive personal data. Confidentiality around this data is of paramount importance. As with other data owners, MMHS is aware that a breach of data security is a very serious risk.

Mitigation

- adherence to all our Security Policies and specifically our Data Protection and Privacy Policy;
- undertaking regular testing of our IT systems' vulnerabilities with our IT provider;
- training all staff on data protection and privacy expectations;
- regular monitoring of regulatory changes.

Financial Review

OVERVIEW

MMHS income for the year ended 31 August 2022 increased to £7.5m (2021: £5m), a 50% increase on the previous financial year. This is a result of a large increase in bequests received in the year £2.4m (2021: £400k). Revenues generated from the rental income stream amounted to £4m (2021: £3.8m).

Donations amounting to £61k (2021: £57k) were received from individual supporters, churches and circuits within the Methodist family. Legacies and grants amounted to £197k (2021: £179k). We remain extremely pleased and grateful for the continued generosity of those who value our mission, despite 2021/22 being a difficult year for charities.

The net surplus derived from the sale of surplus properties amounted to £719k (2021: £506k). Investment income from cash deposits amounted to £34k (2021: £15k); and dividends from funds invested in Central Finance Board (CFB) long term investments yielded £42k (2021: £33k). These CFB investments are held in a combination of equities, fixed interest securities and cash. Over the 12-month reporting year, an unrealised revaluation loss of £272k (2021: gain of £377k) was calculated on the CFB investments. This negative portfolio performance has been caused by rises in inflation and cost of living, a UK financial crisis as well as unfavourable global economic factors.

Total charitable expenditure in the year increased to £7m (2021: £6.2m) and amounted to 86% of anticipated annual spend. The main components of the cost base were property maintenance, refurbishment, office-based operating costs, depreciation and salaries. As a result of the overall increase in income and the carefully managed cost base, the year finished with a surplus of £174k.

MMHS has a strong balance sheet. The closing year balance sheet net assets were £187m (2021: £184m) – with £24.5m (2021: £19.4m) of this being represented by its unrestricted income funds at year end. We aim to maintain a stable financial position for the coming years with the aid of strengthened financial processes, reallocation of resources and service reviews to ensure MMHS is well positioned to serve present and future generations of beneficiaries.

RESERVES POLICY

MMHS's reserves policy is to maintain an appropriate level of reserves to support the operational activities of MMHS, taking into consideration the risks to which MMHS is exposed, as well as existing and projected future levels of income and expenditure.

The policy and the fixing of the required level of reserves are set in accordance with Charity Commission guidelines and are reviewed annually by our trustees. Our trustees consider that operational reserves should be maintained at six months' worth of operational expenditure.

As at 31 August 2022, MMHS's total free reserves was £12.4m (2021: £9.9m) of which the total cash balance was £9.2 (2021: £8m). The free reserves are equivalent to 25.6 months' (2021: 19 months') worth of operational expenditure.

INVESTMENT POLICY

MMHS has the power to invest in such investments, securities or property as the trustees may determine. MMHS's investment policy states that its objective is to produce the best financial return within an acceptable level of risk. Capital preservation is of paramount importance.

As at 31 August 2022, we held £2.262m (2021: £2.507m) with the Epworth Investment Management in a managed investment portfolio and £545k with Close Brothers in deposits. Epworth Investment Management is dedicated to serving the needs of churches and charities. It is wholly owned by Central Finance Board (CFB) of the Methodist Church.

Surplus cash is held in the deposit fund of CFB which meets the ethical standards of the Methodist Church. During the reporting year, interest rates ranged from 0.01%p.a. in September 2021 to 1.37% in August 2022.

We also hold investment properties. As at 31 August 2022, the investment properties were valued at £25.9m (2021: £21.8m). It is the policy and practice of the trustees to use the rental income from those properties for the furtherance of the objectives of MMHS. These assets provide essential income streams for our service delivery.

GOING CONCERN

In order to assess the appropriateness of the going concern assumption basis, the trustees have considered MMHS's financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future, considering the risks to which MMHS is exposed including the ongoing impacts of the pandemic and potential decarbonisation costs. The external UK and global economy remain vulnerable as they struggle to withstand the uncertain impacts of the war in Ukraine and its effects on the globe.

Our trustees have concluded that the risk of MMHS being unable to continue is remote. Accordingly, the trustees have a reasonable expectation that MMHS will be able to continue in operation and meet its liabilities as they fall due, for at least 12 months from the date of this report. They continue to adopt the going concern basis in preparing the financial statements.

Structure, Governance and Management

The Methodist Ministers' Housing Society is a charitable company limited by guarantee.

Company Number	11929754 (UK)
Company Number	006195F (Isle of Man)
Charity Number	1186758 (England and Wales)
Charity Number	SC050661 (Scotland)

The Board of Trustees is the body responsible for the management of MMHS and the number is required to consist of:

- not less than seven but not more than fifteen; and
- at any one time no less than two and no more than five shall be tenants of MMHS.

Trustees are appointed for a fixed term not exceeding three years and are eligible for reappointment for up to a further two consecutive terms each of three years. They are not eligible for reappointment after the end of their third consecutive term until after an interval of at least three years has elapsed.

If trustees consider it would be in the best interests of MMHS for a particular trustee to continue to serve beyond nine consecutive years, the trustees may resolve to reappoint that particular trustee for a further fixed term of a year.

MMHS had eight trustees during the year. The Senior Management Team comprised the CEO and three directors (Finance, Operations & Property) during the year. All of their details are set out at the end of this document.

The trustees may delegate, on such terms as they think fit, any of their powers or functions to any committee comprising three or more trustees as the trustees may appoint. The trustees may delegate the implementation of their decisions or day-to-day management of the affairs of MMHS to any person or committee.

The Board of Trustees had three committees during the year – Property, Finance & Resources, and Audit & Risk. They act in accordance with the terms of reference by which powers or functions are delegated.

The Board and its committees meet regularly during the year, as follows:

The Board	Four times a year
Property Committee	Three times a year
Finance & Resources Committee	Four times a year
Audit & Risk Committee	Two times a year, the second jointly with the Finance & Resources Committee

Additional meetings are organised, if needed.

The CEO is responsible for the implementation of the decisions of the trustees and the day-to-day management of the affairs of MMHS. The CEO is also the Company Secretary. Together with the Chair, the CEO works to enable the Board to fulfil its functions. The CEO is responsible for effective management systems to ensure all staff have clarity about their roles and objectives, and have the appropriate appraisals and training to enable them to fulfil their roles and contribute to MMHS's strategic objectives.

The requirement for trustees to demonstrate effective governance of charities increases year on year. Our trustees give priority to good governance and some of the issues they have considered are detailed below.

PUBLIC BENEFIT

MMHS's purpose, as set out in its Articles, is to provide housing or financial assistance towards the housing needs of Methodist Presbyters and Deacons ('ministers') of limited means who are in receipt of their full Methodist Church pension, and also to various categories of persons connected to the ministers. In this report, we have been pleased to provide full details of all those who have benefitted from the charitable activities and objectives of MMHS during the year for which we are reporting, 1 September 2021 to 31 August 2022.

We are always mindful of the Charity Commission's general guidance on public benefit whenever we review both what we are doing at present and what we hope to do in the future.

SAFEGUARDING

We know we have a responsibility to ensure that we don't cause harm to anyone who has contact with us. We promote a strong safeguarding culture. We make sure that our trustees and staff are suitable persons for their roles and to that end we have robust recruitment processes, obtain references and carry out Disclosure and Barring Service (DBS) checks. We have policies in place covering bullying, harassment and whistleblowing. We have procedures in place to ensure safe handling of incidents or allegations of abuse.

ENVIRONMENTAL RESPONSIBILITIES

You will have read earlier in this document about our commitment to greening our property portfolio. We are pleased to report we have more initiatives which are improving our environmental impact significantly. These include:

- participating in a recycling scheme;
- emailing letters and materials if at all possible rather than using the postal system;
- reviewing the operation of our office's heating and cooling system;
- pursuing becoming a paperless office (inasmuch as this is possible in practical terms);
- encouraging full use of our Board Management Software;
- being careful with our travel footprint.

EQUALITY AND DIVERSITY

We are an equal opportunities employer and employ staff from a wide variety of backgrounds, origins, experiences and cultures. We respect and value people's differences in terms of skills, experience, background, ethnicity and gender.

We believe in treating each other fairly, creating a workplace where every person has access to opportunities to develop their potential fully.

We also adhere to the following practices:

- we are transparent;
- we do not tolerate any form of intimidation, bullying or harassment;
- we listen to and respect one another's opinions;
- we promote an inclusive culture.

STAFF REMUNERATION POLICY AND PERFORMANCE MANAGEMENT

We seek to set pay in line with the market and to this end, we benchmark to market every three years using the services of external consultants. In intervening years, we give due regard to the remuneration ranges recommended in the benchmarking data, market pressures for particular roles and inflationary pressures.

A comprehensive package of benefits is also offered to staff including a contributory pension scheme, life and critical illness insurance, generous annual leave and flexible working options.

We support staff and trustees' development through learning and development programmes. For staff, performance is evaluated through a comprehensive appraisal system and includes capturing qualitative and quantitative feedback. Targets are set in line with strategic objectives.

FUNDRAISING

We do not carry out charitable fundraising, expend resources on fundraising activities or engage the services of third parties to do so on our behalf.

At any time in the future, were we to undertake fundraising activities, we would comply with the Fundraising Standards Board regulations.

Notwithstanding the foregoing, we are registered with the Fundraising Regulator. We are aware of the Regulator's Code of Practice and its core values.

Statement of Trustees' Responsibilities

In accordance with applicable law and United Kingdom Accounting Standards, the trustees are required to prepare the trustees' report and financial statements for each financial year which give a true and fair view of the state of affairs of MMHS and of the income and expenditure of MMHS for that period.

In preparing these financial statements, the trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards and Charities SORP (FRS 102);
- prepared the financial statements on the going concern basis.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of MMHS, and enable them to ensure the financial statements comply with applicable law.

The trustees are also responsible for safeguarding the assets of MMHS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees' report on pages 1 to 23 was approved by the Board of Trustees on 16 February 2023 and signed on their behalf.

Alan Taylor, Revd.
Chair of Trustees

26 April 2023

Date

Independent Auditors' Report

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE METHODIST MINISTERS' HOUSING SOCIETY

OPINION

We have audited the financial statements of Methodist Ministers' Housing Society ('the charity') for the year ended 31 August 2022 which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report included within the report of the trustees.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006, the Charities Act 2011 and the Charities Statement of Recommended Practice.

In addition, we evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

USE OF THE AUDIT REPORT

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed N J Wakefield Nicola Wakefield (May 5, 2023 09:23 GMT+1) Date 05-May-2023

Nicola Wakefield
(Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton SM1 4FS

Financial Statements

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £000	2021 £000
Income			
Voluntary income		2,668	636
Investment income		1,581	1,447
Income from charitable activities		2,552	2,424
Realised net gain on sale of properties		719	506
	2	7,520	5,013
Expenditure			
Raising funds		146	113
Housing maintenance & repair		6,095	5,405
Buying & selling properties		304	272
Ministerial resident support		269	208
Equity		260	239
	3	7,074	6,237
Operating Surplus/(Deficit) for the year		446	(1,224)
Statement of Total Recognised Gains and Losses			
Surplus/(Deficit) for the year		446	(1,224)
Statement of Total Unrecognised Gains and Losses			
Unrecognised (loss)/gain on fixed asset investments		(272)	377
		174	(847)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total funds 2022 £000	Total funds 2021 £000
Income from					
Donations, legacies and grants		2,668	-	2,668	636
Charitable activities		2,552	-	2,552	2,424
Investments		1,581	-	1,581	1,447
Gain on disposal of properties		719	-	719	506
Total	2	**7,520**	-	**7,520**	**5,013**
Expenditure on					
Raising funds	3.1	146	-	146	113
Charitable activities					
Housing maintenance & repair		6,095	-	6,095	5,405
Buying & selling properties		304	-	304	272
Ministerial resident support		269	-	269	208
Equity		260	-	260	239
Total	3	**7,074**	-	**7,074**	**6,237**
Net income/(expenditure) before revaluation and investment gains		**446**	**-**	**446**	**(1,224)**
Unrealised (loss)/gain on long term investment	4	(272)	-	(272)	377
Unrealised (loss) on valuation of functional properties	7.1	-	-	-	(103)
Unrealised gain on valuation of investment properties	7.1/2	2,878	-	2,878	2,590
Depreciation adjustment re investment properties	7.1	180	-	180	-
Increase in equity share investment revaluation reserve		8	-	8	-
Net movement in funds		**3,240**	**-**	**3,240**	**1,640**
Funds					
Total funds brought forward	11/12	184,152	9	184,161	182,521
Total Funds carried forward	11/12	**187,392**	**9**	**187,401**	**184,161**

BALANCE SHEET AS AT 31 AUGUST 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed Assets					
Tangible assets	6	87		113	
Programme related investments	7	148,862		152,184	
Investment properties	7	25,994		21,831	
Long term investment	4	2,262		2,507	
MMHS equity share investment		77		69	
Total fixed assets			177,282		176,704
Current assets					
Debtors	8	1,999		171	
Investments	9	9,000		7,522	
Cash at bank and in hand		270		515	
Total current assets		11,269		8,208	
Liabilities					
Creditors: Amounts falling due within one year	10	(1,150)		(751)	
Net current assets			10,119		7,457
Net Assets			187,401		184,161
The funds of MMHS					
Restricted income funds	11		9		9
Unrestricted income funds			24,527		19,442
Income funds			24,536		19,451
Designated fixed asset reserves	12		148,949		152,296
Designated rent reserves	12		600		600
Revaluation reserve	12		13,155		11,661
Designated equity share fund	12		84		84
Equity share investment revaluation reserve	12		77		69
Total MMHS funds			187,401		184,161

[The notes on pages 32 to 46 form part of these accounts]

Approved by the trustees and signed on their behalf by

Alan Taylor

26 April 2023

Date

Alan Taylor, Revd. Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Net cash (used in) operating activities	16		(1,159)		(635)
Cashflows from investing activities:					
Investment income		1,581		1,447	
Purchase of MMHS Equity investments		(9)		(16)	
Purchase of COIF investments		1		(2)	
Purchase of properties		(1,370)		(1,052)	
Purchase of tangible fixed assets		(1,136)		(51)	
Proceeds from sale of properties		4,057		2,006	
Residents' equity contributions received		319		49	
Residents' equity contributions repaid		(1,050)		(101)	
Net cash provided by investing activities			2,393		2,280
Change in cash in the year			1,234		1,645
Cash brought forward at 1 September 2021 / 1 September 2020			8,023		6,378
Cash at 31 August 2022			9,257		8,023
Reconciliation of cash balances					
Cash at bank			270		515
Investment cash	9		8,987		7,508
Cash at 31 August			9,257		8,023

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2022

The Financial Statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

1 ACCOUNTING POLICIES

a) *Basis of preparation*

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees consider that it is appropriate for these accounts to be prepared on the going concern basis given the level of properties and reserves held. The charity has adequate financial resources and is able to manage the business risks. The planning processes, including financial forecasts and projections, take into consideration the prevailing economic climate, including the impact of Covid-19, and its potential impact on the various sources of income and planned expenditure. The trustees have looked at least twelve months ahead and are satisfied that the charity has adequate resources to continue in operational existence for the near future and there are no material uncertainties that call into doubt the charity's ability to continue in operation.

b) *Accounting Convention*

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings, and in accordance with the Statement of Recommended Practice, (SORP), "Accounting and Reporting by Charities: Statement of Recommended Practice", applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102) and Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

c) *Accounting for Fixed Assets*

Land and buildings are shown at cost less depreciation of the buildings. Where there is evidence of impairment, fixed assets are written down to their recoverable amount.

No depreciation is provided for on freehold land. The principal annual rates used for assets are:

Properties	2% straight line
Office equipment	25% straight line.

d) *Valuation of Properties*

At the date of incorporation properties were included in the accounts at fair value and treated as deemed cost. A ratio of 1/3 land and 2/3 building costs was taken as the split between the two components. The building costs were depreciated at 2% annually from the date of incorporation.

The equity share of the properties held by tenants is valued as a percentage of the valuation of the properties. An adjustment is made to adjust the acquisition cost of the equity to equal the percentage of the valuation of the properties. The amount of the adjustment is offset against the depreciation charge set against the total values of the properties.

e) *Valuation of Investment Properties*

Properties held for the purpose of generating income are considered to be investment properties and are held at fair value. External valuations are conducted at regular intervals with an internal review in intermediate years. These properties are let on short term arrangements so that they are available for future retiring ministers. The value of the properties will be regularly reviewed in order to identify any permanent impairment.

f) *Value Added Tax*

As the work of MMHS is classified as exempt or non-business activities for the purpose of Value Added Tax the Society is unable to reclaim the Value Added Tax, which it suffers on purchases. Expenditure in these financial statements is shown inclusive of Value Added Tax paid.

g) *Income*
Income is recognised in the period in which MMHS is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period. In accordance with this policy, legacies are included when the Society is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

The treatment of void properties has been changed so that the void adjustment is calculated on the basis of lost market rent rather than calculating the loss of income based on the rent paid by ministers. This does not affect the overall result but increases income and void losses.

h) *Expenditure and basis of allocation of costs*
Expenditure is included when incurred.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objects of the charity. Staff costs and office costs are allocated in the same proportion as directly attributed staff costs.

i) *Fund Accounting*
Funds held by MMHS are either:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds - these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor when funds are raised for particular restricted purposes.

Revaluation reserve – these funds represent the revaluation gains on the properties transferred to investment properties from functional fixed assets.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

j) *Planned Maintenance Expenditure*
To show the full costs incurred on maintaining properties, planned maintenance costs are included in the Statement of Financial Activities and are not capitalised to the balance sheet.

k) *Capitalisation*
MMHS has capitalised part of the cost of refurbishments. The basis of the amount capitalised is the lower of costs incurred and the difference between the market value before and after refurbishment.

l) *Pension Scheme*
MMHS operated a defined benefit pension scheme with the Methodist Church up to May 2019. A defined contribution scheme and an auto enrolment scheme are also operated with Scottish Widows. The assets of the schemes are invested and managed independently of the finances of MMHS. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the statement of financial activities over the average remaining service lives of current employees.

m) *Liquid Resources*
MMHS's liquid resources consist of cash invested in deposit accounts with the Central Finance Board

of the Methodist Church, which can be accessed on demand. During the year cash is also held on fixed term deposits with Close Brothers Limited and cash in its HSBC current account. A 12 month notice period was given on 20/09/2021 to close the account with Close Brothers.

n) *Allocation of salary and support costs*

Salary and support costs are allocated between expenditure headings on the basis of staff time and the number of staff working on departmental activities. Governance costs are allocated in line with the support costs.

2 TOTAL INCOME

2.1 Voluntary income

	2022	2021
	£000	£000
Grants		
Fund for Support of Presbyters and Deacons	18	23
	18	23
Legacies		
Legacies received in the year	179	156
Legacies regarded as receivable	-	-
	179	156
Donations		
District contributions	49	53
General donations	12	4
Donated facilities	-	-
	61	57
Bequests/Gifted Properties		
Bequests received in the year	2,410	400
Gifted property regarded as receivable	-	-
	2,410	400
Voluntary Income	2,668	636

2.2 Investment income

	2022	2021
	£000	£000
Unrestricted funds		
Interest receivable on deposits	34	15
Market rents receivable	1,505	1,399
Dividends	42	33
	1,581	1,447

2.3 Income from charitable activities

	2022	2021
	£000	£000
Charitable rents receivable	2,552	2,424
Rental analysis	No.	No.
Charitable Ministerial Rents	710	716
Market rent tenants	166	155
Vacant units	20	38
	896	909

2.4 Gain on disposal of properties

	2022	2021
	£000	£000
Gains on sale of properties	1,115	607
(Loss) on reimbursement of equity	(396)	(101)
	719	506

3 TOTAL EXPENDITURE

3.1 Analysis of expenditure

Summary	2022	Staff costs	Support costs	Direct costs	2021
	£000	£000	£000	£000	£000
Raising funds	146	61	37	48	113
Housing maintenance & repair	6,095	501	297	5,297	5,405
Buying & selling properties	304	184	109	11	272
Ministerial resident support	269	133	79	57	208
Equity	260	143	85	32	239
	7,074	1,022	607	5,445	6,237

3.2 Analysis of salary costs

	2022	2021
	£000	£000
Salaries	794	799
Employers national insurance contributions	81	80
Employers pension & phi contributions	147	120
	1,022	999

The full-time equivalent number of employees in 2022 was 15.2 (2021: 15.8). The head count in 2022 was 16 (2021: 17).

Employees receiving remuneration excluding pension contributions, in excess of £60,000:	2022 No.	2021 No.
£70,000 - £79,000	3	3
£80,000 - £89,000	-	-
£90,000 - £99,000	1	1
	4	4

The key management personnel of MMHS comprise of the CEO, Finance Director, Operations Director and Property Director. Total benefits paid were £321,140 (2021: £311,796). The total employer's pension contribution of the key management personnel was £50,645 (2021: £43,563). The total employer's national insurance contribution of the key management personnel was £35,885 (2021: £35,164).

3.3 Analysis of support costs

	2022	Raising Funds	Housing maintenance & repair	Buying & selling properties	Ministerial resident support	Equity	2021
	£000	£000	£000	£000	£000	£000	£000
Staff training	9	1	4	2	1	1	6
Staff recruitment	3	-	2	1	-	-	8
Temporary staff	74	4	36	13	10	11	9
Travel & subsistence	25	2	12	5	3	3	24
Office rent, rates & services	67	4	33	12	9	9	61
Office administration costs	212	13	104	38	27	30	282
Professional charges	190	11	93	34	25	27	74
Depreciation	27	2	13	5	3	4	27
Support costs	**607**	**37**	**297**	**110**	**78**	**85**	**491**

3.4 Analysis of direct costs

3.4.1 Costs of raising voluntary income

	2022	2021
	£000	£000
Publicity & advertising	48	24
Direct costs	48	24

3.4.2 Charitable activities – housing maintenance and repair

	2022	2021
	£000	£000
Refurbishment	874	354
Refurbishments capitalised	(650)	(247)
Planned work	944	910
Repairs & maintenance	157	110
Gas & electrical contract	212	207
Electrical remedial work	335	88
Electrical testing programme	80	32
External painting	231	208
Primary	2,183	1,662
Property depreciation	2,346	2,262
Property insurance	72	71
Leasehold charges	64	66
Empty property costs	84	106
Management fees	479	440
Grants to tenants	26	21
Other	30	40
Governance	13	7
Secondary	3,114	3,013
	5,297	4,675

3.4.3 Charitable activities – buying and selling of properties

	2022	2021
	£000	£000
Loan interest	-	-
Professional charges	5	1
Applicants' interview costs	-	-
Governance costs	6	3
Direct costs	11	4

3.4.4 Governance costs allocated to charitable activities

	2022	2021
	£000	£000
Auditors remuneration - audit	14	14
Board expenses	4	1
Direct costs	18	15

The Board expenses of £3,567 (2021: £545) is made up of travel and subsistence expenses amounting to £2,390 (2021: £103) which were reimbursed to nine board members (2021: 1); and board expenses of £1,178 (2021: £442). No member of the Board received any remuneration in the current year or prior year.

3.4.5 Charitable activities – ministerial resident support

	2022	2021
	£000	£000
Wellbeing – general expenditure	16	11
Wellbeing – repairs and maintenance	1	1
Wellbeing – initiatives	35	
Wellbeing – rent	1	
Governance costs	4	2
Direct costs	57	14

3.4.6 Charitable activities – equity

	2022	2021
	£000	£000
Professional charges	28	28
Governance costs	4	2
Direct costs	32	30

4 LONG TERM INVESTMENTS

	2022	2021
	£000	£000
Fair value at 1 September 2021	2,507	2,091
Purchase of investments	27	190
Sale of investments	-	(151)
Loss on revaluation	(272)	377
Fair value at 31 Aug 2022	2,262	2,507
Represented by:		
CFB UK equity fund	791	888
CFB overseas fund	791	841
CFB corporate bond fund	350	413
CFB short fixed interest fund	330	365
Total investments	2,262	2,507

Investments are held in accordance with MMHS's investment policy detailed in the trustees' report.

5 PENSION COSTS

MMHS is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church ("the Scheme"), a defined benefit scheme.

FRS102 Disclosures

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2022 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:

	31 August 2022 % pa	**31 August 2021** % pa
Discount rate	3.9	1.7
RPI inflation rate	3.5	3.5
CPI inflation rate	3.0	2.8
Rate of increase in pensionable earnings	3.0	2.8
Rate of increase in pension payments	2.3 / 3.4 / 5.0	2.3 / 3.3 / 5.0

The major categories of the Scheme's assets (excluding money purchase AVCs) as a percentage of the total Scheme assets, were as follows:

	31 August 2022 % pa	**31 August 2021** % pa
Equities	12	44
Corporate bonds	37	5
Property	10	9
Cash	16	8
Liability Driven Investment	20	30
Annuities	5	4

The following amounts at 31 August 2022 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	70.0
Present value of scheme liabilities	66.9
Net overfunding in Scheme	3.1
Unrecognised assets	(3.1)
Net Defined Benefit Asset	0.0

The Scheme operated by the Methodist Church is a defined benefit scheme. However, the Society is not the only participating employer in the Scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. This is because contributions paid into the Scheme have not been invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of the Society. In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer.

Under the terms of the Scheme, the assets and liabilities are pooled amongst the participating employers. If a participating employer were to cease to participate then that employer would be required to pay a debt

to fully fund their share of the Scheme's liabilities. The Society would not be liable for another employer's debt but has an option to assume responsibility under an apportionment arrangement.

The Scheme closed to new entrants and the future accrual of pensionable service with effect from 31 May 2019 and therefore regular employer contributions ceased on this date.

A full actuarial valuation of the Scheme was carried out at 1 September 2020 by the Scheme Actuary. The valuation disclosed a past service deficit of £16.7m. It was agreed that the shortfall revealed at 1 September 2020 should be eliminated by contributions to be paid from the Pension Reserve Fund of the Methodist Church to the Scheme as follows:

- £2,380,000 per annum each August, starting August 2021 up to and including August 2026; and
- Between £0 and £529,000 each December, starting December 2021 up to and including December 2026. The precise amount payable will be determined by the Scheme Actuary having regard to Scheme experience.

An update of the funding position as at 1 September 2021 was carried out by the Scheme Actuary. This showed that the past service deficit had reduced from £16.7m to £1.6m.

The next full actuarial valuation is due to be carried out as at 1 September 2023.

6 TANGIBLE ASSETS

	2022	**2021**
	£000	£000
Office equipment		
Cost at 1 September 2021	296	245
Addition in the year	23	51
Cost at 31 August 2022	319	296
Depreciation at 1 September 2021	183	139
Depreciation in the year	49	44
Depreciation at 31 August 2022	232	183
Net book value at 31 August	87	113

7 PROGRAMME RELATED INVESTMENTS

7.1 Land and buildings

	Freehold	Leasehold	**2022**	**2021**
	£000	£000	£000	£000
Cost				
Balance at 1 September 2021	163,855	12,593	176,448	179,131
Revaluations during the year	-	-	-	(103)
Additions in year	1,675	505	2,180	1,900
Capitalisation of refurbishments	625	25	650	247
Disposals in year	(2,911)	(300)	(3,211)	(2,978)
Transfer from/to leasehold/freehold properties	-	-	-	-
Transfer to investment properties	(3,745)	(482)	(4,227)	(3,440)
Transfer from investment properties	2,722	220	2,942	1,691
Balance at 31 August 2022	162,221	12,561	174,782	176,448
less				
Depreciation				
Depreciation at 1 September 2021	4,913	377	5,290	3,091
Depreciation for disposals	(110)	(10)	(120)	(63)
Depreciation written off	-	-	-	(3)
Depreciation re investments	(159)	(21)	(180)	(110)
Depreciation for the year	2,186	159	2,345	2,375
Depreciation at 31 August 2022	6,830	505	7,335	5,290
Balance at 31 August 2022	155,391	12,056	167,447	171,158
Balance at 31 August 2021	158,942	12,216	171,158	
No. of units at 1 September 2021	829	80	909	919
No. of acquisitions	6	2	8	8
No. of disposals	(19)	(2)	(21)	(17)
No. of units at 31 August 2022	816	80	896	909

The assets under this heading comprise 896 (2021: 909) units of accommodation which include 166 (2021: 155) units which are occupied by market rent tenants who have security of tenure as at the 31 August 2022. Note 1d describes how the properties are valued. The revaluation reserve is included within General Reserves, in accordance with the Charities SORP.

7.2 Equity sharing scheme

The equity share scheme enables Ministerial Residents to acquire a financial interest in their retirement homes. This interest is determined by the amount contributed by a Ministerial Resident in proportion to the value of the property at the relevant date. At the year-end, 402 MMHS ministerial tenants had an equity share. (2021: 418).

		2022		**2021**
	No.	£000	No.	£000
At Cost				
Balance at 1 September 2021	418	18,959	425	18,922
Additions in year	4	319	9	637
Disposals in year	(20)	(735)	(16)	(600)
Balance at 31 August 2022	402	18,543	418	18,959
Less				
Depreciation adjustment				
Balance at 1 September 2021		15		2
Annual adjustment		27		13
Balance at 31 August 2022		42		15
Combined		18,585		18,974

Total Programme related investments

	2022	**2021**
	£000	£000
Land and buildings	167,447	171,158
Equity sharing scheme	(18,585)	(18,974)
	148,862	152,184

Investment Properties

	2022	**2021**
	£000	£000
Balance brought forward	21,831	17,492
Transfer from tangible fixed assets	4,227	3,440
Transfer to tangible fixed assets	(2,942)	(1,691)
Revaluation of properties	2,878	2,590
Balance carried forward	25,994	21,831

8 DEBTORS

	2022 £000	2021 £000
Sundry debtors		79
Prepayments & accrued income	236	42
Legacies	1,763	50
	1,999	171

9 INVESTMENTS

	2022 £000	2021 £000
Restricted Funds		
COIF Inc Shares	14	14
Deposits with Central Finance Board	1	1
	15	15
Unrestricted Funds		
Deposits with Central Finance Board	8,440	6,963
Other investments	545	544
Total investments	9,000	7,522

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £000	2021 £000
Creditors	716	264
Accruals	432	485
Loans – interest free	2	2
	1,150	751

11 RESTRICTED FUNDS

The Piggott Trust

	2022 £000	2021 £000
Charities Official Investment Fund income shares	9	9
	9	9

In September 1960 the Charity Commissioners approved and established a Scheme whereby the Charity of Mary Piggott and the specified endowment thereof could be administered and managed under the title of the Piggott Trust by MMHS.

The capital sum is invested with the Central Finance Board of the Methodist Church and the Charities Official Investment Fund and in accordance with the Scheme the income is applied to defray the cost of repair and upkeep of the property belonging to MMHS and situated at 47 Gainsford Road, Clacton, Essex.

12 UNRESTRICTED FUNDS

	At 1 September 2021	Revaluation/ Other	Movements in the year	Transfers between funds	At 31 August 2022
	£000	£000	£000	£000	£000
Revaluation reserve	11,661	1,494	-	-	13,155
Fixed asset reserve	152,296	-	-	(3,347)	148,949
Rent reserve	600	-	-	-	600
Equity share reserve	84	-	-	-	84
Equity share revaluation reserve	69	-	-	8	77
Total designated funds	**164,710**	**1,494**		**(3,339)**	**162,865**
General funds	**19,442**	**1,572**	**174**	**3,339**	**24,527**
Total	**184,152**	**3,066**	**174**	**-**	**187,392**

Designated funds are those earmarked by the trustees for specific purposes or projects as noted in the above designations.

13 CAPITAL COMMITMENTS

At the year end MMHS had no commitments to purchase properties.

14 OPERATING LEASE COMMITMENTS

Commitments under operating leases are as follows:

	2022	2021
	£000	£000
Payments within one year	152	152
Expiring between two–five years	36	188
	188	340

15 RELATED PARTIES

There are three Board members, Revd A Taylor, Revd M Cole and Revd S Jenner who are Ministerial Residents of the Society. Their tenancies are on normal terms. Revd C New who also is a Ministerial Resident resigned from the Board on 17 February 2022.

16 CASH FLOW INFORMATION

Reconciliations of net income/(expenditure) to net cash flow from operating activities

	2022	2021
	£000	£000
Net income/(expenditure)	174	(847)
Adjustments for:		
(Increase)/decrease in debtors	(1,828)	48
Increase/(decrease) in creditors	400	(192)
Net realised (gain)/loss on sale of properties	(1,115)	(607)
Net realised loss on reimbursement of equity	396	101
Depreciation	2,395	2,309
Investment income	(1,581)	(1,447)
Net cash (used in) operating activities	(1,159)	(635)

17 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021

	Unrestricted funds	Restricted funds	Total funds
	2021	2021	2021
	£000	£000	£000
Income from			
Donations, legacies and grants	636	-	636
Charitable activities	2,424	-	2,424
Investments	1,447	-	1,447
Gain on disposal of properties	506	-	506
Total	**5,013**	**-**	**5,013**
Expenditure on Raising funds	113	**-**	113
Charitable activities			
Housing maintenance and repair	5,405	-	5,405
Buying and selling properties	272	-	272
Ministerial resident support	208		208
Equity	239	-	239
Total	**6,237**	**-**	**6,237**
Net (expenditure) before revaluation and investment gains	**(1,224)**	**-**	**(1,224)**
Unrealised gain on long term investment	377	-	377
Unrealised (loss) on valuation of functional properties	(103)	-	(103)
Unrealised gain on valuation of investment properties	2,590	-	2,590
Net movement in funds	**1,640**	**-**	**1,640**
Funds			
Total funds brought forward	182,512	9	182,521
Total Funds carried forward	**184,152**	**9**	**184,161**

Administrative Details

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

Trustees

Mr Alexander Campbell OBE *(Chair)* *
Revd Alan Taylor *(Vice Chair)* [1] [2]

Revd Jacquie Evans *(Chair of Audit and Risk Committee)* [2]
Mr Chris Firth *(Chair of Finance & Resources Committee)* [1] (Resigned 24 Nov 2022)
Revd Paul Martin [2] [3] *(Chair of Property Committee)*

Mrs Sharon Green [3]
Revd Dr Marion Cole
Revd Stephanie Jenner [3]

Revd Charles New [3] (Resigned 17 Feb 2022)
Mr Paul Reynolds [3] (Resigned 17 Feb 2022)

[1] Member of the Finance & Resources Committee
[2] Member of the Audit & Risk Committee
[3] Member of the Property Committee
* *Ex-officio* member of all Committees

Senior Management Team

Mrs Mairi Johnstone	CEO
Mrs Atawa Aryee	Finance Director
Mr Richard Hawkins	Operations Director
Mr Paul Gillam	Property Director (Resigned 23/9/2022)

Principal Bankers

HSBC
The Peak, 333 Vauxhall Bridge Road, Victoria, London SW1V 1EJ

Auditor

Mazars LLP
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Methodist Ministers'
Housing Society

Contact Details
Place of Business and Registered Office:
Methodist Ministers' Housing Society
109 Baker Street, London W1U 6RP

admin@mmhs.org.uk
0203 848 6020

Company Numbers 11929754 (UK), 006195F (Isle of Man)
Charity Numbers 1186758 (England and Wales), SC050661 (Scotland)

METHODIST MINISTERS' HOUSING SOCIETY

England & Wales - Charity number 1186758

Accounts

Methodist Ministers' Housing Society
Company No. 11929754

Trustees' Report and Financial Statements 01 September 2020 – 31 August 2021

Methodist Ministers' Housing Society

mmhs.org.uk

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About us

WHO WE ARE

Methodist Ministers' Housing Society ('MMHS') was founded in 1948. Our story from the very beginning has been one of extraordinary generosity and far-reaching vision. Our purpose is set out in our mission statement below.

OUR VISION

'There was not a single person in need among them'. (Acts 4:34)

OUR MISSION

To meet the housing and housing-related needs of retired Methodist Ministers of limited means, their spouses, widows and widowers – and to offer support for their wellbeing in the key areas of mobility and independence.

OUR CORE VALUES

We have a Christian distinctiveness of which we are proud and it underpins who we are and what we do. Our concern is to show high standards of care in all we do and to be professional both as individuals and as an organisation.

OUR PLAN

We have an ambitious five-year plan. From September 2017 to August 2022, we are focusing on achieving five main strategic objectives that will enable us to deliver our vision and mission.

1 We wish to meet the housing and housing-related needs of 50% of retiring ministers and will do so incrementally over the five years of our plan. How will we do that? We will continue to provide houses and permit equity interests in them, but we will add to our mission by taking equity shares ourselves in houses owned by ministers. It may be that we will also offer loans in due course.

2 We also plan to offer more wellbeing support so the ministers we serve can keep their mobility and independence for as long as possible. Physical ageing presents considerable challenges, and we aspire to be the 'go to' place for ministers for advice and recommendations – as well as provide well thought through assistance.

3 Recognising we cannot do everything ourselves, we will establish collaborative relationships with other agencies, charities and groups we know will help us achieve our objectives. Any collaborations will have to be a good 'fit' with our vision, mission and core values.

4 We know if we are to succeed, we must have the right mix of experience, skills and knowledge. To that end, we will invest in and develop our Board and staff team so they are fully equipped to deliver what is required of them.

5 We also know we must continue to be good stewards of our considerable assets. To that end, we will ensure we have a number of well-managed sources of income and that our capital assets, in particular our housing stock, are equally well-managed.

Welcome from our Chair

When I wrote to you last year, like everyone else I had no idea that the Covid-19 pandemic would continue for another year and only now would we be seeing 'light at the end of the tunnel'. It is a relief that we now have better visibility, as the UK begins to emerge from the pandemic, but without doubt challenging times lie ahead.

It is very pleasing for MMHS that we were able to keep delivering well throughout a very challenging year. Despite the Guidance and Rules with which MMHS had to comply – which impacted us on all levels – we were not thrown off course in the delivery of our services. The staff team remained resilient and focused. They approached the many problems they had to face with a positive mindset. They looked for solutions rather than focus only on the problems. I would like to record my sincere thanks to our CEO, Mairi Johnstone, for leading MMHS so effectively.

Our Trustees' Report sets out how it is possible to complete projects and activities, in pursuit of strategic objectives, in difficult circumstances. May I commend to you a full reading of it; it provides an interesting account of our successes.

I would also like to thank my fellow Trustees for their commitment to our worthy mission and their willingness to share their expertise and wisdom. One of them needs to be singled out, for 'going the extra mile': Revd Charles New. In addition to serving as a Trustee, Charles also walked many miles for MMHS, to raise funds for our Wellbeing Fund! He decided to match a significant birthday with an equally significant undertaking – 80 miles for 80 years. Thank you, Charles, on behalf of us all.

In our deliberations on the future direction of MMHS – which have continued apace – we have adopted a title that encapsulates our positive view of the future: 'Building Boldly'. As we come to the end of our present five-year strategic plan (2017 to 2022), we are looking to *build boldly* on what has been achieved to date.

It is important that I also express my heartfelt thanks to all our supporters, especially those who bless us with gifts, donations, legacies and bequests. In no small measure, you make what we do possible.

Finally, in concluding, I would like to quote the words we use as our vision statement – 'There was not a single person in need among them (Acts 4:34)'. Year on year, this is what we aspire to achieve for those we serve and it is the absolute privilege of MMHS's Trustees to support all efforts to reach this goal.

Alexander Campbell OBE

Message from our CEO

One important subject – you could call it a theme – that a CEO has to handle is *change*. In recent pandemic times, we have witnessed a level of change that we might once have thought unlikely, if not impossible. Some change was forced on us and some was initiated by us through choice. Staying the same wasn't ever an option.

Times of crisis are often the catalysts for innovation. At the heart of innovation lies the desire to solve problems. Those times of crisis allow creative thinkers to push the boundaries of what is possible.

MMHS has embraced good change. We have harnessed the use of new technologies for ourselves and provided support to our Ministerial Residents to be able to do the same. We have innovated, for example, in developing new ways of working. We have also begun the process of implementing infrastructure change.

As we emerge from the pandemic – it is wonderful that this opening-up seems to be happening in the UK – MMHS is committed to embracing yet more good change and to innovate wider and deeper. We wish, always, to serve our Ministerial Residents in the best ways possible.

During the year we were able to put in place, a Rent Plan for the period 2021-2033. This provides a high level of visibility on rent and is supported by a Wellbeing Fund which we use to cross-subsidise those less able to pay. We are pleased that we are able to maintain a standard rent which is well below rents set by social housing providers and substantially below market level rents. We are doing so in the face of extraordinary inflationary and cost pressures in the provision of our services.

I hope everyone reading this report will be encouraged by what has been achieved by our small team. We have provided information on mission impact using a mixture of facts and figures, some of which are remarkable, and a selection of case studies, capturing intangible as well as tangible benefits of our mission. As well as providing 'roofs over heads', on very favourable terms, we strive to make living that little bit better and easier for our Ministerial Residents. The sum total of our mission goes some distance in enabling our Ministerial Residents to continue being salt and light in their communities.

I am deeply grateful to everyone who makes our mission possible, whether our members of staff, our Trustees or the many benefactors we are blessed to have. It is in acting together that we achieve what is possible – and more.

Mairi Johnstone

Strategic Report

MORE ABOUT OUR MISSION

MMHS operates in the United Kingdom, the Isle of Man and the Channel Islands. We are delighted to be able to provide housing and associated services across this wide geographical area. It means we are able to offer real choice.

As well as providing for those who retire at a usual retirement age, we also look after those who retire early on health or compassionate grounds. We care, too, for widows, widowers and dependants of ministers who die in active service.

Our equity sharing scheme, whereby retiring ministers can have an equity interest in the properties we provide, extends our mission very effectively. We also have an equity sharing fund whereby MMHS can take an equity share in a property owned by both retiring and retired ministers.

Wellbeing support is very important to us, particularly when it comes to assisting Ministerial Residents with their mobility and their ability to live independently in their own homes for as long as possible. A key element of this enabling is to ensure that our properties are suitably adapted for use, and are also fully accessible.

While we are a housing provider, we are just as focused on the occupants of our houses. Our mission is very much people-centred.

ACHIEVEMENTS AND PERFORMANCE

In this section, we would like to report on a range of matters which we will categorise as follows:

- management of our properties;
- wellbeing initiatives;
- pastoral input;
- collaborative endeavours;
- engagement with our key stakeholders and supporters.

In between each of these sections, we are pleased to share a number of interesting case studies.

Management of our properties

We began the year with 918 properties. During the year, we sold 17 properties, purchased six and received two as bequests.

Of the 909 properties in our portfolio at the end of August 2021, 716 were occupied by our Ministerial Residents, 155 by market rent tenants and 38 were empty. Empty properties are unavoidable due to Ministerial Residents' movements and during marketing periods for sale or rent. Empty property numbers are always kept to a minimum and the time left empty is kept as short as possible.

We were pleased to provide housing for 20 new Ministerial Residents, including two medical retirees. We transferred three Ministerial Residents.

Under our equity share scheme, Ministerial Residents can have an equity share of their retirement homes. Equity interests are calculated by reference to the market value of the property at the time a Ministerial Resident moves in. At the end of August 2021, 418 Ministerial Residents had equity shares with a total fair value of £18,974,000.

In making the best use of all our resources, we prioritise using our existing portfolio when offering accommodation to new Ministerial Residents. Occasionally, however, we will purchase properties for those who have medical or other valid reasons for requiring a particular type of property in a particular area, outside our portfolio.

Our purchasing budget is allocated mainly to transferees. We find that life can be very difficult for our older Ministerial Residents, especially if they are advancing significantly in age – many want to be near to their close family members. We will also respond quickly to needs arising out of ill health.

Best possible management of our property portfolio is at the heart of our mission. We strive to get things right.

We have a rolling programme for maintaining our properties, including kitchen and bathroom refits. We also take the opportunity when properties are empty to undertake major refurbishments. These refurbishments comprise the replacement of kitchens and bathrooms with upgrades to joinery, heating, plumbing and electrical installations together with building fabric repairs, complete redecoration and replacement of finishes.

We work to a comprehensive specification and this prevents projects drifting beyond refurbishment into remodelling, extensions and structural alterations requiring external consultants to design and manage. Although this may be a consideration in highly exceptional circumstances, this is not the norm.

We continue to manage all our projects in-house.

We delivered 24 refurbishment projects with a total spend of £354,000. We continue to achieve highly competitive quotations for our refurbishments using smaller contractors with limited overheads, all despite a very difficult climate in the building industry. Typically, we will use five contractors for every refurbishment tender, with at least one selected from the locality of the property.

We maintained a tight control of refurbishment contracts by ensuring our documentation of works included all that they should, at the time of tender. This meant that 63% of our projects were delivered below budget.

Equally impressive is the fact that half of the refurbishments were delivered ahead of time despite Covid-19 pandemic restrictions impacting material delivery and labour supply.

More than 1,300 jobs were completed relating to the maintenance and repair of our properties. These included 16 bathroom and 9 kitchen refits.

In addition to maintaining and repairing our properties, we routinely inspect them to ensure compliance with electrical and gas safety standards including CO2, heat and smoke detectors. Electrical inspections and associated remedial works are administered and undertaken by HES Fire Protection Limited. Boiler Plan UK Limited remain our national supplier for annual gas compliance checks. Boiler Plan make use of the management software *Joblogic* which is available to us, too, and provides us with real-time information on compliance and appointments.

CALL THE CONTRACTOR!

Homes are being transformed across the country – and our residents are loving the results!

Retired Deacon Kathleen Hutton (pictured) was surprised when her house in Gloucestershire was inspected, as part of our external decoration programme. However, our contractor found issues with the brick path to Kathleen's back door, which is the main entrance to her home.

'Without being asked, they re-laid it, and it's smashing,' she said.

Despite a dreadful winter, the workers did a similar job on another path, tidying up the slabs. Amid freezing conditions, they repainted facias, cleaned windows and frames and smartened up the garage door.

'They seemed to do everything they could to make the place look great,' said Kathleen. 'They went above and beyond. And they were nice. They were good to have around – especially in lockdown.'

Aged 85, Kathleen has been an MMHS resident since 1999. She had been a Deacon for 11 years, and before that, she was a nurse and midwife. She spent part of her 33 years with the NHS in London in the early 60s.

'Everybody says to me, "Do you watch '*Call the Midwife*'?"' said Kathleen. 'I say, no, I don't, because I was a midwife in the East End...I've done it all!'

We had to manage the continuing disruption from the enforcement of Covid-19 response Guidance and Regulations. This included the following:

- a reduction in requests from residents for non-urgent works;
- many residents shielding, precluding the attendance of workpeople at their homes;
- difficulties in procuring and ordering works;
- many contractors working at reduced capacity.

This resulted in an underspend of 15% on our major repair items which should be considered modest given the circumstances. We are looking forward to all restrictions being lifted and spending levels returning to our budget levels.

As responsible landlords, we also have an external decorating programme, in order to maintain the external fabric of our properties. As carrying out internal works were affected by Covid-19 Guidance and Regulations, we focused on the general external 'kerb appeal' of our properties, substantially increasing the spend for external decorations, driveway upgrades and fencing.

Over our reporting period, 366 satisfaction questionnaires were received from Ministerial Residents providing us with vital feedback on the quality of contractors' work. Levels of satisfaction can be indicated

on a 5-point scale ranging from Excellent to Poor; 75% rated their satisfaction as Excellent and a further 18% as Very Good.

Overall Quality of Service	No. of responses	Percentage
Excellent	275	75.1%
Very Good	67	18.3%
Good	18	4.9%
Satisfactory	1	0.3%
Poor	5	1.4%
Total Questionnaires Received	366	100%

Maintenance and repair jobs are prioritised on a scale from 'Routine' to 'Emergency Call Out' and each classification is assigned a target number of days to completion.

Priority classification	Target (days)	Number of jobs	Number within target	Percentage within target
Planned	40	483	341	71%
Urgent	7	53	50	94%
Emergency	1	9	8	89%
Routine	21	763	725	95%
Em/Call Out	1	n/a	n/a	n/a
Total		1308	1124	86%

As part of our 'paperless' drive as an organisation, the satisfaction questionnaires are now being dealt with digitally. New policies have been put in place to fine-tune the satisfaction questionnaires so that we obtain more targeted results and reduce office administration.

We remain very committed to 'greening' our property portfolio. Energy efficiency and insulation levels are constantly being upgraded whenever works are undertaken. We are pleased to confirm the following:

- we have a rolling programme of boiler replacement taking out old inefficient boilers and replacing them with modern combination boilers. A total of 72 new boilers were installed in the period. We are also eliminating cold water storage tanks which can harbour diseases such as legionella;
- heating systems are being upgraded to provide better controls including thermostatic radiator valves throughout to allow our Ministerial Residents to minimise their use of fuel while still remaining comfortable;
- instantaneous low flow shower fittings are being provided;
- loft insulation is being installed when missing and also increased where appropriate;
- our window and external door replacement programme provides modern double glazed units that improve insulation levels and eliminate draughts. A total of 24 properties benefited from new windows and external doors;
- all light fitting replacements to kitchens and bathrooms are safe, low energy fittings.

We continue to monitor closely the availability of Government grants in connection with 'the green agenda' and will utilise them if we can.

AMBUSHED BY GOD

A driver for American Presidents, Martin Swan trained to escape ambushes. But there was no getaway route when he felt ambushed by God.

Martin (pictured) used to be a driver for the State Department of America. That meant he drove for past US presidents Jimmy Carter, Ronald Reagan and George Bush Sr on their UK visits. His job brought him in regular contact with the Queen, Margaret Thatcher and others.

Eventually he felt called to Methodist ministry. Martin had left the American diplomatic corps and was working for Deutsche Bank. His boss gave him space for his ministerial training.

Martin was ordained at Ipswich in 2001.

A lifelong fan of Chelsea Football Club, Martin served as club chaplain for six years. He led the memorial service for team legend Peter Osgood in 2006. He made a presentation to Chelsea's oldest living player Reg Williams in 2011. 'I've had more conversations about God at football than I have at church,' Martin explained.

He and wife Marilyn became MMHS residents in 2019. They moved to one of our properties in the East Midlands. 'We're in a lovely house and we're being very well looked after,' said Martin.

Wellbeing initiatives

Our initiatives range from contributing to decorating costs to providing financial help with rent. We also signpost to where help on a range of subjects can be obtained – for this we use our website and our newsletter.

We will also link up with other organisations if we can see benefit for our Ministerial Residents. We were pleased to enter into a collaborative relationship with *AbilityNet*, an organisation which, as they put it, 'believe in a digital world accessible to all'. One part of their mission is providing free IT support to older people. Enjoy reading the Case Study on the benefits enjoyed by one of our Ministerial Residents who used their services (page 12).

Our responsibilities as a landlord do not normally cover internal decoration. We became aware, however, that some of our Ministerial Residents struggle with this matter both physically and financially. A new grant scheme was launched. We had 44 claims in the period with a total commitment of just under £35,000. Due to the success of this particular initiative, we are continuing with the grant scheme into our next financial year.

We recently put a Rent Plan in place for the period 2021-2033. In support of it, we were pleased to ringfence funds in our Wellbeing Fund, to cross-subsidise those who cannot afford the increases. The operation of this Fund goes to the heart of who we are and our aspiration, as expressed in our Vision Statement, to meet need.

Pastoral input

There are many times and contexts when we are able to provide timely pastoral support. Our Ministerial Residents seek our services at a time in their lives when they are facing substantial change. For those who retire at a more usual time, the two big changes which they face are a change of location and a change of vocation. Supernumerary ministry is of importance but loss of stipendiary ministry can be difficult. A change of location involves new relationships, new people and a new environment. Some find these changes easier than others. We are there to support as needed.

Ministerial Residents who retire for health or compassionate reasons often have particular vulnerabilities and again, we offer support as needed. Death in service presents a particular challenge as we are often supporting families in the early stages of bereavement.

When our Ministerial Residents are much older, we can become involved in supporting families as they grapple with dementia and end-of-life issues. One big decision for any individual or family is the move from independent living as a fully active, self-sufficient person, to something more appropriate for incapacity, whether supported or assisted living housing or a care home. We can signpost to what might be available.

Sometimes it is in the middle of dealing with the very ordinary that we find we are able to offer pastoral support, for example, when someone has made contact for a repair but what they really want more than anything is a conversation or a listening ear. Loneliness is a problem that we help alleviate in delightfully incidental and unexpected ways.

Collaborative endeavours

Collaborating with other organisations is useful for all charities, not least for MMHS.

As mentioned in the earlier section on Wellbeing, we collaborated with *AbilityNet* in order to provide our Ministerial Residents with a service we ourselves could not provide. We advertised the service under the heading *'Make friends with your computer*.' Digital inclusion is of great importance for older people and we are pleased, in a small way, to have acted as a catalyst for connectivity and the development of digital skills.

We also collaborated with the Methodist Church and fellow charities in the Methodist family to produce a Legacy booklet '*Thine be the glory*'. It was excellent to be a contributor in a joint Methodist Charities Initiative.

In collaborating with other faith-linked housing providers, we are able to learn from peers with the same values and aims. Very much on a mutual basis, we access and offer information and share skills and knowledge. In time, it may be that services will be shared – we are ever on the look-out for benefits to our Ministerial Residents.

Engagement with our key stakeholders and supporters

Engagement with our stakeholders and supporters is crucial to our success as an organisation.

We are hugely grateful for the kindness shown to us in so many ways, particularly financially, whether through gifts, donations, bequests or legacies. MMHS's story is one of extraordinary generosity as well as far-reaching vision.

We engage with the Methodist Church through networking events, regular conversations and attendance at the Methodist Conference and Retirement Courses.

We always express our thankfulness for financial gifts, especially from Methodist churches and chapels around the country. This is sacrificial giving.

HOW TO FACE YOUR FEAR OF COMPUTERS

Computers used to leave him cold. Now Revd Derek Lund is warming to them – thanks to the creative collaboration between MMHS and tech support group AbilityNet.

This 86-year-old Society resident was about to pack in his PC. Then *Roof 'n' Roots*, our newsletter, dropped on his doormat. Derek (pictured, with wife Kathleen) read the story about our new initiative and phoned AbilityNet.

They put him in touch with one of their network of 300 volunteers, Scott Thomas. Derek experienced a breakthrough. 'I'm making progress – and sticking with it,' he enthused.

Previously, Derek had tried attending other computer classes. The first session focused on making Christmas cards. 'I didn't even know where the space bar was,' he said.

He tried a second class. 'Everyone knew how to boot up the computer and how to cut and paste – even though it was supposed to be a beginners' lesson. I was out of my depth.' Derek felt he was the only beginner. 'It was a disaster,' he said.

Now AbilityNet is changing Derek's world. 'I get up every day to see what emails have come,' he explained. 'I've got an interest in it now.'

It is also important for us to have good relationships with those we contract for services. We aspire, at all times, to live out our core values in our business dealings – by being professional as individuals and as an organisation, by showing high standards of care and by having a Christian distinctiveness.

The beneficiaries of our mission, our Ministerial Residents, are a central stakeholder group of course and we are totally committed to serving them as best we can. We engage with them through a wide variety of media. It is important for us to be fully aligned with their needs.

PLANS FOR THE FUTURE

We are in the last year of our five-year Strategic Plan, 2017-2022 and because of that, we have begun the process of planning for the next Plan period, 2022-2027. Our initial discussions have been captured under a heading *'Building Boldly'* which speaks to our wish to build courageously and ambitiously, mindful of MMHS's rich history meeting need for over 70 years.

Like most, if not all, organisations, we need to recover from the significant impact of the pandemic and the measures taken to deal with it. That said, we are confident that we will be able to deliver what is planned for the last year of our present Plan.

We have a 17-point plan and we would like to highlight the main points, as follows:

- as in all previous years, we will ensure that we meet the housing needs of all those who are eligible for and seek our assistance. In 2020/21, we welcomed 20 new ministerial households. This year, we have set a target of providing for 25% of those who will retire, though in doing so we know that MMHS has no influence over the numbers who retire in any given year – and are of limited means;
- we will continue to operate our Equity Sharing Scheme whereby qualifying retiring ministers have an equity interest in their MMHS house. We will also continue to operate our Equity Sharing Fund, whereby MMHS takes a share in a house owned by a retired or retiring minister who meets our criteria;
- we will seek to meet the ongoing housing related needs of the c716 ministerial households in our care. We will continue to offer pastoral support, where we can, as a continuing expression of our values.
- our Wellbeing Fund supports our Wellbeing Programme. Use of this Fund this year will focus on
  - cross-subsidising Ministerial Residents who are unable to pay rent increases
  - the provision of a decorating grant for those who qualify
  - the provision of a fuel grant for those who qualify
  - the continued use of the Fund to alleviate poverty generally;
- we are also committed to providing a good signposting service mainly through our newsletter, *Roof 'n' Roots* and our website. We will continue to highlight the services of other organisations that may be able to help our Ministerial Residents keep mobile and live independently, beyond what we can do. We recognise that we can only meet needs that are within the parameters of our mission;
- we know our communications need to be excellent and we will continue to develop our website as a 'go

THE WONDER OF DEREK

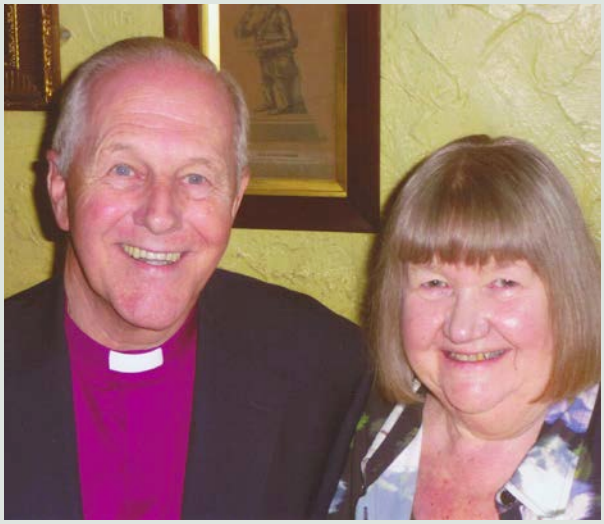
Mixing Wesley with Presley sounds like the work of a clever DJ. But it's just what MMHS resident Revd Derek Aldridge did in becoming chaplain of UK fan organisation Strictly Elvis.

Derek (pictured, with wife Janet) was all shook up when he retired – as this nationwide network of Elvis devotees became his parish.

Like many other kids in the 50s and 60s, 13-year-old Derek heard an Elvis record. It wasn't Hound Dog or Blue Suede Shoes, but a sentimental ballad, *Old Shep*.

A cultural bomb went off in his heart – just as it did for countless other teenagers. As John Lennon said later, 'Before Elvis, there was nothing'. Derek was hooked.

Derek became a local preacher in 1975, linking his sermon points with Elvis songs. Derek studied for ministry at Wesley College, Bristol, in 1976.



He was ordained in 1981. Derek led churches in Wales and North-east England, completing nearly 40 years of local ministry until retirement in 2012.

to' place for information. This year we are also continuing with our theme of thankfulness. We will make good use of our well-established connections within the Methodist Church family. Our newsletter, *Roof 'n' Roots,* is a good tool for marketing as well as communicating. We will produce an Annual Review for wide circulation;

- we will continue to develop collaborative relationships, especially with faith-linked organisations with whom we share similar values and objectives;
- MMHS has an asset management strategy ('AMS'). The following will be implemented during the year:
  - further refinement of our tenant satisfaction processes and records
  - completion of a digital library of our market rented portfolio
  - we will reach a long-term strategic target of market renting 175 properties, the income from which is a vital cross-subsidy to our ministerial rents. From that portfolio, we will ring-fence 15 properties for investment purposes only
  - we will continue to monitor our existing suite of KPIs closely and develop new ones and refine existing ones
  - we will tender for and undertake a Stock Condition Survey and will include extra enquiries which will assist us in our mission;
- we will continue to invest in learning and development and praise achievement. Our Trustees now have an excellent Learning and Development Programme which is being rolled out over the year. Staff members follow bespoke learning and development plans that are tailored to their roles and personal aspirations. At all times, we are in pursuit of being the very best we can be, hence the importance of learning and development.

Risk Management

Risk is an everyday element of charitable activity. Managing it effectively is essential if MMHS is to achieve its key objectives and safeguard its funds and assets. Our risk management framework has been designed to support informed decision making.

Individual risks are identified, assessed and managed by the Senior Management Team. Our Trustees have ultimate responsibility for statutory and governance oversight of the risks faced by MMHS.

We are committed to managing risks in five distinct areas:

- strategic
- governance
- finance
- property
- operational.

In each of these areas of risk, we identify our top risks.

Our Risk Register is reviewed regularly. We carried out a number of comprehensive reviews in response to the Covid-19 pandemic, most recently to take account of the UK-wide expectations that, shortly, Covid-19 will become endemic.

The Senior Management Team sets aside time regularly to focus on new and developing risks. We are fully aware that risks can present opportunities as well as threats. Anything of note is fed back into the Risk Register. The Risk Register is examined thoroughly by our Audit and Risk Committee with recommendations made, as appropriate, to our Trustees. Our Trustees, as a body, have regular sight of the Risk Register.

Here are some key risks that we have identified in each of the five areas referred to above, and details of the mitigation we have in place:

STRATEGIC *Declining number of Ministerial Residents*

There has been a steady decline since 2008 from a peak of 923 households to c716 now. Given the Church's trajectory for Presbyters and Deacons in service, we are planning for a continued steady decline and even a marked 'drop off.' We have noted, gratefully, that Covid-19 did not have a significant impact on our Ministerial Residents in terms of loss of life.

Mitigation

- the CEO is in regular conversation with the Church;
- Strategic Plan for 2017-2022 addresses this decline in numbers;
- we have begun the process of planning for the period 2022-2027;
- numbers are being monitored for any acceleration of decline.

GOVERNANCE *Board - failure to handle conflicts of interest correctly and in the best interests of MMHS*

Conflicts of interest need to be handled carefully by all Boards. In the case of MMHS, some of our Trustees are also Ministerial Residents which compounds the responsibility to act in the best interests of MMHS.

Mitigation
- implement an appropriate and robust declaration of interest process;
- review Declaration of Interest forms regularly;
- ensure good understanding of any issues arising;
- remind Trustees of their responsibilities.

FINANCE *Lack of budgetary control and financial reporting failure*

MMHS loses control of the budget and accounting process leading to over/under spend. This results in inaccurate and/or insufficient information produced to appropriately manage the business.

Mitigation
- annual and monthly accounting processes followed correctly;
- financial monitoring undertaken and monthly management accounts and written reports provided to explain figures;
- regular Finance Team and SMT meetings held.

PROPERTY *Property Repair*

Properties not kept in a good state of repair, causing risk to Ministerial Residents and also reputational risk. Lack of knowledge of property condition due to insufficient inspection.

Mitigation
- maintenance of accurate property records;
- robust repair and maintenance policies;
- use of Key Performance Indicators;
- periodic inspection of properties (if delayed, visit ASAP);
- use of a comprehensive Asset Management Strategy;
- continuous review of policies, processes and procedures.

OPERATIONAL *Data governance failure*

MMHS holds and makes use of sensitive personal data. Confidentiality around this data is of paramount importance. As with other data owners, MMHS is aware that a breach of data security is a very serious risk.

Mitigation
- adherence to all our Security Policies and specifically our Data Protection and Privacy Policy;
- undertaking regular testing of our IT systems vulnerabilities, with our IT provider;
- training of all staff on data protection and privacy expectations;
- regular monitoring of regulatory changes.

Financial Review

OVERVIEW

Income for the year ended 31 August 2021 totalled £5m. Of this amount, revenues generated from rental income stream amounted to £3.8m.

Donations amounting to £57k were received from individual supporters, churches and circuits within the Methodist family. Legacies, bequests and grants amounted to £579k. We are extremely pleased and grateful for the continued generosity of those who value our mission.

The net surplus derived from the sale of surplus properties amounted to £506k. Due to the global decline in stock markets and deposit interest rates, investment income from cash deposits amounted to £15k and dividends from funds invested in Central Finance Board (CFB) long term investments yielded £33k. These CFB investments are held in a combination of equities, fixed interest securities and cash. Over the 12-month reporting year, an unrealised revaluation gain of £377k was calculated on the CFB investments.

Overall expenditure in the year was £6.2m. Although this expenditure exceeded income and the unrealised gain on CFB investments by £847k, it was around 20% below anticipated annual spend. The main components of the cost base were property maintenance, refurbishment, office-based operating costs, depreciation and salaries. The financial year straddled the months during the height of the Covid-19 pandemic which had a significant impact on the ability to conduct normal property maintenance and refurbishment work.

The number of properties requiring refurbishment was lower compared to previous years. MMHS remains committed to maintenance and refurbishment spend to keep its properties well maintained to a good standard.

The closing year balance sheet was £184m of net assets – with £19.4m of this being represented by its unrestricted income funds at year end. We aim to maintain a stable financial position for the coming years with the aid of strengthened financial processes and service reviews to ensure a strong underpinning for MMHS's ongoing activities.

RESERVES POLICY

MMHS's reserves policy is to maintain an appropriate level of reserves to support the operational activities of MMHS, taking into consideration the risks to which MMHS is exposed, as well as existing and projected future levels of income and expenditure.

The policy and the fixing of the required level of reserves are set in accordance with Charity Commission guidelines and are reviewed annually by our Trustees. Our Trustees consider that operational reserves should be maintained at six months' worth of operational expenditure.

As at 31 August 2021, MMHS's total free reserves was £9.9m of which the total cash balance was £8.023m. The free reserves are equivalent to 19 months' worth of operational expenditure.

INVESTMENT POLICY

MMHS has the power to invest in such investments, securities or property as the Trustees may determine.

MMHS's investment policy states that its objective is to produce the best financial return within an acceptable level of risk. Capital preservation is of paramount importance.

As at 31 August 2021, we held £2.507m with Epworth Investment Management in a managed investment portfolio and just over £500k with Close Brothers in deposits. Epworth Investment Management is dedicated to serving the needs of churches and charities. It is wholly owned by the Central Finance Board (CFB) of the Methodist Church. During the year, an investment subgroup conducted a review of investment matters and reported to the Board.

Surplus cash is held in the deposit fund of the CFB which meets the ethical standards of the Methodist Church. During the reporting year, interest rates averaged 0.01%p.a.

We also hold investment properties. As at 31 August 2021, the investment properties were valued at £21.8m. It is the policy and practice of the Trustees to use the rental income from those properties for the furtherance of the objectives of the Society. These assets provide essential income streams for our service delivery.

GOING CONCERN

In order to assess the appropriateness of the *going concern* assumption basis, the Trustees have considered MMHS's financial position, liquidity, unrestricted reserves and forecasts for the foreseeable future, considering the risks to which MMHS is exposed including the ongoing impacts of the pandemic and potential decarbonisation costs of properties. The external UK and global economy remain vulnerable as they struggle to withstand the uncertain impacts of the Covid-19 pandemic and economic hardship.

Our Trustees have concluded that the risk of MMHS being unable to continue is remote. Accordingly, the Trustees have a reasonable expectation that MMHS will be able to continue in operation and meet its liabilities as they fall due, for at least 12 months from the date of this report. They continue to adopt the *going concern* basis in preparing the financial statements.

Structure, Governance and Management

The Methodist Ministers' Housing Society is a charitable company limited by guarantee.

Company Number	11929754
Charity Number	1186758 (England and Wales)
Charity Number	SC050661 (Scotland)

The Board of Trustees is the body responsible for the management of MMHS and the number is required to consist of:

- not less than seven but not more than fifteen;
- at any one time no less than two and no more than five shall be tenants of MMHS.

Trustees are appointed for a fixed term not exceeding three years and are eligible for reappointment for up to a further two consecutive terms, each of three years. They are not eligible for reappointment after the end of their third consecutive term until after an interval of at least three years has elapsed.

If Trustees consider it would be in the best interests of MMHS for a particular Trustee to continue to serve beyond nine consecutive years, the Trustees may resolve to reappoint that particular Trustee for a further fixed term of a year.

MMHS has eight Trustees at present. The Senior Management Team comprises the CEO and three directors (Finance, Operations & Property). All of their details are set out at the end of this document.

The Trustees may delegate, on such terms as they think fit, any of their powers or functions to any committee comprising three or more Trustees as the Trustees may appoint. The Trustees may delegate the implementation of their decisions or day-to-day management of the affairs of MMHS to any person or committee.

The Board of Trustees has three committees – Property, Finance & Resources, and Audit & Risk. They act in accordance with the terms of reference by which powers or functions are delegated.

The Board and its committees meet regularly during the year, as follows:

The Board	Four times a year
Property Committee	Three times a year
Finance & Resources Committee	Four times a year
Audit & Risk Committee	Two times a year, the second jointly with the Finance & Resources Committee

Additional meetings are organised if needed.

The CEO is responsible for the implementation of the decisions of the Trustees and the day-to-day management of the affairs of MMHS. She is also the Company Secretary. Together with the Chair, she works to enable the Board to fulfil its functions. She is responsible for effective management systems to ensure all staff have clarity about their roles and objectives and have the appropriate appraisals and training to enable them to fulfil their roles and contribute to MMHS's strategic objectives.

The requirement for Trustees to demonstrate effective governance of charities increases year on year. Our Trustees give priority to good governance and some of the issues they have considered are detailed below.

PUBLIC BENEFIT

MMHS's purpose, as set out in its Articles, is to provide housing or financial assistance towards the housing needs of Methodist Presbyters and Deacons ('ministers') of limited means who are in receipt of their full Methodist Church pension, and also to various categories of persons connected to the ministers. In this report, we have been pleased to provide full details of all those who have benefitted from the charitable activities and objectives of MMHS during the year for which we are reporting, 1 September 2020 to 31 August 2021.

We are always mindful of the Charity Commission's general guidance on public benefit whenever we review both what we are doing at present and what we hope to do in the future.

SAFEGUARDING

We know we have a responsibility to ensure that we don't cause harm to anyone who has contact with us. We promote a strong safeguarding culture. We make sure that our Trustees and staff are suitable persons for their roles and to that end we have robust recruitment processes, obtain references and carry out Disclosure and Barring Service (DBS) checks. We have policies in place covering bullying and harassment and whistleblowing. We have procedures in place to ensure safe handling of incidents or allegations of abuse.

ENVIRONMENTAL RESPONSIBILITIES

You will have read earlier in this document about our commitment to greening our property portfolio. We are pleased to report we have more initiatives which are improving our environmental impact significantly. These include:

- participating in a recycling scheme;
- emailing letters and materials if at all possible rather than using the postal system;
- reviewing the operation of our office's heating and cooling system;
- pursuing becoming a paperless office (insomuch as this is possible in practical terms);
- encouraging full use of our Board Management Software;
- being careful with our travel footprint. The Covid-19 pandemic has led to a much-increased use of video-conferencing and we have every expectation this will continue in use, indefinitely, once the pandemic has ended.

EQUALITY AND DIVERSITY

We are an equal opportunities employer and employ staff from a wide variety of backgrounds, origins, experiences and cultures. We respect and value people's differences in terms of skills, experience, background, ethnicity and gender.

We believe in treating each other fairly, creating a workplace where every person has access to opportunities to fully develop their potential.

We also adhere to the following practices:

- we are transparent;
- we do not tolerate any form of intimidation, bullying or harassment;
- we listen to and respect one another's opinions;
- we promote an inclusive culture.

STAFF REMUNERATION POLICY AND PERFORMANCE MANAGEMENT

We seek to set pay in line with the market and to this end, we benchmark to market every three years using the services of external consultants. In intervening years, we give due regard to the remuneration ranges recommended in the benchmarking data, market pressures for particular roles and inflationary pressures.

A comprehensive package of benefits is also offered to staff including a contributory pension scheme, life and critical illness insurance, generous annual leave and flexible working options.

We support staff and Trustees' development through learning and development programmes. For staff, performance is evaluated through a comprehensive appraisal system and includes capturing qualitative and quantitative feedback. Targets are set in line with strategic objectives.

FUNDRAISING

We do not carry out charitable fundraising, expend resources on fundraising activities or engage the services of third parties to do so on our behalf.

At any time in the future, were we to undertake fundraising activities, we would comply with the Fundraising Standards Board regulations.

Notwithstanding the foregoing, we are registered with the Fundraising Regulator. We are aware of the Regulator's Code of Practice and its core values.

Statement of Trustees' Responsibilities

In accordance with applicable law and United Kingdom Accounting Standards, the Trustees are required to prepare the Trustees' Report and Financial Statements for each financial year which give a true and fair view of the state of affairs of MMHS and of the income and expenditure of MMHS for that period.

In preparing these financial statements, the Trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards and Charities SORP (FRS 102);
- prepared the financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of MMHS, and enable them to ensure the financial statements comply with applicable law.

The Trustees are also responsible for safeguarding the assets of MMHS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees' Report on pages 3 to 22 was approved by the Board of Trustees on 17 February 2022 and signed on their behalf.

Alexander Campbell OBE
Chair of Trustees

Christopher Firth
Trustee

Independent Auditors' Report

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE METHODIST MINISTERS' HOUSING SOCIETY

OPINION

We have audited the financial statements of Methodist Ministers' Housing Society ('the charity') for the year ended 31 August 2021 which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2021 and of the income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Report of the Trustees which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Report of the Trustees has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Report of the Trustees.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement set out on page 22, the Trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and the Charities Statement of Recommended Practice.

We evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with the Trustees and management their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the group and the parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing among the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

USE OF THE AUDIT REPORT

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed N J Wakefield Date 4 April 2022

Nicola Wakefield
(Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
6 Sutton Plaza, Sutton Court Road, Sutton SM1 4FS

Financial Statements

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Year ended 31 August 2021 £000	17 month period ended 31 August 2020 £000
Income			
Voluntary income		636	2,508
Investment income		1,447	1,803
Income from charitable activities		2,424	3,412
Realised net gain on sale of properties		506	233
	2	5,013	7,956
Expenditure			
Raising funds		113	139
Housing maintenance & repair		5,405	8,207
Buying & selling properties		272	363
Ministerial resident support		208	300
Equity		239	317
	3	6,237	9,326
Operating (Deficit) for the year		(1,224)	(1,370)
Statement of Total Recognised Gains and Losses			
(Deficit) for the year		(1,224)	(1,370)
Statement of Total Unrecognised Gains and Losses			
Unrecognised gain on fixed asset investments		377	40
		(847)	(1,330)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds Year ended 31 August 2021 £000	Total funds 17-month period ended 31 August 2020 £000
Income from					
Donations, legacies and grants		636	-	636	2,508
Charitable activities		2,424	-	2,424	3,412
Investments		1,447	-	1,447	1,803
Gain on disposal of properties		506	-	506	233
Total	2	**5,013**	-	**5,013**	**7,956**
Expenditure on					
Raising funds	3.1	113	-	113	139
Charitable activities					
Housing maintenance & repair		5,405	-	5,405	8,207
Buying & selling properties		272	-	272	363
Ministerial resident support		208	-	208	300
Equity		239	-	239	317
Total	3	**6,237**	-	**6,237**	**9,326**
Net income before revaluation and investment gains		**(1,224)**	**-**	**(1,224)**	**(1,370)**
Unrealised gain on fixed asset investment	4	377	-	377	40
Unrealised (loss)/gain on valuation of functional properties	7.1	(103)	-	(103)	-
Unrealised gain on valuation of investment properties	7.2	2,590	-	2,590	-
Net movement in funds		**1,640**	**-**	**1,640**	**(1,330)**
Funds					
Total funds brought forward	11/12	182,512	9	182,521	183,851
Total Funds carried forward	11/12	**184,152**	**9**	**184,161**	**182,521**

BALANCE SHEET AS AT 31 AUGUST 2021

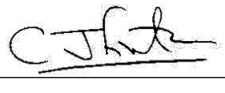
	Note	31 August 2021 £000	2021 £000	31 August 2020 £000	2020 £000
Fixed Assets					
Tangible assets	6	113		106	
Programme related investments	7	152,184		157,116	
Investment properties	7	21,831		17,492	
Fixed term investment	4	2,507		2,091	
MMHS equity share investment		69		50	
Total fixed assets			176,704		176,855
Current assets					
Debtors	8	171		219	
Investments	9	7,522		6,299	
Cash at bank and in hand		515		91	
Total current assets		8,208		6,609	
Liabilities					
Creditors: Amounts falling due within one year	10	(751)		(943)	
Net current assets			7,457		5,666
Net Assets			184,161		182,521
The funds of MMHS					
Restricted income funds	11		9		9
Unrestricted income funds			19,442		14,246
Income funds			19,451		14,255
Designated fixed asset reserves	12		152,296		157,222
Designated rent reserves	12		600		800
Revaluation reserve	12		11,661		10,094
Designated equity share fund	12		84		100
Equity share investment revaluation reserve	12		69		50
Total MMHS funds			184,161		182,521

[The notes on pages 31 to 47 form part of these accounts]

Approved by the Trustees and signed on their behalf by

Date 25 March 2022

Alexander Campbell OBE Chair of Trustees



Date 25 March 2022

Christopher Firth Trustee

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Year ended 31 August 2021 £000	2021 £000	17 months ended 31 August 2020 £000	2020 £000
Net cash (used in) / provided by operating activities	16		(635)		956
Cashflows from investing activities:					
Investment income		1,447		1,803	
Purchase of MMHS Equity investments		(16)		(50)	
Purchase of COIF investments		(2)		(1)	
Purchase of properties		(1,052)		(5,420)	
Purchase of tangible fixed assets		(51)		(32)	
Proceeds from sale of properties		2,006		4,902	
Residents' equity contributions received		49		587	
Residents' equity contributions repaid		(101)		(1,002)	
Net cash provided by investing activities			2,280		787
Change in cash in the year/period			1,645		1,743
Cash brought forward at 1 September 2020 / 5 April 2019			6,378		4,635
Cash at 31 August			8,023		6,378
Reconciliation of cash balances:					
Cash at bank			515		91
Investment cash	9		7,508		6,287
Cash at 31 August			8,023		6,378

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2021

The Financial Statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

1 ACCOUNTING POLICIES

a) Basis of preparation

The Trustees consider that it is appropriate for these accounts to be prepared on the going concern basis given the level of properties and reserves held. The charity has adequate financial resources and is able to manage the business risks. The planning processes, including financial projections, take into consideration the prevailing economic climate, including the impact of Covid-19, and its potential impact on the various sources of income and planned expenditure. The Trustees have looked at least twelve months ahead and are satisfied that the charity has adequate resources to continue in operational existence for the near future and there are no material uncertainties that call into doubt the charity's ability to continue in operation.

b) Accounting Convention

The financial statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings, and in accordance with the Statement of Recommended Practice, (SORP), 'Accounting and Reporting by Charities: Statement of Recommended Practice', applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102) and Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

c) *Accounting for Fixed Assets*

Land and buildings are shown at cost less depreciation of the buildings. Where there is evidence of impairment fixed assets are written down to their recoverable amount.

No depreciation is provided for on freehold land. The principal annual rates used for assets are:

Properties	2% straight line
Office equipment	25% straight line.

d) Valuation of Properties

At the date of incorporation properties were included in the accounts at fair value and treated as deemed cost. A ratio of 1/3 land and 2/3 building costs was taken as the split between the two components. The building costs were depreciated at 2% annually from the date of incorporation.

The equity share of the properties held by tenants is valued as a percentage of the valuation of the properties. An adjustment is made to adjust the acquisition cost of the equity to equal the percentage of the valuation of the properties. The amount of the adjustment is offset against the depreciation charge set against the total values of the properties.

e) Valuation of Investment Properties

Properties held for the purpose of generating income are considered to be investment properties and are held at fair value. External valuations are conducted at regular intervals with an internal review in intermediate years. These properties are let on short term arrangements so that they are available for future retiring ministers. The value of the properties will be regularly reviewed in order to identify any permanent impairment.

f) *Value Added Tax*

As the work of MMHS is classified as exempt or non-business activities for the purpose of Value Added Tax the Society is unable to reclaim the Value Added Tax, which it suffers on purchases. Expenditure in these financial statements is shown inclusive of Value Added Tax paid.

g) *Income*

Income is recognised in the period in which MMHS is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period. In accordance with this policy, legacies are included when the Society is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

The treatment of void properties has been changed so that the void adjustment is calculated on the basis of lost market rent rather than calculating the loss of income based on the rent paid by ministers. This does not affect the overall result but increases income and void losses.

h) *Expenditure and basis of allocation of costs*

Expenditure is included when incurred.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objects of the charity. Staff costs and office costs are allocated in the same proportion as directly attributed staff costs.

i) *Fund Accounting*

Funds held by MMHS are either:

Unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Designated funds – these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor when funds are raised for particular restricted purposes.

Revaluation reserve – these funds represent the revaluation gains on the properties transferred to investment properties from functional fixed assets.

Further explanation of the nature and purpose of each fund is included in these notes to the financial statements.

j) *Planned Maintenance Expenditure*

To show the full costs incurred in maintaining properties, planned maintenance costs are included in the Statement of Financial Activities and are not capitalised to the balance sheet.

k) *Capitalisation*

MMHS has capitalised part of the cost of refurbishments. The basis of the amount capitalised is the lower of costs incurred and the difference between the market value before and after refurbishment.

l) *Pension Scheme*

MMHS operated a defined benefit pension scheme with the Methodist Church up to May 2019. A defined contribution scheme and an auto enrolment scheme are also operated with Scottish Widows. The assets of the schemes are invested and managed independently of the finances of MMHS. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the statement of financial activities over the average remaining service lives of current employees.

m) *Liquid Resources*

MMHS's liquid resources consist of cash invested in deposit accounts with the Central Finance Board

of the Methodist Church, which can be accessed on demand. During the year, cash is also held on fixed term deposits with Close Brothers Limited and Virgin Money & Clydesdale plc and cash in its HSBC current account. The account with Virgin Money & Clydesdale plc was closed on 27/11/2021. A 12-month notice period was given on 20/09/2021 to close the account with Close Brothers.

n) *Allocation of salary and support costs*
Salary and support costs are allocated between expenditure headings on the basis of staff time and the number of staff working on departmental activities. Governance costs are allocated in line with the support costs.

o) *Restatement of prior period support costs*
During 2021 MMHS reviewed the allocation of support costs between categories; there has therefore been a restatement of the allocation between categories of support costs for the period ended 31 August 2020. The total cost remains unchanged.

2 TOTAL INCOME

2.1 Voluntary income

	Year ended 31 August 2021	17-month period ended 31 August 2020
	£000	£000
Grants		
Fund for Support for Presbyters and Deacons	23	35
	23	35
Legacies		
Legacies received in the year	156	1,259
Legacies regarded as receivable	-	-
	156	1,259
Donations		
District contributions	53	116
General donations	4	118
Donated facilities	-	-
	57	234
Bequests/Gifted Properties		
Bequests received in the year	400	980
Gifted property regarded as receivable	-	-
	400	980
Voluntary Income	636	2,508

2.2 Investment income	Year ended 31 August 2021	17-month period ended 31 August 2020
	£000	£000
Unrestricted funds		
Interest receivable on deposits	15	57
Market rents receivable	1,399	1,688
Dividends	33	58
	1,447	1,803

2.3 Income from charitable activities	Year ended 31 August 2021	17-month period ended 31 August 2020
	£000	£000
Charitable rents receivable	2,424	3,412

Rental analysis	No	No
Charitable ministerial rents	716	736
Market rent tenants	155	145
Vacant units	38	37
	909	918

2.4 Gain on disposal of properties	Year ended 31 August 2021	17-month period ended 31 August 2020
	£000	£000
Gains on sale of properties	607	391
(Loss)/Gain on reimbursement of equity	(101)	(158)
	506	233

3 TOTAL EXPENDITURE

3.1 Analysis of expenditure

Summary	Year ended 31 August 2021	Staff costs	Support costs	Direct costs	Restated 17-month period ended 31 August 2020
	£000	£000	£000	£000	£000
Raising funds	113	60	29	24	139
Housing maintenance & repair	5,405	489	241	4,675	8,207
Buying & selling properties	272	180	88	4	363
Ministerial resident support	208	130	64	14	300
Equity	239	140	69	30	317
	6,237	999	491	4,747	9,326

3.2 Analysis of salary costs

	Year ended 31 August 2021	17-month period ended 31 August 2020
	£000	£000
Salaries	799	1,047
Employers national insurance contributions	80	106
Employers pension & phi contributions	120	155
	999	1,308

The full-time equivalent number of employees in 2021 was 15.8 (2020: 16). The head count in 2021 was 17 (2020: 17).

Employees receiving remuneration in excess of £60,000:	Year ended 31 August 2021	17-month period ended 31 August 2020
	No	No
£70,000 - £79,000	3	1
£80,000 - £89,000	-	1
£90,000 - £99,000	1	1
£100,000 - £109,000	-	1
£140,000 - £149,000	-	1
	4	5

The key management personnel of MMHS comprise the CEO, Finance Director, Operations Director and Property Director. Total benefits paid were £311,796 (2020: £421,923 for the 17-month period). The total employer's pension contribution of the key management personnel was £43,563 (2020: £45,170 for the 17-month period).

3.3 Analysis of support costs

	Year ended 31 August 2021	Raising Funds	Housing maintenance & repair	Buying & selling properties	Ministerial resident support	Equity	Restated 17- month period ended 31 August 2020
	£000	£000	£000	£000	£000	£000	£000
Staff training	6	-	3	1	1	1	10
Staff recruitment	8	-	4	2	1	1	7
Temporary staff	9	1	4	2	1	1	3
Travel & subsistence	24	2	12	4	3	3	32
Office rent, rates & services	61	4	30	10	8	9	85
Office administration costs	282	17	138	51	37	39	418
Professional charges	74	4	36	13	10	11	69
Depreciation	27	2	13	5	3	4	25
Support costs	**491**	**30**	**240**	**88**	**64**	**69**	**649**

3.4 Analysis of direct costs

3.4.1 Costs of raising voluntary income

	Year ended 31 August 2021	17-month period ended 31 August 2020
	£000	£000
Publicity & advertising	24	21
Direct costs	24	21

3.4.2 Charitable activities – housing maintenance and repair

	Year ended 31 August 2021	Restated 17-month period ended 31 August 2020
	£000	£000
Refurbishment	354	1,338
Refurbishments capitalised	(247)	(540)
Planned work	910	1,429
Repairs & maintenance	110	137
Gas & electrical contract	207	288
Electrical remedial work	88	198
Electrical testing programme	32	41
External painting	208	226
Primary	1,662	3,117
Property depreciation	2,262	3,123
Property insurance	71	97
Leasehold charges	66	100
Empty property costs	106	165
Management fees	440	581
Grants to tenants	21	6
Other	40	41
Governance	7	17
Secondary	3,013	4,130
	4,675	7,247

3.4.3 Charitable activities – buying and selling of properties

	Year ended 31 August 2021	Restated 17-month period ended 31 August 2020
	£000	£000
Loan interest	-	-
Professional charges	1	2
Applicants' interview costs	-	1
Governance costs	3	7
Direct costs	4	10

3.4.4 Governance costs allocated to charitable activities

	Year ended 31 August 2021	Restated 17-month period ended 31 August 2020
	£000	£000
Auditors' remuneration – audit	14	19
Board expenses	1	8
Direct costs	15	27

The Board expenses of £545 (2020: £8,498 for the 17-month period) is made up of travel and subsistence expenses amounting to £103 (2020: £4,304 for the 17-month period) which were reimbursed to one board member (2020: 11); and board expenses of £442 (2020: £4,194 for the 17-month period). No member of the Board received any remuneration in the current year or prior period.

3.4.5 Charitable activities – ministerial resident support

	Year ended 31 August 2021	Restated 17-month period ended 31 August 2020
	£000	£000
Wellbeing – general expenditure	11	11
Wellbeing – repairs and maintenance	1	29
Governance costs	2	5
Direct costs	14	45

3.4.6 Charitable activities – equity

	Year ended 31 August 2021	Restated 17-month period ended 31 August 2020
	£000	£000
Professional charges	28	38
Governance costs	2	5
Direct costs	30	43

4 FIXED ASSET INVESTMENTS

	Year ended 31 August 2021	Restated 17-month period ended 31 August 2020
	£000	£000
Fair value at 1 September 2020	2,091	2,037
Purchase of investments	190	318
Sale of investments	(151)	(304)
Gain on revaluation	377	40
Fair value at 31 Aug 2021	2,507	2,091
Represented by:		
CFB UK equity fund	888	716
CFB overseas fund	841	747
CFB corporate bond fund	413	334
CFB short fixed interest fund	365	294
Total investments	2,507	2,091

Investments are held in accordance with MMHS's investment policy detailed in the Trustees' Report.

5 PENSION COSTS

MMHS is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church ('the Scheme'), a defined benefit scheme.

FRS102 DISCLOSURES

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2021 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:

	31 August 2021 % pa	**31 August 2020** % pa
Discount rate	1.7	1.6
RPI inflation rate	3.5	3.1
CPI inflation rate	2.8	2.2
Rate of increase in pensionable earnings	2.8	2.2
Rate of increase in pension payments	2.3 / 3.3 / 5.0	2.1 / 3.0 / 5.0

The major categories of the Scheme's assets (excluding money purchase AVCs) as a percentage of the total Scheme assets, were as follows:

	31 August 2021 % pa	**31 August 2020** % pa
Equities	44	53
Corporate bonds	5	5
Property	9	9
Cash	8	8
Liability Driven Investment	30	20
Annuities	4	5

The following amounts at 31 August 2021 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	95.1
Present value of scheme liabilities	96.4
Net Defined Benefit Asset/(Liability)	(1.3)

The Scheme operated by the Methodist Church is a defined benefit scheme. However, MMHS is not the only participating employer in the Scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. This is because contributions paid into the Scheme are not invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of the Society. In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer.

Under the terms of the Scheme, the assets and liabilities are pooled among the participating employers. If a participating employer were to cease to participate then that employer would be required to pay a debt to fully fund their share of the Scheme's liabilities. MMHS would not be liable for another employer's debt but has an option to assume responsibility under an apportionment arrangement.

The Scheme closed to new entrants and the future accrual of pensionable service with effect from 31 May 2019 and therefore regular employer contributions ceased on this date.

A full actuarial valuation of the Scheme was carried out at 1 September 2020 by the Scheme Actuary. The valuation disclosed a past service deficit of £16.7m. It was agreed that the shortfall revealed at 1 September 2020 should be eliminated by contributions to be paid from the Pension Reserve Fund of the Methodist Church to the Scheme as follows:

- £2,380,000 per annum each August, starting August 2021[1] up to and including August 2026; and
- between £0 and £529,000 each December, starting December 2021 up to and including December 2026. The precise amount payable will be determined by the Scheme Actuary having regard to Scheme experience.

The next actuarial valuation is due as at 1 September 2023.

6 TANGIBLE ASSETS

	2021 £000	2020 £000
Office equipment		
Cost at 1 September 2020	245	213
Addition in period	51	32
Cost at 31 August 2021	296	245
Depreciation at 1 September 2020	139	90
Depreciation in the period	44	49
Depreciation at 31 August 2021	183	139
Net book value at 31 August	113	106

[1] In practice, due to the timing of the signing of the revised Recovery Plan, the core contribution of £650,000 under the 2018 Recovery Plan was paid in August 2021, and the difference between this and the revised core contribution amount (ie £2,380,000 – £650,000 = £1,730,000) was paid in December 2021.

7 PROGRAMME RELATED INVESTMENTS

7.1 Land and buildings

	Freehold	Leasehold	31 August 2021	31 August 2020
	£000	£000	£000	£000
Cost				
Balance at 1 September 2020/5 April 2019	165,693	13,438	179,131	172,445
Revaluations during the year/period	-	(103)	(103)	-
Additions in year/period	1,637	263	1,900	4,882
Capitalisation of refurbishments	247	-	247	539
Disposals in year/period	(2,549)	(429)	(2,978)	(5,135)
Transfer from/to leasehold/freehold properties	174	(174)	-	-
Transfer to investment properties	(3,038)	(402)	(3,440)	(3,622)
Transfer from investment properties	1,691	-	1,691	3,022
Balance at 31 August 2021	163,855	12,593	176,448	179,131
less				
Depreciation				
Depreciation at 1 September 2020	2,859	232	3,091	-
Depreciation for disposals	(54)	(9)	(63)	(31)
Depreciation written off		(3)	(3)	(66)
Depreciation re investments	(97)	(13)	(110)	-
Depreciation for period	2,205	170	2,375	3,188
Depreciation at 31 August 2021	4,913	377	5,290	3,091
Balance at 31 August 2021	158,942	12,216	171,158	176,040
Balance at 31 August 2020	162,834	13,206	176,040	
No of units at 1 September 2020	836	82	918	925
No of acquisitions	7	1	8	21
No of disposals	(14)	(3)	(17)	(28)
No of units at 31 August 2021	829	80	909	918

The assets under this heading comprise 909 (2020: 918) units of accommodation which include 155 (2020: 145) units which are occupied by market rent tenants who have security of tenure as at the 31 August 2021. Note 1d describes how the properties are valued. The revaluation reserve is included within General Reserves, in accordance with the Charities SORP.

7.2 Equity sharing scheme

The equity share scheme enables Ministerial Residents to acquire a financial interest in their retirement homes. This interest is determined by the amount contributed by a Ministerial Resident in proportion to the value of the property at the relevant date. At the year-end, 418 MMHS ministerial tenants had an equity share. (2020: 425).

		2021		**2020**
	No	£000	No	£000
At Cost				
Balance at 1 September 2020	425	18,922	438	19,337
Additions in year	9	637	16	587
Disposals in year	(16)	(600)	(29)	(1,002)
Balance at 31 August 2021	418	18,959	425	18,922
Less				
Depreciation adjustment				
Balance at 1 September 2020		2		2
Annual adjustment		13		-
Balance at 31 August 2021		15		2
Combined		18,974		18,924

Total Programme related investments

	2021	**2020**
	£000	£000
Land and buildings	171,158	176,040
Equity sharing scheme	(18,974)	(18,924)
	152,184	157,116

Investment Properties

	2021	**2020**
	£000	£000
Balance brought forward	17,492	16,892
Transfer from tangible fixed assets	3,440	3,622
Transfer to tangible fixed assets	(1,691)	(3,022)
Revaluation of properties	2,590	-
Balance carried forward	21,831	17,492

8 DEBTORS

	2021	2020
	£000	£000
Sundry debtors	79	23
Prepayments & accrued income	42	124
Legacies	50	72
	171	219

9 INVESTMENTS

	2021	2020
	£000	£000
Restricted Funds		
COIF Inc Shares	14	12
Deposits with Central Finance Board	1	1
	15	13
Unrestricted Funds		
Deposits with Central Finance Board	6,963	5,235
Other investments	544	1,051
Total investments	7,522	6,299

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£000	£000
Creditors	264	287
Accruals	485	654
Loans – interest free	2	2
	751	943

11 RESTRICTED FUNDS

11.1 The Piggott Trust

	31 August 2021	31 August 2020
	£000	£000
Charities Official Investment Fund income shares	9	9
	9	9

In September 1960 the Charity Commissioners approved and established a Scheme whereby the Charity of Mary Piggott and the specified endowment thereof could be administered and managed under the title of the Piggott Trust by MMHS.

The capital sum is invested with the Central Finance Board of the Methodist Church and the Charities Official Investment Fund and in accordance with the Scheme the income is applied to defray the cost of repair and upkeep of the property belonging to MMHS and situated at 47 Gainsford Road, Clacton, Essex.

12 UNRESTRICTED FUNDS

	At 1 September 2020	Revaluation/ Other	Movements in the year	Transfers between funds	At 31 August 2021
	£000	£000	£000	£000	£000
Revaluation reserve	10,094	1,567	-	-	11,661
Fixed asset reserve	157,222	-	-	(4,926)	152,296
Rent reserve	800	-	-	(200)	600
Equity share reserve	100	-	-	(16)	84
Equity share revaluation reserve	50	-	-	19	69
Total designated funds	**168,266**	**1,567**		**(5,123)**	**164,710**
General funds	**14,246**	**920**	**(847)**	**5,123**	**19,442**
Total	**182,512**	**2,487**	**(847)**	**-**	**184,152**

Designated funds are those earmarked by the Trustees for specific purposes or projects as noted in the above designations.

13 CAPITAL COMMITMENTS

At the year end MMHS had no commitments to purchase properties.

14 OPERATING LEASE COMMITMENTS

Commitments under operating leases are as follows:

	31 August 2021	31 August 2020
	£000	£000
Payments within one year	152	152
Expiring between two-five years	188	342
	340	494

15 RELATED PARTIES

There are two Board members, Revd C T F New and Revd A M Taylor who are Ministerial Residents of the Society. Their tenancies are on normal terms.

16 CASH FLOW INFORMATION

16.1 Reconciliations of net income to net cash flow from operating activities

	Year ended 31 August 2021	17-month period ended 31 August 2020
	£000	£000
Net (expenditure)	(847)	(1,331)
Adjustments for:		
Decrease/(increase) in debtors	48	(219)
(Decrease)/increase in creditors	(192)	938
Net realised (gain)/loss on sale of properties	(607)	391
Net realised loss/(gain) on reimbursement of equity	101	(158)
Depreciation	2,309	3,138
Investment income	(1,447)	(1,803)
Net cash (used in)/provided by operating activities	(635)	956

17 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2020

	Unrestricted funds	Restricted funds	Total funds Restated 17-month period ended 31 August
	2020	2020	2020
	£000	£000	£000
Income from			
Donations, legacies and grants	2,508	-	2,508
Charitable activities	3,412	-	3,412
Investments	1,803	-	1,803
Gain on disposal of properties	233	-	233
Total	**7,956**	**-**	**7,956**
Expenditure on Raising funds	**139**	**-**	**139**
Charitable activities			
Housing maintenance and repair	8,207	-	8,207
Buying and selling properties	363	-	363
Ministerial resident support	300		300
Equity	317	-	317
Total	**9,326**	**-**	**9,326**
Net income before revaluation and investment gains	**(1,370)**	**-**	**(1,370)**
Unrealised gain/(loss) on fixed asset investment	40	-	40
Net movement in funds	**(1,330)**	**-**	**(1,330)**
Reconciliation of funds			
General funds	10,892	9	10,901
Revaluation reserve	11,719	-	11,719
Equity share investment revaluation reserve	-	-	-
Designated funds	1,000	-	1,000
Designated fixed asset reserves	64,134	-	64,134
Fair value adjustment on transfer	96,097	-	96,097
Total funds transferred from MMHS (Co-operative & Community Benefit Society) on 5 April 2019	183,842	9	183,851
Total Funds carried forward	**182,512**	**9**	**182,521**

Administrative Details

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS (as at 31 August 2021)

Trustees

Mr Alexander Campbell OBE *(Chair)* *

Revd Alan Taylor *(Vice Chair)* [1] [2]

Revd Jacquie Evans *(Chair of Audit and Risk Committee)* [2]

Mr Christopher Firth *(Chair of Finance & Resources Committee)* [1]

Mr Paul Reynolds *(Chair of Property Committee)* [3]

Mrs Sharon Green [3]

Revd Paul Martin [2]

Revd Charles New [3]

[1] Member of the Finance & Resources Committee
[2] Member of the Audit & Risk Committee
[3] Member of the Property Committee
* *Ex-officio* member of all Committees

Senior Management Team

Mrs Mairi Johnstone	CEO
Mrs Atawa Aryee	Finance Director
Mr Richard Hawkins	Operations Director
Mr Paul Gillam	Property Director

Principal Bankers

HSBC
The Peak, 333 Vauxhall Bridge Road, Victoria, London SW1V 1EJ

Auditor

Mazars LLP
6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Methodist Ministers'
Housing Society

Contact Details
Place of Business and normal mailing address
Methodist Ministers' Housing Society
109 Baker Street, London W1U 6RP

admin@mmhs.org.uk
0203 848 6020

Registered Office
Methodist Ministers' Housing Society
Methodist Church House, 25 Marylebone Road, London NW1 5JR

METHODIST MINISTERS' HOUSING SOCIETY

England & Wales - Charity number 1186758

Accounts

Methodist Ministers' Housing Society
Company No. 11929754

Trustees' Report and financial statements 5 April 2019 - 31 August 2020

Methodist Ministers' Housing Society

mmhs.org.uk

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About us

WHO WE ARE

Methodist Ministers' Housing Society ('MMHS') was founded in 1948. Our story from the very beginning has been one of extraordinary generosity and far-reaching vision. Our purpose is set out in our mission statement below.

OUR VISION

'There was not a single person in need among them'. (Acts 4:34)

OUR MISSION

To meet the housing and housing-related needs of retired Methodist Ministers of limited means, their spouses, widows and widowers – and to offer support for their wellbeing in the key areas of mobility and independence.

OUR CORE VALUES

We have a Christian distinctiveness of which we are proud and it underpins who we are and what we do. Our concern is to show high standards of care in all we do and to be professional both as individuals and as an organisation.

OUR PLAN

We have an ambitious five-year plan. From September 2017 to August 2022, we are focusing on achieving five main strategic objectives that will enable us to deliver our vision and mission.

1 We wish to meet the housing and housing-related needs of 50% of retiring ministers and will do so incrementally over the five years of our plan. How will we do that? We will continue to provide houses and permit equity interests in them, but we will add to our mission by taking equity shares ourselves in houses owned by ministers. It may be that we will also offer loans in due course.

2 We also plan to offer more wellbeing support so the ministers we serve can keep their mobility and independence for as long as possible. Physical ageing presents considerable challenges, and we aspire to be the 'go to' place for ministers for advice and recommendations – as well as provide well thought through assistance.

3 Recognising we cannot do everything ourselves, we will establish collaborative relationships with other agencies, charities and groups we know will help us achieve our objectives. Any collaborations will have to be a good 'fit' with our vision, mission and core values.

4 We know if we are to succeed, we must have the right mix of experience, skills and knowledge. To that end, we will invest in and develop our Board and staff team so they are fully equipped to deliver what is required of them.

5 We also know we must continue to be good stewards of our considerable assets. To that end, we will ensure we have a number of well-managed sources of income and that our capital assets, in particular our housing stock, are equally well-managed.

Welcome from the Chair

I am writing to you at an unparalleled time in MMHS's history. The Covid-19 pandemic has caused havoc. In living memory, I don't think there has been another event which has affected the lives of so many people. This includes all the people who are connected to MMHS – in particular our ministerial residents – who, because of their age profile, have felt the full force of the virus and all the policy decisions that have been taken to try to contain it.

It was such a shock when we received the tragic news that our friend and fellow trustee, Revd Glynn Lister, had passed away in hospital on 7 April 2020 from Covid-19. This was early in the pandemic before we all really understood what was happening. While we knew Glynn had succumbed to the virus, we had hoped and prayed he would recover.

Glynn gave so generously of his time – and himself – to the work of MMHS. As well as making full use of his number-crunching skills as Chair of Finance, in summer 2019 the staff team were delighted to make use of his creative skills. They commissioned him to write a prayer resource, *Octave*. Little did we all realise this would become part of his legacy, mere months later.

Against the backdrop of our difficulties, I am delighted to present the Trustees' Report and Financial Statements for the period 5 April 2019 to 31 August 2020. The Board of Trustees and the Senior Management Team have worked 'hand in glove' to achieve much. I hope you enjoy reading our Report which sets out how we are making a real difference for good.

I am immensely grateful to our CEO, Mairi Johnstone, for leading MMHS through such challenging times. I would also like to pay tribute to my fellow Trustees for their commitment to MMHS, in giving their time and applying their expertise.

In no small measure, I am also really grateful to the many people who support the work of MMHS whether through church donations, gifts, bequests or legacies. You are the bedrock on which MMHS was built and continues to build.

Finally, on behalf of the Board of Trustees, I would like to wish you and your families the very best in these uncertain times.

Alexander Campbell OBE

Message from the CEO

We are living through extraordinary and unforgettable times. Covid-19 has turned the world on its head. The pandemic has challenged our sense of self, as well as our sense of belonging – to family, friendship groups, church and local communities, nations, and the world. We face immense health, economic and social consequences which we can't yet measure.

Yet, in the middle of all the mess, we have witnessed humanity at its best – in the expressions of kindness all around us, in powerful demonstrations of faith in action, and in the skill of innovators breaking through usual boundaries. Everywhere, there is need to be met – and it is growing.

As you will see from our Vision Statement, our vision is to eliminate need. Need arises in so many different ways and, of course, MMHS is focused on meeting housing and housing-related needs for all those within our mission reach.

Housing is of profound importance, and it is a privilege to be involved in charitable work that centres on it. One of our former Board members, Revd Dr John Harrod, wrote the following in our regular news publication *Roof 'n' Roots* – '...a house is not just a utility object protecting us from the elements and giving security and safety. Our house feeds our wellbeing in so many ways. It's a place where friendship, family and love are deepened and enjoyed...our wholeness involves the house – the home'. John captured so well, the importance of the place we call home.

We are reporting on a 17-month period, 5 April 2019 to 31 August 2020. We elected to change the length of our first accounting period as a newly formed company limited by guarantee, so we could re-align MMHS to the usual Methodist Church year, 1 September to 31 August. We converted into a company limited by guarantee using Sections 112-113 of the Co-operative and Community Benefit Societies Act 2014 and are now fully regulated by the Charity Commission and the Scottish Charity Regulator. This was a significant event in MMHS's life. We wish to position ourselves well for the future.

I hope you enjoy reading this Report. We have packed it full of interesting facts and figures, interspersed with inspiring stories. You will see that, as well as being good stewards of our assets, we are passionate about the people at the heart of our mission.

I am hopeful that 2021 will be the year when we emerge fully from the dark shadows of Covid-19. I sense times of renewal and reinvigoration ahead, and it's exciting to think of the part MMHS will play.

Lastly, and on behalf of the staff team, I would like to say how grateful I am for the resolute support we receive from so many people – it is simply wonderful.

Mairi Johnstone

Strategic Report

MORE ON OUR MISSION

Our mission to ministers has an all-embracing reach.

As well as providing for those who retire at a usual retirement age, we also care for those who retire early on health or compassionate grounds. We care, too, for widows, widowers and dependants of ministers who die in active service – as well as those who die during retirement.

MMHS operates in the United Kingdom, the Isle of Man and the Channel Islands. We are really pleased to be able to provide housing and associated services across this wide geographical area.

Our equity sharing scheme, whereby ministers can have an equity interest in the properties we provide, extends our mission very effectively. Also, in 2018, we were delighted to be able to establish an equity sharing fund whereby MMHS can take an equity share in a minister's property. This fund can be accessed by retired as well as retiring ministers.

Finally, we make sure our properties are suitably adapted for our ministers and their families' use, and are also fully accessible, so that all can live independently for as long as possible. Wellbeing support is very important to us, particularly when it comes to assisting with mobility and independence.

ACHIEVEMENTS AND PERFORMANCE: OUR WORK

We're not just about property; we are also very much about people.

We would like to highlight the positive impact we have on the lives of our ministerial residents – as well as report on the sound management of MMHS's assets. We would also like to report on some of our collaborations.

Our property numbers can be summarised as follows:

Number of properties at the start of the reporting period		**925**
Transactions through the reporting period		
Sold	**28**	
Purchased	**14**	
Bequests	**7**	
Number of properties at the end of the reporting period		**918**

Of that number of 918, 736 were occupied by our ministerial residents, 145 by market rent tenants and 37 were empty. Empty properties are unavoidable due to transitioning periods between residents and during marketing periods for sale or rent. Empty property numbers are always kept to a minimum and the time they are left empty is kept as short as possible.

We were pleased to provide housing for 37 new ministerial residents, including two medical retirees. We transferred nine ministerial residents.

Our equity sharing scheme enables our ministerial residents to acquire a financial interest in their retirement homes. During the reporting period, 16 new interests were acquired and 29 were repaid.

Best possible management of our property portfolio is at the heart of our mission. We strive to get things right.

In making the best use of all our resources, we prioritise using our existing portfolio when offering accommodation to new ministerial residents. Occasionally, however, we will purchase properties for those who have medical or other valid reasons for requiring a particular type of property in a particular area. Our purchasing budget is allocated mainly to transferees. We find life can be very difficult for our older ministerial residents, especially if they are advancing significantly in age – they want to be near to their close family members.

We have a rolling programme for maintaining our properties, including kitchen and bathroom refits. We also take the opportunity when properties are empty to undertake major refurbishments to avoid disturbance to our residents. These refurbishments comprise the replacement of kitchens and bathrooms with upgrades to joinery, heating, plumbing and electrical installations together with building fabric repairs, complete redecoration and replacement of finishes.

This is a comprehensive specification. It prevents projects drifting beyond refurbishment into remodelling, extensions and structural alterations requiring external consultants to design and manage. Although this may be a consideration in highly exceptional circumstances, this is not the norm.

	5 April 2019 to to 31 August 2019	1 September 2019 to 31 August 2020	Over the whole 17-month period
Number of homes refurbished	**10**	**23**	**33**
Average spend per property	**£38,850**	**£33,580**	**£35,180**

We also made great strides in the tighter control of refurbishment contracts by ensuring our documentation of works included all that they should, at the time of tender. We are also pleased that most of our refurbishment projects are now delivered on time – or even ahead of time.

Almost 2,800 jobs were recorded relating to the repair and maintenance of our properties. These jobs ranged from £10,000 roof replacements down to fixing a leaking tap.

In addition to repair and maintenance, all our properties are routinely inspected to ensure compliance with respect to electrical and gas safety standards.

Electrical inspections and associated remedial works are administered and undertaken by HES Fire Protection Limited.

Boiler Plan UK Limited took over our gas compliance checks from British Gas at the beginning of 2020. Boiler Plan make use of the management software Job Logic which is available to us, too, and provides us with real-time information on compliance and appointments.

The pandemic has inevitably had an effect both on access to properties and the availability of engineers. We are constantly working with our partners to ensure as many properties as possible are fully compliant.

CASE STUDY

Pictured is one of our ministerial residents, Margaret Parkes, who was overjoyed with her kitchen refurbishment. 'My grateful thanks for the hard work and attention given to my kitchen,' said Margaret, who lives in the West Midlands. 'It's beautiful.' She said it made her want to dance!

Due to the extensive geographic coverage of our property portfolio and the relatively small scale of individual projects, larger contractors are not always interested in pricing our work or are unable to compete. We therefore concentrate on smaller contractors who are also willing to travel. We will typically use five contractors for every refurbishment tender – with at least one selected from the locality of the property project.

We have resolved not to form a partnership with any one contractor, preferring to stay with competitive tender for each project. To date, this has worked very well, delivering exceptional value for money.

CASE STUDY

Our MMHS's *Residents' Handbook* used to be a heavy, plastic manual weighed down by laminated pages and complex graphics.

This publication has now been totally revised and refined and is available as a free download from our website. Ministerial residents without online access can request a paper copy. The new Handbook remains essential reference material for ministerial residents.

Our responsibilities as landlord do not normally cover internal decoration. We have become aware, however, that some of our ministerial residents struggle with this matter both physically and financially. So, we have been developing plans to launch a new grant scheme in 2021 to help residents with internal redecoration. Access to the scheme will be subject to means and other testing. The new grant scheme will be separate from the external decorating programme to maintain the external fabric of our properties, which is our responsibility as landlord.

Over our reporting period, 874 satisfaction questionnaires were received from Ministerial Residents stating their overall response to the quality of contractors' work. Levels of satisfaction can be indicated on a five-point scale ranging from Excellent to Poor:

- 71 per cent rated their satisfaction as Excellent;
- a further 22 per cent rated their satisfaction as Very Good.

Overall Quality of Service	No. of Responses	Percentage
Excellent	623	71%
Very Good	196	22%
Good	34	4%
Satisfactory	12	2%
Poor	9	1%
Total Questionnaires Received	874	100%

Jobs are prioritised on a scale from Routine to Emergency Call Out and each classification is assigned a target number of days to completion.

Priority classification	Target (days)	Number of jobs	Number within target	Percentage within target
Planned	40	751	594	79%
Urgent	7	155	125	81%
Emergency	1	19	17	89%
Routine	21	1013	958	95%
Em./Call Out	1	1	1	100%
Total		1939	1695	

We remain very committed to 'greening' our property portfolio. Energy efficiency and insulation levels are constantly being upgraded whenever works are undertaken. We are pleased to confirm the following:

- we have a rolling programme of boiler replacement, taking out old inefficient boilers and replacing with modern combination boilers and we are also eliminating cold water storage tanks which can harbour diseases such as legionella;
- heating systems are being upgraded to provide better controls including thermostatic radiator valves throughout to allow our residents to minimise their use of fuel while still remaining comfortable;
- instantaneous low flow shower fittings are being provided;
- loft insulation is being installed when missing, and also increased where appropriate;
- our window and external door replacement programme provides modern double-glazed units that improve insulation levels and eliminate draughts;
- all light fitting replacements to kitchens and bathrooms are safe, compliant, low energy in type.

We are also closely monitoring the availability of government grants in connection with 'the green agenda' and will utilise them if we can.

Engaging effectively with our stakeholders is important to us. We want as many people as possible within the Methodist family to know about our work – what we are doing now and what we are planning for the future. 2020, of course, presented unique challenges on how best to engage.

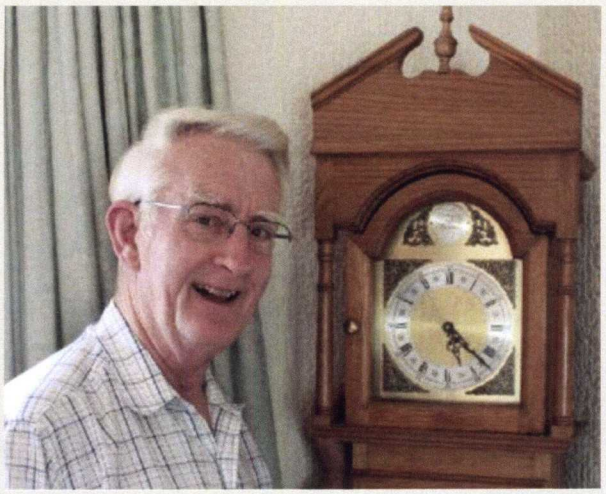
CASE STUDY

The pandemic meant the Methodist Conference 2020 had to be held virtually. This meant no physical exhibition stand for MMHS or any other exhibitor. That presented us with a challenge.

We heard via colleagues in the Methodist Church there would be a need to play videos between the online Conference sessions. We had a short film about the presentation of the MMHS grandfather clock to Wesley's Chapel – a still from the video shoot shows our CEO Mairi Johnstone with Museum Curator Christian Dettlaff.

Museum Curator Christian Dettlaff with our CEO Mairi Johnstone

Our film was screened online as part of the first ever virtual Methodist Conference. The cameras were rolling when one of our ministerial residents Revd Neville Pugh (pictured) set up the MMHS clock at Wesley's Chapel in London. A special edit of the movie was screened online as part of Conference. Hundreds – maybe thousands – of viewers saw it.



Revd Neville Pugh

MMHS was also listed on the official Conference website. We booked advertisement space in and around Conference literature and beyond. For the first time, we took out an interactive advert on the Methodist Publishing website where delegates would be downloading related resources.

In addition, we sent every delegate a copy of a special MMHS edition of a new colouring and activity book, *The Flowing Tide*, which carried our logo and background story. This new resource from Lindisfarne Scriptorium went out with each copy of the Conference Agenda.

We also sent a card to every ordinand, together with a copy of *The Flowing Tide*. Every year at Conference we make contact with new ministers in this way, by sending them a small gift and card.

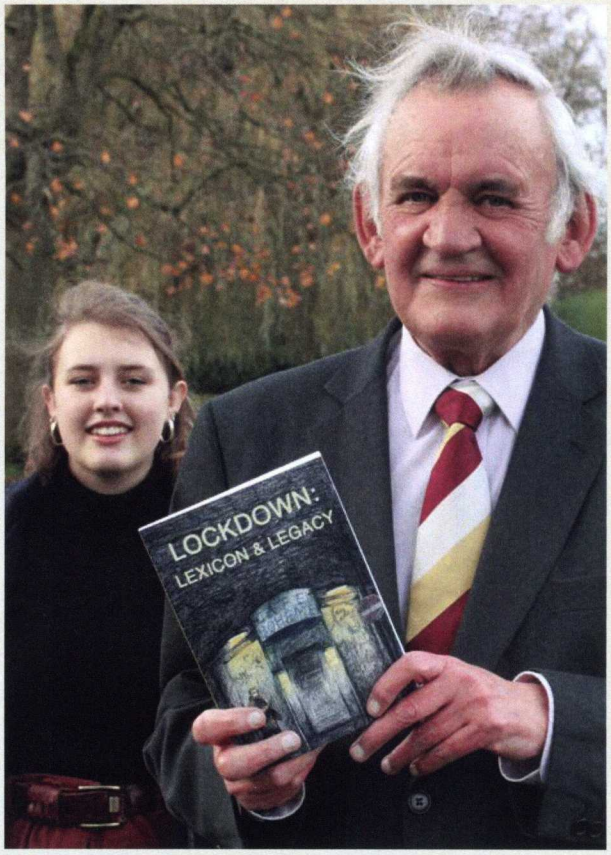
We use our regular publication *Roof 'n' Roots* to communicate our news and views and pass on the many inspiring stories that our ministerial residents share with us. We never cease to be amazed at the lives our ministerial residents have lived and how, well into retirement, they continue to make significant contributions to churches, local communities and society in general.

CASE STUDY

Making masks from knicker elastic, telling Groucho Marx jokes, sharing 'worship workout' YouTube clips, cooking Bali-style on Zoom, trampolining for charity and recording a song a day are among the ways people have been coping with the Covid-19 crisis.

Such pandemic adventures are revealed in a new A-Z called *Lockdown: Lexicon & Legacy.* More than 400 copies have already been sold by publisher Revd Robert Davies, an MMHS resident. He shared his story in the Winter 2020 edition of *Roof 'n' Roots.*

Bob (pictured with his granddaughter Emily) had already written an A-Z of football as fanzine articles for his favourite club Wrexham. 'I always thought I'd love to do an A-Z of something else,' he said. 'I got this inspiration – why not about lockdown?'



Bob Davies and granddaughter Emily

He knew many people with stories. 'It came together in a haphazard way,' Bob confessed. 'I didn't make a list. I kept thinking of people – and pestering them with emails!'

Some folk wrote prayers, others stories – such as church bells silenced for the first time since World War II. There were ripping yarns, like a father creating 'cuddlesticks' with gloves mounted on long poles. There was a simple gift of flowers for a couple who felt alone. Bob's granddaughter Emily created the cover, son Peter wrote the foreword, son Martin and grandson Leo both contributed to the book. Although Bob saw it as an A-Z of lockdown, a friend told him he had made a document of our time.

Feedback has been overwhelming. 'I'm getting letters, cards and emails,' he said. Success has come without any major advertising. Bob simply told friends, colleagues and churches.

North Wales born and bred, Bob felt drawn to Methodist ministry at an early age: 'I was influenced by parents, Sunday school teachers, youth leaders and ministers'. He attended Hartley Victoria College, Manchester, at age 20 in the early 60s.

Ordained at 26, Bob engaged in mainly circuit ministry for 17 years in Buxton, where the publishing started under the name of the main church in the Market Place. He was a prison chaplain for many years. On retirement, he sought MMHS's assistance for a home, and was shown a property in Oldham in 2009.

'The house needed a lot done to it,' Bob laughed. 'I made a list. Straight away MMHS said, *"We're going to do a lot more than that"*... MMHS were excellent.'

CASE STUDY

Part of Glynn Lister's legacy to us is *Octave* – a little prayer book that became a big story for MMHS.

Glynn produced material for eight days of prayer, to encourage people to reflect on MMHS's work and the housing needs of others. The book encouraged prayer not only for MMHS residents, staff and trustees – but also for carers, homeless people, refugees and housing policy makers.

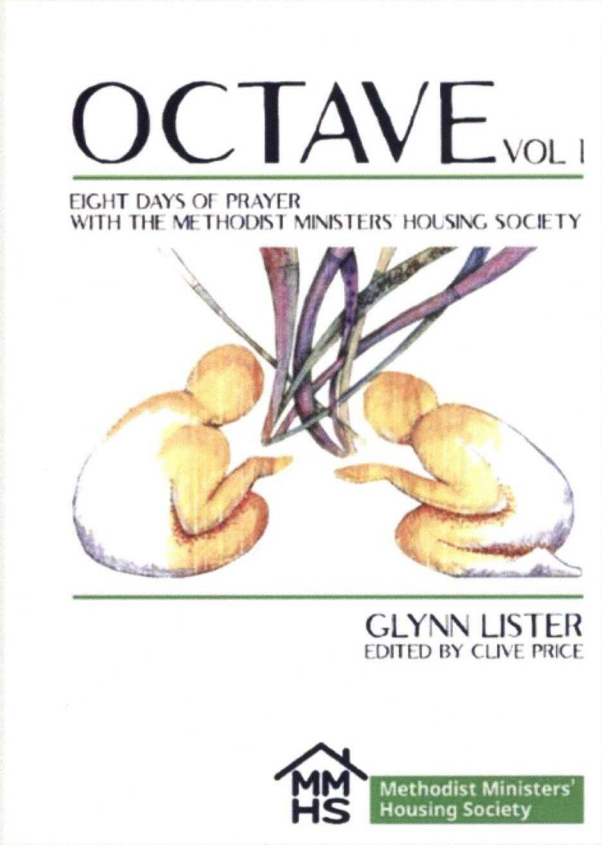
Lindisfarne Scriptorium designed and packaged Glynn's notes and prayers into a beautifully crafted 12-page book.

We launched it as a limited print edition at the Methodist Conference in Birmingham – at the same time making Octave available as a free download from the MMHS website. Stories about Glynn's prayer resource were shared by congregations up and down the UK. We held a second launch at the Christian Resources Exhibition in Esher, Surrey, distributing postcards that carried a QR code for people to download Octave.

'I chose an "octave" as it's been a Christian tradition since earliest times,' said Glynn at the time. 'From the Latin octava (eighth), "octave" is the eighth day after a feast. The word is also applied to the eight-day period of the feast.

'In those pioneering centuries of the Church, octaves were created for Easter, Pentecost, Epiphany, Christmas, saints' days – and in modern times, the Octave Of Prayer For Christian Unity. Even The Beatles sang *Eight Days A Week!*'

Octave offers the same template for each of any chosen eight days – a reading, a prayer



and an extract from a hymn. Glynn said the idea is that if the prayer pattern is the same, you can 'wear' it like a cosy suit or outfit. '*Octave* should be comfortable clothing, not a straitjacket,' he explained.

'One person might find the reading enough to open up the way of prayer for them. Another person might want to look up a whole hymn and that will expand the prayer topic for them. Start somewhere and finish somewhere. If you get lost in the middle, that's fine, too.'

That was very much part of Glynn's character and part of his legacy to us – making a deeper spiritual life accessible for everyone. 'You might have a favourite spot where you feel you can pray – perhaps a fireside armchair, a kitchen bench or, on nice mornings, a corner of the garden,' he said. 'Prayer is all about letting your mind wander in the presence of God.'

CASE STUDY

Gwenda grew up on Ynys Enlli, the 'Island in the Currents', better known as Bardsey. This legendary 'Island of 20,000 Saints' is situated two miles off the Llŷn Peninsula. While the name sounds magical, Bardsey was without running water, gas or electricity.

'There were ten houses, a chapel, a school and a lighthouse,' Gwenda smiled as she remembered a special childhood, but wondered how her mother coped, especially when her father died of tuberculosis. She now realises that taxing existence prepared her for mission and church work.

Gwenda went on to study social science at Leeds University. There she met Vic, who was training to be a Methodist minister at nearby Wesley College, Headingley. They married in 1956. Later that year, Vic was appointed as a missionary to Panama. 'We had three bags – my clothes, his clothes and the third contained Vic's books,' said Gwenda.

Following various ministry appointments, Vic's next major mission was to Walworth Methodist Church, London. It was known as Clubland because of its pioneering youth work. In its early days, Clubland had become associated with showbiz figures like Michael Caine, a former member, and Bob Hope, a generous benefactor.

Gwenda and Vic worked hard to reconnect with the multicultural community, who started to form a congregation. In time, Walworth became one of the UK's fastest growing Methodist churches. 'It grew and grew and grew,' said Gwenda. 'Vic was just blessed with a gift.' It was a proud moment when Vic received the MBE in 1993. The following year, the Watsons retired to an MMHS property in the north of England.

Offering pastoral support is a key part of our relationship with our ministerial residents – as we said earlier in this report, our mission to ministers has an all-embracing reach. Another way of putting it is, we deal with the whole breadth of life's experiences; many ministers and their households are with us for a third of their lives.

Sometimes the need to offer support crops up in the most unexpected contexts – in the middle of a refurbishment project, for example. Ministers, on reaching retirement, experience all kinds of emotions and we are right there at the centre of all the changes that are taking place, with role, home, and location, to name but three. It can be overwhelming for some.

We help with loneliness and isolation, often a debilitating consequence of older age. There can be a stigma with loneliness. Research shows that half of all people over 75 live alone and one in 10 people over 65 feel lonely. Technology, although life-enhancing when considered 'in the round', can mean less time spent speaking to someone on the phone or in person. It's easier to email and message our friends and family. The various lockdown rules during the pandemic have impacted older people terribly, often exacerbating

their loneliness and isolation. Our staff are skilled in listening. We know a call about a repair might be the only conversation the caller will have with another person that day.

We also help with disability linked to older age, moving into care, and death and bereavement – all are enormous life events. One of the core values of MMHS really comes into its own when we are being pastorally supportive; showing a high standard of care. We believe we do.

Collaborations are really important to us. The primary reason is our own small resource base. We have big ambitions in terms of the quality and quantity of our output and we know we have to rely on others to achieve our objectives. There are secondary reasons too – one is the huge benefit of learning from the knowledge and experiences of others and another is benefitting from the creativity and skill of others.

We would like to share a few examples:

- working with the Methodist Church media team – as a result of doing so, a number of our stories have appeared in 'The Methodist News', an electronic news service that reaches about 5,500 subscribers across the Methodist Church;
- meeting regularly with the housing teams in the Church of England and the United Reformed Church to exchange ideas and resources, and offer mutual support;
- working with Lindisfarne Scriptorium who have provided us with contemplative artwork, lifting the quality of our publications;
- attending the Methodist Church retirement courses where we have a wide audience; as well as talk about our services to those who need them, we can also 'market' to those who don't need us but can spread the news of what we offer.

We are exploring collaborations around procurement of services.

PLANS FOR THE FUTURE

We are now in Year 4 of our five-year Strategic Plan. Even though we are still in the middle of the pandemic, we are optimistic about delivering effectively and efficiently.

We have a 16-point plan for Year 4 and we will highlight the key points in summary form, as follows:

- as in all previous years, we will ensure we meet the housing needs of all those who are eligible for and seek our assistance. We will also continue to operate our Equity Sharing Scheme whereby qualifying ministers have an equity interest in their MMHS house and our Equity Sharing Fund, whereby MMHS takes a share in a house owned by a retired or retiring minister who meets our criteria;
- we will seek to meet the ongoing housing-related needs of the c730 ministerial households in our care. We will continue to offer pastoral support where we can, as a continuing expression of our values. We often have to handle complex situations that call for bespoke arrangements, for example, the provision of a specially adapted home;
- we have a Wellbeing Fund (capped) available to support our Wellbeing Programme. Our focus this year will be:
  - partnering with and launching a support service with AbilityNet and encouraging its use;
  - commissioning services for our ministerial residents on best use of space, the benefits of decluttering, and safety in the home;

  - the continued use of the Fund to alleviate poverty.

- we are also committed to providing a good signposting service mainly through our publication *Roof 'n' Roots* and our website. We aim to highlight the services of other organisations that may be able to help our ministerial residents keep mobile and live independently, in ways that are over and above what we can do. We recognise we can only meet needs that are within the parameters of our mission;
- with regard to making best use of our housing and document management systems, we will do the following:
  - continue to develop our housing management software by adding modules, re-introducing the use of the Executive Dashboard and revising coding;
  - continue to research possible replacement housing management systems;
  - reform the coding of our document management system, integrate the functions of our systems as much as possible;
  - make use of an online portal for reporting repairs.
- MMHS has adopted an updated asset management strategy ('AMS') which was written to support our main Strategic Plan, 2017-2022. The following will be implemented this year:
  - a new style tenant satisfaction questionnaire will be devised. Further questionnaires will be devised to measure satisfaction with all work undertaken at our properties for our ministerial residents, including refurbishments;
  - a digital library of our properties – we will continue to work on this with a focus on our market rented and empty properties;
  - achieving the strategic target of market renting 175 properties will be pursued. The income from this is a vital cross-subsidy to our ministerial rents;
  - our existing suite of KPIs – we will add to them in order to provide a more complete analysis of the management of our properties;
  - two new initiatives will be put in place, one with a distinctly 'green' flavour and one for decorating.
- we will continue with the review and reformation of our processes. In particular, we will continue to work on streamlining processes around equity, surveys and our market rented portfolio and enhance audit trails. This is all with a view to making MMHS, operationally, the best it can be notwithstanding our limited human and other resources;
- fifteen properties will be selected from our market rented properties and put into a ring-fenced portfolio. They will be managed as investment properties and will provide a vital income stream to be used for our charitable purposes;
- we will continue to invest in learning and development for both our trustees and staff. The programme for staff is tailored to support the Year 4 Plan. The Trustees' programme has three categories of learning and development:
  - general/political/economic matters;
  - matters specific to MMHS;
  - personal skills and competencies.

Risk Management

Risk is an everyday part of charitable activity. Managing it effectively is essential if MMHS is to achieve its key objectives and safeguard its funds and assets. Our risk management framework has been designed to support informed decision making. It is reviewed regularly.

Risks are identified, assessed and managed by the Senior Management Team and discussed and reviewed with our Trustees who have ultimate responsibility for approval. We are committed to managing risks in five distinct areas:
• strategic • governance • finance • property • operational .

In each area, we identify our top five risks. A comprehensive review of our Combined Risk Register was undertaken in response to the pandemic. Adjustments were made to the registers to reflect risks associated with the pandemic.

Our staff team discuss the known risks facing MMHS regularly. The Senior Management Team set aside time to focus on new and developing risks. They also use scenario planning to identify extreme yet possible risks and opportunities that are not usually considered in regular risk management.

We are very aware of the risks that will need to be managed in the post-pandemic era, as the UK enters what we anticipate will be a very difficult recovery phase.

Here are the top risks in each of the five areas referred to above, and details of the mitigation we have in place:

STRATEGIC

Declining number of Ministerial Residents (including pandemic effects on numbers).

There has been a steady decline since 2008 from a peak of 923 households to c735 now. Given the Church's trajectory for Presbyters and Deacons in service, it is reasonable to plan for a continued steady decline and even a marked drop off.

Mitigation
- the CEO is in regular conversation with the Church;
- Strategic Plan for 2017-2022 addresses this drop in numbers;
- numbers are being monitored for any acceleration of decline.

GOVERNANCE

Failure to ensure the Board has the correct balance of skills.

It may become difficult to recruit trustees for a voluntary position where a high level of skills and experience are required to oversee a complex housing charity. There is a need to ensure existing trustees undertake learning and development.

Mitigation
- Vice Chair has primary responsibility for skill set analysis and training, working with the CEO and Chair to devise and implement a programme of training;
- undertake carefully crafted recruitment processes and appointments targeting skills needed.

FINANCE

Lack of budgetary control & financial reporting failure.

MMHS loses control of the budget and accounting process, leading to over/under spend resulting in inaccurate and/or insufficient information produced to manage the business appropriately.

Mitigation
- formalised annual and monthly accounting process followed;
- financial monitoring, monthly accounts and written reports to explain figures;
- regular Finance Department team and Senior Management Team meetings.

PROPERTY

Property repair.

Properties not kept in a good state of repair, causing resident and reputational risk. Lack of knowledge of property condition due to insufficient inspection. Pandemic impact on ability to repair and maintain.

Mitigation
- maintenance of accurate property records;
- robust repairs and maintenance policies;
- Property Team KPI targets;
- periodic inspection of properties (if delayed, visit as soon as possible);
- a comprehensive Asset Management Strategy (AMS).

OPERATIONAL

Cyber and social crime.

Criminal activity that involves access to our network and systems, either internal or external in origin generated by tech, social engineering and/or physical presence methods of initiation is an ever-present risk to MMHS. The pandemic has elevated this risk as staff have changing work patterns.

Mitigation
- patching and update policy;
- security systems installed and tested regularly;
- adherence to our Acceptable Use Policy and other policies, for example home working policies;
- co-operative and collaborative relationship with our IT services provider;
- regular awareness raising activity at team meetings;
- physical building security.

Financial Review

OVERVIEW

The opening financial statements of MMHS are reported for the 17-month period from 5 April 2019 to 31 August 2020.

Total income for the period was £7.9m. Of this amount, revenues generated from rental income stream amounted to £5.1m. Donations amounting to £234k were received from individuals, churches and circuits within the Methodist family. Legacies, bequests and grants amounted to £2.274m.

The net surplus derived from the sale of surplus properties amounted to £233k.

Interest income received from cash deposits amounted to £57k.

Despite the uncertainty in the markets during 2020, dividends from funds invested with Epworth Investment Management Ltd (wholly owned by the Central Finance Board of the Methodist Church (CFB)) were received, amounting to £58k. A further unrealised gain of £40k was calculated on the investments.

Overall expenditure in the period was £9.3m. This expenditure exceeded income by £1.3m, largely as a result of the higher depreciation charges of MMHS's properties that were charged (fair value) following its conversion to a company limited by guarantee. Spend on property maintenance and refurbishment is a substantial investment to keep MMHS's properties well maintained to a good standard. This spend was not adversely impacted by the lockdown.

The closing period balance sheet was £182m of net assets – with £14.2m of this being represented by its unrestricted income funds at period end. MMHS's financial position remains strong and will provide a strong underpinning for its ongoing activities.

RESERVES POLICY

MMHS's reserves policy is to maintain an appropriate level of reserves to support the operational activities of MMHS, taking into consideration the risks to which MMHS is exposed, as well as existing and projected future levels of income and expenditure.

The policy and the fixing of the required level of reserves are set in accordance with Charity Commission guidelines and are reviewed annually by our Trustees. Our Trustees consider that operational reserves should be maintained at six months' worth of expenditure.

As at 31 August 2020, MMHS's total free reserves was £7.748m of which the total cash balance was £6.378m. The free reserves are equivalent to 14 months' worth of operational expenditure.

INVESTMENT POLICY

MMHS has the power to invest in such investments, securities or property as the Trustees may determine. MMHS's investment policy states that its objective is to produce the best financial return within an acceptable level of risk. Capital preservation is of paramount importance.

As at 31 August 2020, we held £2.091m with Epworth Investment Management Ltd in a managed investment portfolio. These investments are held in a combination of equities, fixed interest securities and cash. We also held just over £500k with each of Virgin Money & Clydesdale and Close Brothers in deposits.

Surplus cash is held in the deposit fund of CFB which meets the ethical standards of the Methodist Church. During the reporting period, interest rates averaged 0.70% p.a.

We also hold investment properties. As at 31 August 2020, our investment properties were valued at £17.4m. It is the policy and practice of the Trustees to use the rental income from those properties for the furtherance of the objectives of MMHS.

GOING CONCERN

In order to assess the appropriateness of the going concern assumption basis, the Trustees have considered MMHS's financial position, liquidity, unrestricted reserves, and forecasts for the foreseeable future, taking into account the risks to which MMHS is exposed including the potential impacts of the pandemic and Brexit. There is great uncertainty on the economic impact of the pandemic.

Our Trustees have concluded that the risk of MMHS being unable to continue is remote. Accordingly, the Trustees have a reasonable expectation that MMHS will be able to continue in operation and meet its liabilities as they fall due for at least 12 months from the date of signing of this report. They continue to adopt the going concern basis in preparing the financial statements.

Structure, Governance and Management

The Methodist Ministers' Housing Society is a charitable company limited by guarantee.

Company Number	11929754	
Charity Number	1186758	(England and Wales)
Charity Number	SC050661	(Scotland)

The Board of Trustees is the body responsible for the management of MMHS and the number is required to consist of:

- not less than seven but not more than fifteen; and
- at any one time no less than two and no more than five shall be tenants of MMHS.

Trustees are appointed for a fixed term not exceeding three years and are eligible for reappointment for up to a further two consecutive terms each of three years. They are not eligible for reappointment after the end of their third consecutive term until after an interval of at least three years has elapsed.

If Trustees consider it would be in the best interests of MMHS for a particular Trustee to continue to serve beyond nine consecutive years, the Trustees may resolve to reappoint that particular Trustee for a further fixed term of a year.

MMHS has eight Trustees at present. The Senior Management Team comprises the CEO and three Directors (Finance, Operations & Property). All of their details are set out at the end of this document.

The Trustees may delegate, on such terms as they think fit, any of their powers or functions to any committee comprising three or more Trustees as the Trustees may appoint. The Trustees may delegate the implementation of their decisions or day-to-day management of the affairs of MMHS to any person or committee.

The Board of Trustees has three committees – Property, Finance & Resources, and Audit & Risk. They act in accordance with the terms of reference by which powers or functions are delegated.

The Board and its committees meet regularly during the year, as follows:

The Board	March, June, September, December
Property Committee	March, June, November
Finance & Resources Committee	March, July, September, December **
Audit & Risk Committee	March, December **

** The annual joint meeting

Extra meetings are organised, if needed.

The CEO is responsible for the implementation of the decisions of the Trustees and the day-to-day management of the affairs of MMHS. She is also the Company Secretary. Together with the Chair, she works to enable the Board to fulfil its functions. She is responsible for effective management systems to ensure all staff have clarity about their roles and objectives and have the appropriate appraisals and training to enable them to fulfil their roles and contribute to MMHS's strategic objectives.

The requirement for Trustees to demonstrate effective governance of charities increases year on year. Our Trustees give priority to good governance and some of the issues they have considered are detailed below.

PUBLIC BENEFIT

MMHS's purpose, as set out in its Articles, is to provide housing or financial assistance towards the housing needs of Methodist Presbyters and Deacons ('ministers') of limited means who are in receipt of their full Methodist Church pension, and also to various categories of persons connected to the ministers. In this report, we have been pleased to provide full details of all those who have benefitted from the charitable activities and objectives of MMHS during the period for which we are reporting, 5 April 2019 to 31 August 2020.

We are always mindful of the Charity Commission's general guidance on public benefit whenever we review both what we are doing at present and what we hope to do in the future.

ENVIRONMENTAL RESPONSIBILITIES

You will have read earlier in this document about our commitment to greening our property portfolio. We are pleased to report we have even more initiatives up and running which are improving our environmental impact significantly. These include:

- participating in a recycling scheme;
- emailing letters and materials if at all possible rather than using the postal system;
- reviewing the operation of our office's heating and cooling system;
- pursuing becoming a paperless office (insomuch as that is possible in practical terms);
- encouraging full use of our Board Management Software;
- being careful with our travel footprint. The pandemic has led to a much-increased use of video-conferencing and we have every expectation this will continue in use, indefinitely, once the pandemic has ended.

EQUALITY AND DIVERSITY

We are an equal opportunities employer and employ staff from a wide variety of backgrounds, origins, experiences and cultures. We respect and value people's differences in terms of skills, experience, background, ethnicity and gender. We believe in treating each other fairly, creating a workplace where every person has access to opportunities to fully develop their potential.

We also adhere to the following practices:

- we are transparent;
- we do not tolerate any form of intimidation, bullying or harassment;

- we listen to and respect one another's opinions;
- we promote an inclusive culture.

STAFF REMUNERATION POLICY AND PERFORMANCE MANAGEMENT

We seek to set pay in line with the market and to this end, in 2018, we used the services of external consultants to benchmark to market. This exercise will be repeated every three years and it follows that the next review is due to take place this year. In intervening years, we give due regard to the remuneration ranges recommended in the benchmarking data, market pressures for particular roles and inflationary pressures.

A comprehensive package of benefits is also offered to staff including a contributory pension scheme, life and critical illness insurance, generous annual leave and flexible working options.

We support staff development through a learning and development programme. Performance is evaluated through a comprehensive appraisal system and includes capturing qualitative and quantitative feedback. Targets are set in line with strategic objectives.

FUNDRAISING

We do not carry out charitable fundraising, expend resources on fundraising activities or engage the services of third parties to do so on our behalf.

At any time in the future, were we to undertake fundraising activities, we would comply with the Fundraising Standards Board regulations.

During the time covered by this report, we were not registered with the Fundraising Regulator but we review the need to do so, regularly. We are aware of the Regulator's Code of Practice and its core values.

Statement of Trustees' Responsibilities

In accordance with applicable law and United Kingdom Accounting Standards, the Trustees are required to prepare the Trustees' Report and financial statements for each financial year which give a true and fair view of the state of affairs of MMHS and of the income and expenditure of MMHS for that period. This is MMHS's first financial year post its conversion using Sections 112-113 of the Co-operative and Community Benefit Societies Act 2014, and it runs from 5 April 2019 to 31 August 2020.

In preparing these financial statements, the Trustees have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards and Charities SORP (FRS 102);
- prepared the financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of MMHS, and enable them to ensure the financial statements comply with applicable law.

The Trustees are also responsible for safeguarding the assets of MMHS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees' Report on pages 3 to 23 was approved by the Board of Trustees on 11 February 2021 and signed on their behalf.

Alexander Campbell OBE
Chair of Trustees

Independent Auditor's Report

OPINION

We have audited the financial statements of Methodist Ministers' Housing Society (the 'charity') for the period ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 August 2020 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report which includes the Trustees' Report prepared for the purposes of company law, for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and

for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF THE AUDIT REPORT

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

N J Wakefield

Nicola Wakefield
(Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, SM1 4FS

Date: 31 March 2020

Financial Statements

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED 31 AUGUST 2020

	Note	17 month period ended 31 August 2020
		£000
Income		
Voluntary income		2,508
Investment income		1,803
Income from charitable activities		3,412
Realised net gain on sale of properties		233
	3	7,956
Expenditure		
Raising funds		133
Wellbeing		128
Maintenance of existing properties		8,546
Purchase and sale of properties		519
	4	9,326
Operating (Deficit) for the year		(1,370)
Statement of Total Recognised Gains and Losses		
(Deficit) for the year		(1,370)
Statement of Total Unrecognised Gains and Losses		
Unrecognised gain on fixed asset investments		40
		(1,330)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2020

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	**Total funds 17 month period ended 31 August 2020** £000
Income from:				
Donations, legacies and grants		2,508	-	2,508
Charitable activities		3,412	-	3,412
Investments		1,803	-	1,803
Gain on disposal of properties		233	-	233
Total	3	**7,956**	**-**	**7,956**
Expenditure on:				
Raising funds	4.1	133	-	133
Charitable activities				
Wellbeing		128	-	128
Maintenance of existing properties		8,546	-	8,546
Purchase and sale of properties		519	-	519
Total	4	**9,326**	**-**	**9,326**
Net income before revaluation and investment gains		**(1,370)**	**-**	**(1,370)**
Unrealised gain/(loss) on fixed asset investment		40	-	40
Net movement in funds		**(1,330)**	**-**	**(1,330)**
Reconciliation of funds				
General funds		10,892	9	10,901
Revaluation reserve		11,719	-	11,719
Equity share investment revaluation reserve		-	-	-
Designated funds		1,000	-	1,000
Designated fixed asset reserves		64,134	-	64,134
Fair value adjustment on transfer		96,097	-	96,097
Total Funds transferred from MMHS (Co-operative & Community Benefit Society) on 5 April 2019	2	183,842	9	183,851
Total Funds carried forward		**182,512**	**9**	**182,521**

BALANCE SHEET AS AT 31 AUGUST 2020

	Note	2020 £000	17 months ended 31 August 2020 £000
Fixed Assets			
Tangible assets	7	106	
Programme related investments	8	157,116	
Investment properties	8	17,492	
Fixed term investment	5	2,091	
MMHS equity share investment		50	
Total fixed assets			176,855
Current assets			
Debtors	9	219	
Investments	10	6,299	
Cash at bank and in hand		91	
Total current assets		6,609	
Liabilities			
Creditors: Amounts falling due within one year	11	(943)	
Net current assets			5,666
Net Assets			182,521
The funds of MMHS			
Restricted income funds	12		9
Unrestricted income funds			
Unrestricted income funds			14,246
Income funds			14,255
Designated fixed asset reserves	13		157,222
Designated rent reserves	13		800
Revaluation reserve	13		10,094
Designated equity share fund	13		100
Equity share investment revaluation reserve	13		50
Total MMHS funds			182,521

[The notes on pages 31 to 44 form part of these accounts]

Approved by the Board of Trustees and signed on their behalf by

Chair

8 March 2021

Date

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 AUGUST 2020

	Note	2020 £000	17 months ended 31 August 2020 £000
Net cash provided by operating activities	17		956
Cashflows from investing activities:			
Investment income		1,803	
Purchase of MMHS Equity investments		(50)	
Purchase of COIF investments		(1)	
Purchase of properties		(5,420)	
Purchase of tangible fixed assets		(32)	
Proceeds from sale of properties		4,902	
Residents' equity contributions received		587	
Residents' equity contributions repaid		(1,002)	
Net cash provided by investing activities			787
Change in cash in the reporting period			1,743
Cash transferred from MMHS (Co-operative & Community Benefit Society) on 5 April 2019			4,635
Cash at 31 August 2020			6,378

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31 AUGUST 2020

The Financial Statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below:

1 ACCOUNTING POLICIES

a) *Basis of preparation*
On 5 April 2019 the trade and assets of the Methodist Ministers' Housing Society (Co-operative & Community Benefit Society) were transferred to the Methodist Ministers' Housing Society (incorporated). As a result of this transaction the opening financial statements of MMHS are reported from 5 April 2019 to 31 August 2020. The trustees consider that it is appropriate for these accounts to be prepared on the going concern basis given the level of properties and reserves held.

b) *Accounting Convention*
The financial statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings, and in accordance with the Statement of Recommended Practice, (SORP), "Accounting and Reporting by Charities: Statement of Recommended Practice", applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102)) and Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

c) *Accounting for Fixed Assets*
Land and buildings are shown at cost less depreciation of the buildings. Where there is evidence of impairment fixed assets are written down to their recoverable amount.

No depreciation is provided for on freehold land. The principal annual rates used for assets are:

Properties:	2% straight line
Office equipment :	25% straight line

d) *Valuation of Properties*
At the date of incorporation, properties were included in the accounts at fair value and treated as deemed cost. A ratio of 1/3 land and 2/3 building costs was taken as the split between the two components. The building costs were depreciated at 2% annually from the date of incorporation.

The equity share of the properties held by tenants is valued as a percentage of the valuation of the properties. An adjustment is made to adjust the acquisition cost of the equity to equal the percentage of the valuation of the properties. The amount of the adjustment is offset against the depreciation charge set against the total values of the properties.

e) *Valuation of Investment Properties*
Properties held for the purpose of generating income are considered to be investment properties and are held at fair value. External valuations are conducted at regular intervals with an internal review in intermediate years. These properties are let on short term arrangements so that they are available for future retiring ministers. The value of the properties will be regularly reviewed in order to identify any permanent impairment.

f) *Value Added Tax*
As the work of MMHS is classified as exempt or non-business activities for the purpose of Value Added Tax MMHS is unable to reclaim the Value Added Tax, which it suffers on purchases. Expenditure in these financial statements is shown inclusive of Value Added Tax paid.

g) *Income*

Income is recognised in the period in which MMHS is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future period. In accordance with this policy, legacies are included when MMHS is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

h) *Expenditure and basis of allocation of costs*

Expenditure is included when incurred.

The majority of costs are directly attributable to specific activities. Certain shared costs are apportioned to activities in furtherance of the objects of the charity. Staff costs and office costs are allocated in the same proportion as directly attributed staff costs.

i) *Fund Accounting*

Funds held by MMHS are either:

Unrestricted general funds – these are funds, which can be used in accordance with the charitable objects at the discretion of the trustees.

Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds – these are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor when funds are raised for particular restricted purposes.

Revaluation reserve – these funds represent the revaluation gains on the properties transferred to investment properties from functional fixed assets.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

j) *Planned Maintenance Expenditure*

To show the full costs incurred on maintaining properties, planned maintenance costs are included the Statement of Financial Activities and are not capitalised to the balance sheet.

k) *Capitalisation*

MMHS has capitalised part of the cost of refurbishments. The basis of the amount capitalised is the lower of costs incurred and the difference between the market value before and after refurbishment.

l) *Pension Scheme*

MMHS operated a defined benefit pension scheme with the Methodist Church up to May 2019. A defined contribution scheme and an auto enrolment scheme are also operated with Scottish Widows. The assets of the schemes are invested and managed independently of the finances of MMHS. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits, which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the statement of financial activities over the average remaining service lives of current employees.

m) *Liquid Resources*

The liquid resources of MMHS consist of cash invested in deposit accounts with the Central Finance Board of the Methodist Church, which can be accessed on demand. During the period cash is also held on fixed term deposits with Close Brothers Limited and Virgin Money plc and cash in its HSBC current account.

n) *Allocation of salary and support costs*

Salary and support costs are allocated between expenditure headings on the basis of staff time and

the number of staff working on departmental activities. Governance costs are allocated in line with the support costs.

2 TRANSFER OF ASSETS

On 5 April 2019, all assets and activities of the Methodist Ministers' Housing Society (Co-operative & Community Benefit Society) were transferred to the Methodist Ministers' Housing Society (incorporated). At incorporation the functional properties were included in the accounts at fair value using a desktop method of valuation approved by the auditor of MMHS. Investment properties were included in the accounts at values using the Land Registry index.

	Book value	Revaluation	Fair Value
	£000	£000	£000
Tangible fixed assets	123	-	123
Programme related investments	64,011	96,097	160,108
Investment properties	16,892	-	16,892
Investments (fixed & current assets)	6,589	-	6,589
Debtors	1,188		1,188
Cash	94		94
Creditors	(1,143)		(1,143)
Total	**87,754**	**96,097**	**183,851**

3 TOTAL INCOME

3.1 Voluntary income

	17 month period ended 31 August 2020
	£000
Grants	
Fund for Support for Presbyters and Deacons	35
	35
Legacies	
Legacies received in the year	1,259
Legacies regarded as receivable	-
	1,259
Donations	
District contributions	116
General donations	118
Donated facilities	-
	234
Bequests/Gifted Properties	
Bequests received in the year	980
Gifted property regarded as receivable	-
	980
Voluntary Income	2,508

3.2 Investment income

	17 month period ended 31 August 2020
	£000
Unrestricted funds	
Interest receivable on deposits	57
Market rents receivable	1,688
Dividends	58
	1,803

3.3 Income from charitable activities

	17 month period ended 31 August 2020
	£000
Charitable rents receivable	3,412
Rental analysis	No
Charitable ministerial residents	736
Market rent tenants	145
Vacant units	37
	918

3.4 Gain on disposal of properties

	17 month period ended 31 August 2020
	£000
Gains on sale of properties	391
(Loss)/Gain on reimbursement of equity	(158)
	233

4 TOTAL EXPENDITURE

4.1 Analysis of expenditure

Summary	17 month period ended 31 August 2020	Staff costs	Support costs	Direct costs
	£000	£000	£000	£000
Raising funds	133	74	38	21
Wellbeing	128	57	31	40
Maintenance of existing properties	8,546	846	445	7,255
Purchase and sale of properties	519	331	174	14
	9,326	1,308	688	7,330

4.2 Analysis of salary costs

	17 month period ended 31 August 2020
	£000
Salaries	1,047
Employers national insurance contributions	106
Employers pension & phi contributions	155
	1,308

The full-time equivalent number of employees in 2020 was 16. The head count in 2020 was 17.

One employee's remuneration was in the range £80,000 to £89,999 for the 17 month period.
One employee's remuneration was in the range £100,000 to £109,999 for the 17 month period.
One employee's remuneration was in the range £140,000 to £149,999 for the 17 month period.

The key management personnel of MMHS comprise of the CEO, Finance Director, Operations Director and Property Director. The former Property Services Director left on 5/7/2019. Total benefits paid including that of the former Property Services Director was £421,923. The total employer's pension contribution of the key management personnel including that of former Property Services Director was £45,170.

4.3 Analysis of support costs

	17 month period ended 31 August 2020	Raising Funds	Wellbeing	Maintenance of existing properties	Purchase and sale of properties
	£000	£000	£000	£000	£000
Staff training	10	1		6	3
Staff recruitment	7			5	2
Temporary staff	3			2	1
Travel & subsistence	32	2	2	20	8
Office rent, rates & services	85	5	4	55	21
Office administration costs	457	26	20	295	116
Professional charges	69	4	3	45	17
Depreciation	25	1	1	17	6
Support costs	688	39	30	445	174

4.4 Analysis of direct costs

4.4.1 Costs of raising voluntary income

	17 month period ended 31 August 2020 £000
Publicity & advertising	21
Direct costs	21

4.4.2 Charitable activities - maintenance of existing properties

	17 month period ended 31 August 2020 £000
Refurbishment	1,338
Refurbishments capitalised	(540)
Planned work	1,429
Repairs & maintenance	137
Brit Gas & Electrical Contract	288
Electrical Remedial Work	198
Electrical Testing Programme	41
External painting	226
Primary	3,117
Property depreciation	3,123
Property insurance	97
Leasehold charges	100
Empty property costs	165
Management fees	581
Grants to tenants	6
Other	42
Governance	24
Secondary	4,138
	7,255

4.4.3 Charitable activities - purchase and sale of properties

	17 month period ended 31 August 2020
	£000
Loan interest	-
Professional charges	2
Applicants' interview costs	1
Governance costs	11
Direct costs	14

4.4.4 Governance costs allocated to charitable activities

	17 month period ended 31 August 2020
	£000
Auditor's remuneration - audit	19
Board & trustees' expenses	8
Direct costs	27

The Board and trustees' expenses of £8,498 is made up of travel and subsistence expenses amounting to £4,304 which were reimbursed to 11 of MMHS trustees; board expenses of £4,194. No trustee of the Board received any remuneration in the period.

4.4.5 Charitable activities - wellbeing

	17 month period ended 31 August 2020
	£000
Wellbeing – general expenditure	11
Wellbeing – repairs and maintenance	29
Direct costs	40

5 FIXED ASSET INVESTMENTS

	17 month period ended 31 August 2020
	£000
Fair value at 05 April 2019	2,037
Purchase of investments	318
Sale of investments	(304)
Gain on revaluation	40
Fair value at 31 Aug 2020	2,091
Represented by:	
CFB UK equity fund	716
CFB overseas fund	747
CFB corporate bond fund	334
CFB short fixed interest fund	294
Total investments	2,091

Investments are held in accordance with the MMHS's investment policy detailed in the Trustees' Report.

6 PENSION COSTS

MMHS is a participating employer of the Pension and Assurance Scheme for Lay Employees of the Methodist Church ("the Scheme"), a defined benefit scheme.

FRS102 Disclosures

A valuation of the Scheme for the purposes of these disclosures was carried out at 31 August 2020 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:

	31 August 2020 % pa	31 August 2019 % pa
Discount rate	1.6	1.8
RPI inflation rate	3.1	3.2
CPI inflation rate	2.2	2.2
Rate of increase in pensionable earnings	2.2	2.2
Rate of increase in pension payments	2.1/3.0/5.0	2.2/3.1/5.0

The major categories of the Scheme's assets as a percentage of the total Scheme assets, were as follows:-

	31 August 2020 % pa	31 August 2019 % pa
Equities	52	54
Corporate bonds	5	5
Property	9	7
Cash	9	9
Liability Driven Investment	20	20
Annuities	5	5

The following amounts at 31 August 2020 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	81.5
Present value of scheme liabilities	95.4
Net Defined Benefit Asset/(Liability)	(13.9)

The Scheme operated by the Methodist Church is a defined benefit scheme. However, MMHS is not the only participating employer in the Scheme and it is unable to determine its share of the underlying assets and liabilities on a consistent and reasonable basis. This is because contributions paid into the Scheme are not invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of MMHS. In order to determine a current fund for each participating employer, it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer.

Under the terms of the Scheme, the assets and liabilities are pooled amongst the participating employers. If a participating employer were to cease to participate then that employer would be required to pay a debt to fully fund their share of the Scheme's liabilities. MMHS would not be liable for another employer's debt but has an option to assume responsibility under an apportionment arrangement.

The Scheme closed to new entrants and the future accrual of pensionable service with effect from 31 May 2019 and therefore regular employer contributions ceased on this date.

A full actuarial valuation of the Scheme was carried out at 1 September 2017 by the Scheme Actuary. The valuation disclosed a past service deficit of £3.5m. It was agreed that the shortfall revealed at 1 September 2017 should be eliminated by contributions to be paid from the Pension Reserve Fund of the Methodist Church to the Scheme as follows:

- £650,000 per annum each August, starting August 2018 up to and including August 2022; and
- Between £0 and £447,000 each December, starting December 2018 up to and including December 2022. The precise amount payable will be determined by the Scheme Actuary having regard to Scheme experience.

The employers' share of the cost of providing future service benefits on 1 September 2017 amounted to 34.6% of Pensionable Earnings. This was higher than the employers' contribution rate of 24.1% of Pensionable Earnings that was paid up to 31 May 2019. However, this shortfall was incorporated into the Pension Reserve Fund core contributions and therefore employer contributions remained at 24.1% of Pensionable Earnings until 31 May 2019, when the Scheme closed to future accrual.

An update of the funding position as at 1 September 2019 was carried out by the Scheme Actuary. This showed that the past service deficit had increased from £3.5m to £8.8m.

The next full actuarial valuation is currently being carried out as at 1 September 2020.

7 TANGIBLE ASSETS

	31 August 2020
	£000
Office equipment	
Cost at 5 April 2019	213
Addition in period	32
Cost at 31 August 2020	245
Depreciation at 5 April 2019	90
Depreciation in the period	49
	139
Net book value at 31 August 2020	106

8 PROGRAMME RELATED INVESTMENTS

8.1 Land and buildings

	Freehold	Leasehold	**31 August 2020**
	£000	£000	£000
Cost			
Balance at 5 April 2019	83,037	9,879	92,916
Revaluation at incorporation	83,032	3,497	86,529
Additions in period	4,420	462	4,882
Capitalisation of refurbishments	534	5	539
Disposals in period	(4,451)	(684)	(5,135)
Transfer to investment properties	(3,622)	-	(3,622)
Transfer from investment properties	2,743	279	3,022
Balance at 31 August 2020	165,693	13,438	179,131
less Depreciation			
Depreciation at 5 April 2019	16,848	1,516	18,364
Depreciation removed at incorporation	(16,848)	(1,516)	(18,364)
Depreciation for disposals	(25)	(6)	(31)
Depreciation re investments	(66)	-	(66)
Depreciation for period	2,950	238	3,188
Depreciation at 31 August 2020	2,859	232	3,091
Balance at 31 August 2020	162,834	13,206	176,040
No of units at 5 April 2019	840	85	925
No of acquisitions	19	2	21
No of disposals	(23)	(5)	(28)
No of units at 31 August 2020	836	82	918

The assets under this heading comprise 918 units of accommodation which include 145 units which are occupied by market rent tenants who have security of tenure as at the 31 August 2020. Note 1c describes how the properties are valued. The revaluation reserve is included within General Reserves, in accordance with the Charities SORP.

8.2 Equity sharing scheme

The equity share scheme enables charitable ministerial residents to acquire a financial interest in their retirement homes. This interest is determined by the amount contributed by a ministerial resident in proportion to the value of the property at acquisition. At the period-end 425 MMHS ministerial residents had an equity share.

		31 August 2020
	No	£000
At Cost		
Balance at 5 April 2019	438	14,687
Revaluation at incorporation		4,650
Additions in period	16	587
Deletions in period	(29)	(1,002)
Balance at 31 August 2020	425	18,922
Less		
Depreciation adjustment		
Balance at 5 April 2019		4,146
Revaluation at incorporation		(4,146)
Annual adjustment		(2)
Balance at 31 August 2020		(2)
Combined		18,924

Total Programme related investments

	31 August 2020
	£000
Land and Buildings	176,040
Equity Sharing Scheme	(18,924)
	157,116

Investment Properties

	2020
	£000
At 5 April 2019	16,892
Transfer from tangible fixed assets	3,622
Transfer to tangible fixed assets	(3,022)
Balance carried forward	17,492

9 DEBTORS

	31 August 2020 £000
Sundry debtors	23
Prepayments & accrued income	124
Legacies	72
Gifted & bequeathed properties	-
Equity	-
	219

10 INVESTMENTS

	31 August 2020 £000
Restricted Funds	
COIF Inc Shares	12
Deposits with Central Finance Board	1
	13
Unrestricted Funds	
Deposits with Central Finance Board	5,235
Other investments	1,051
Total investments	6,299

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 August 2030 £000
Creditors	287
Accruals	654
Loans - interest free	2
Deferred income	-
Total creditors	943

12 RESTRICTED FUNDS

12.1 The Piggott Trust

	31August 2020 £000
Charities Official Investment Fund income shares	9
	9

In September 1960 the Charity Commissioners approved and established a Scheme whereby the Charity of Mary Piggott and the specified endowment thereof could be administered and managed under the title of the Piggott Trust by the Methodist Ministers' Housing Society.

The capital sum is invested with the Central Finance Board of the Methodist Church and the Charities Official Investment Fund and in accordance with the Scheme the income is applied to defray the cost of repair and upkeep of the property belonging to MMHS and situated at 47 Gainsford Road, Clacton, Essex.

13 UNRESTRICTED FUNDS

	Transfer from MMHS	Fair value adjustment	Movements in the period	Transfers between funds	At 31 August 2020
	£'000	£'000	£'000	£'000	£'000
Revaluation reserve	11,719	-	-	(1,625)	10,094
Fixed asset reserve	64,134	96,097	-	(3009)	157,222
Rent reserve	1,000	-	-	(200)	800
Equity share reserve	-	-	-	100	100
Equity share revaluation reserve	-	-	-	50	50
Total designated funds	**76,853**	**96,097**	**-**	**(4,684)**	**168,266**
General funds	**10,892**	**-**	**(1,330)**	**4,684**	**14,246**
Total	**87,745**	**96,097**	**(1,330)**	**-**	**182,512**

Designated funds are those earmarked by the trustees for specific purposes or projects as noted in the above designations.

14 CAPITAL COMMITMENTS

At the year end MMHS had no commitments to purchase properties.

15 OPERATING LEASE COMMITMENTS

Commitments under operating leases are as follows:

	31 August 2020 £000
Payments within one year	152
Expiring between two – five years	342
	494

16 RELATED PARTIES

There are two Board members, Revd C New and Revd A Taylor who are ministerial residents of MMHS. Their tenancies are on normal terms.

17 CASH FLOW INFORMATION

17.1 Reconciliations of net income to net cash flow from operating activities

	17 month period ended 31 August 2020 £000
Net income	(1,331)
Adjustments for:	
(Increase) in debtors	(219)
Increase in creditors	938
Net realised loss on sale of properties	391
Net realised (gain) on reimbursement of equity	(158)
Depreciation	3,138
Investment income	1,803)
Net cash provided by operating activities	956

Administrative Details

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

Trustees

Mr Alexander Campbell OBE *(Chair)* *

Revd Alan Taylor *(Vice Chair)* [2] [3]

Revd Jacquie Evans *(Chair of Audit and Risk Committee)* [3]

Mr Chris Firth *(Chair of Finance Committee)* [2]

Mr Paul Reynolds *(Chair of Property Committee)* [1]

Mrs Sharon Green *(appointed 18 June 2020)* [1]

Ms Catherine Hastings *(resigned 6 March 2020)*

Revd Glynn Lister *(died 7 April 2020)*

Revd Paul Martin *(appointed 4 December 2019)* [3]

Revd Charles New [1]

Mrs Ros Peedle *(resigned 17 September 2019)*

Revd Richard Teal *(resigned 2 October 2020)*

[1] Member of the Property Committee
[2] Member of the Finance & Resources Committee
[3] Member of the Audit & Risk Committee
* Ex-officio member of all Committees

Senior Management Team

Mrs Mairi Johnstone	CEO
Mrs Atawa Aryee	Finance Director
Mr Richard Hawkins	Operations Director
Mr Paul Gillam	Property Director

Principal Bankers

HSBC
The Peak, 333 Vauxhall Bridge Road, Victoria, London SW1V 1EJ

Auditor

Mazars LLP
Times House, Throwley Way, Sutton, Surrey SM1 4JQ

Methodist Ministers'
Housing Society

Contact Details
Place of Business and normal mailing address
Methodist Ministers' Housing Society
109 Baker Street, London W1U 6RP
admin@mmhs.org.uk

Registered Office
Methodist Ministers' Housing Society
Methodist Church House, 25 Marylebone Road, London NW1 5JR