

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

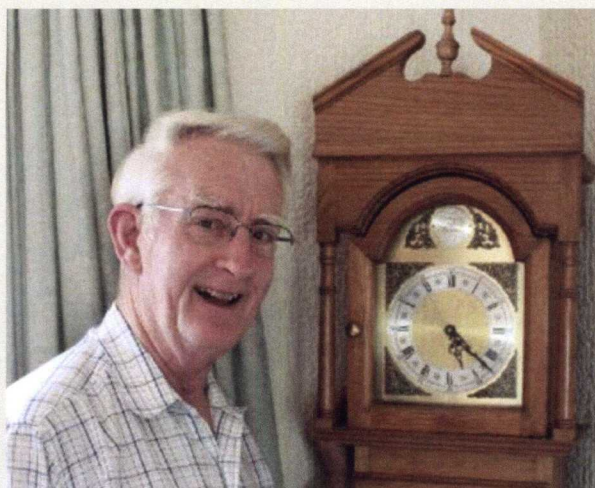
The pandemic meant the Methodist Conference 2020 had to be held virtually. This meant no physical exhibition stand for MMHS or any other exhibitor. That presented us with a challenge.

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.

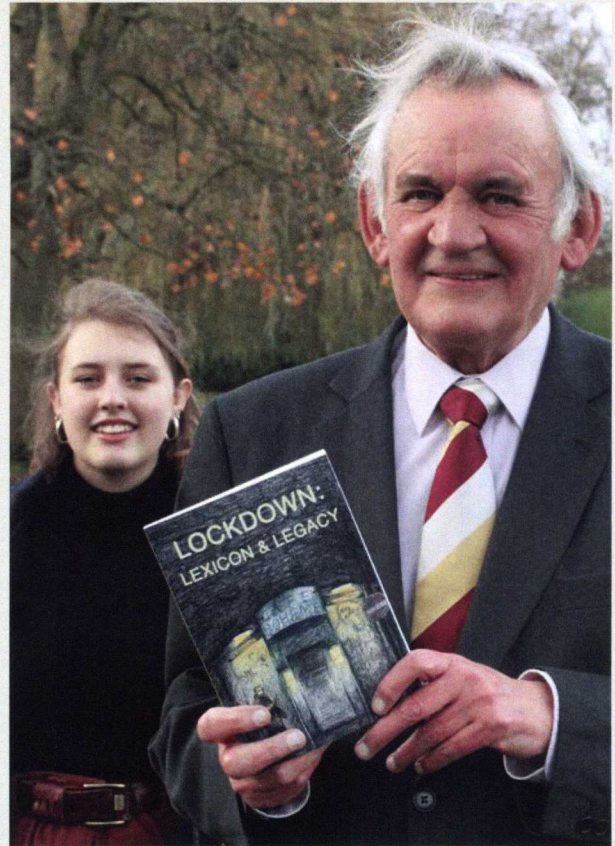
Such pandemic adventures are revealed in a new A-Z called *Lockdown: Lexicon & Legacy*. More than 400 copies have already been sold by publisher Revd Robert Davies, an MMHS resident. He shared his story in the Winter 2020 edition of *Roof 'n' Roots*.

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?'

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



Bob Davies and granddaughter Emily

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.

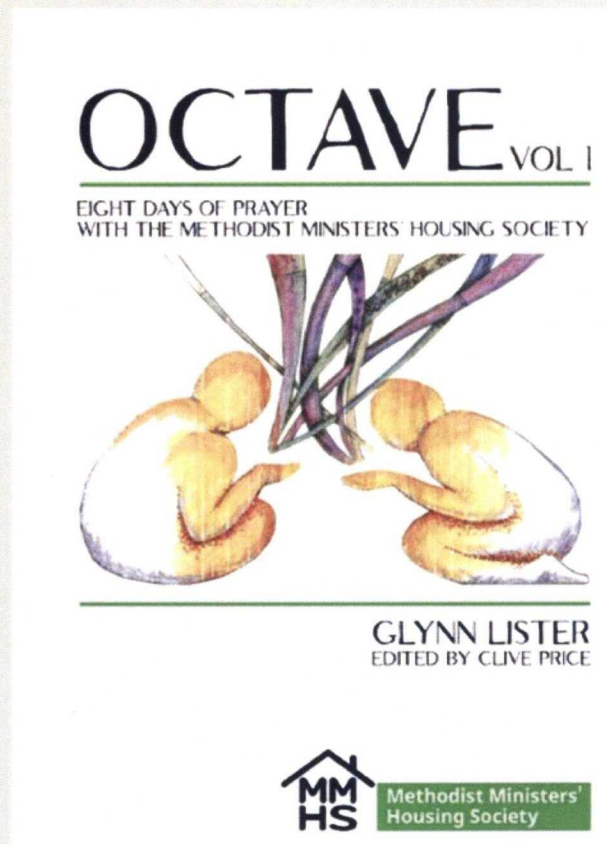
Lindisfarne Scriptorium designed and packaged Glynn's notes and prayers into a beautifully crafted 12-page book.

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.



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

**17 month
period ended
31 August 2020**

£000

Note

Income

Voluntary income	2,508
Investment income	1,803
Income from charitable activities	3,412
Realised net gain on sale of properties	233
	<hr/>
3	7,956
	<hr/>

Expenditure

Raising funds	133
Wellbeing	128
Maintenance of existing properties	8,546
Purchase and sale of properties	519
	<hr/>
4	9,326
	<hr/>

Operating (Deficit) for the year	<hr/> (1,370) <hr/>
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Statement of Total Recognised Gains and Losses

(Deficit) for the year	(1,370)
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Statement of Total Unrecognised Gains and Losses

Unrecognised gain on fixed asset investments	40
	<hr/>
	(1,330)
	<hr/>

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 AUGUST 2020

		Unrestricted funds	Restricted funds	Total funds 17 month period ended 31 August 2020
	Note	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	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

			17 months ended 31 August
	Note	2020 £000	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	
<i>Total fixed assets</i>			176,855
Current assets			
Debtors	9	219	
Investments	10	6,299	
Cash at bank and in hand		91	
<i>Total current assets</i>		6,609	
Liabilities			
Creditors: Amounts falling due within one year	11	(943)	
Net current assets			5,666
<i>Net Assets</i>			182,521
The funds of MMHS			
Restricted income funds	12		9
Unrestricted income funds			
Unrestricted income funds			14,246
<i>Income funds</i>			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
<i>Total MMHS funds</i>			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

Date

8 March 2021

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 AUGUST 2020

		17 months ended 31 August	
		2020	2020
		£000	£000
Net cash provided by operating activities	Note 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 £000	Revaluation £000	Fair Value £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
Market rents receivable
Dividends

57
1,688
58
<hr/> 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
Market rent tenants
Vacant units

736
145
37
<hr/> 918

3.4 Gain on disposal of properties

**17 month period
ended 31 August 2020**
£000

Gains on sale of properties
(Loss)/Gain on reimbursement of equity

391
(158)
<hr/> 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
	<hr/> 9,326	<hr/> 1,308	<hr/> 688	<hr/> 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
	<hr/> 1,308 <hr/>

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	<hr/> 688 <hr/>	<hr/> 39 <hr/>	<hr/> 30 <hr/>	<hr/> 445 <hr/>	<hr/> 174 <hr/>

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
<i>Represented by:</i>	
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	31 August 2019
	% pa	% 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	31 August 2019
	% pa	% 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
<i>Office equipment</i>	
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 £000	Leasehold £000	31 August 2020 £000
<i>Cost</i>			
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
<i>less Depreciation</i>			
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.

	No	31 August 2020 £000
<i>At Cost</i>		
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
<i>Less</i>		
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	-
	<hr/>
	219

10 INVESTMENTS

31 August 2020

£000

<i>Restricted Funds</i>	
COIF Inc Shares	12
Deposits with Central Finance Board	1
	<hr/>
	13
 <i>Unrestricted Funds</i>	
Deposits with Central Finance Board	5,235
Other investments	1,051
Total investments	<hr/>
	6,299

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

31 August 2020

£000

Creditors	287
Accruals	654
Loans - interest free	2
Deferred income	-
Total creditors	<hr/>
	943

12 RESTRICTED FUNDS

12.1 The Piggott Trust

31 August 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	-	(3,009)	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
	<u>494</u>

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
	<u>956</u>
Net cash provided by operating activities	

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

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admin@mmhs.org.uk

Registered Office

Methodist Ministers' Housing Society

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