



# 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](https://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.

A handwritten signature in blue ink that reads "Alan Taylor".

**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<sub>2</sub>, 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.

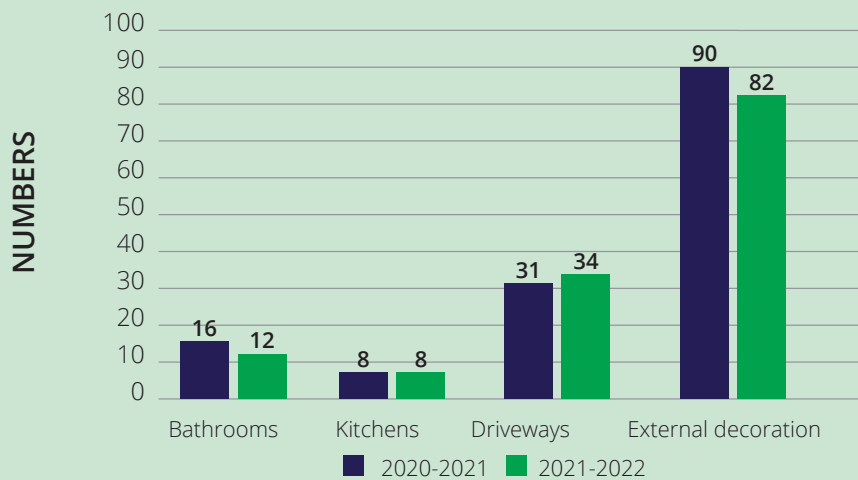
We remain very committed to 'greening' our property portfolio. Energy efficiency and insulation levels are constantly being upgraded whenever works are undertaken. We are pleased to confirm the following:

- 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.

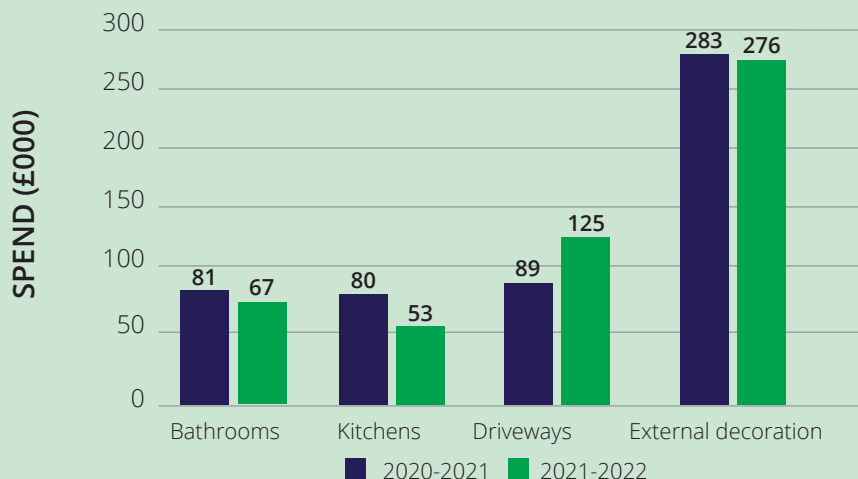
We continue to monitor closely the availability of Government grants in connection with 'the green agenda' and will utilise them if we can. We are mindful of the costs to be incurred in the future to ensure compliance with new regulations and legislation and any grants for which we qualify will be most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



### Refurbs/Improvements - Numbers



### Refurbs/Improvements - Spend (£000)

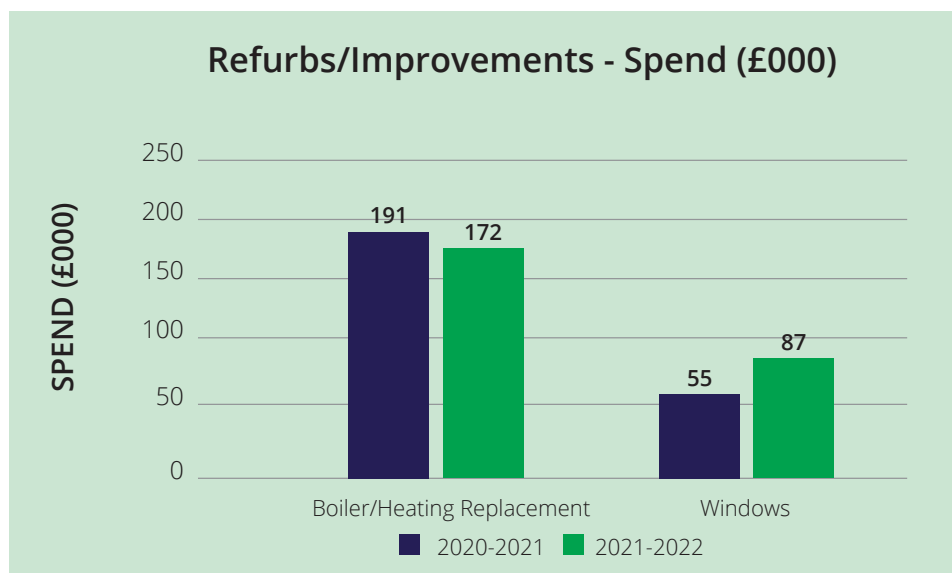
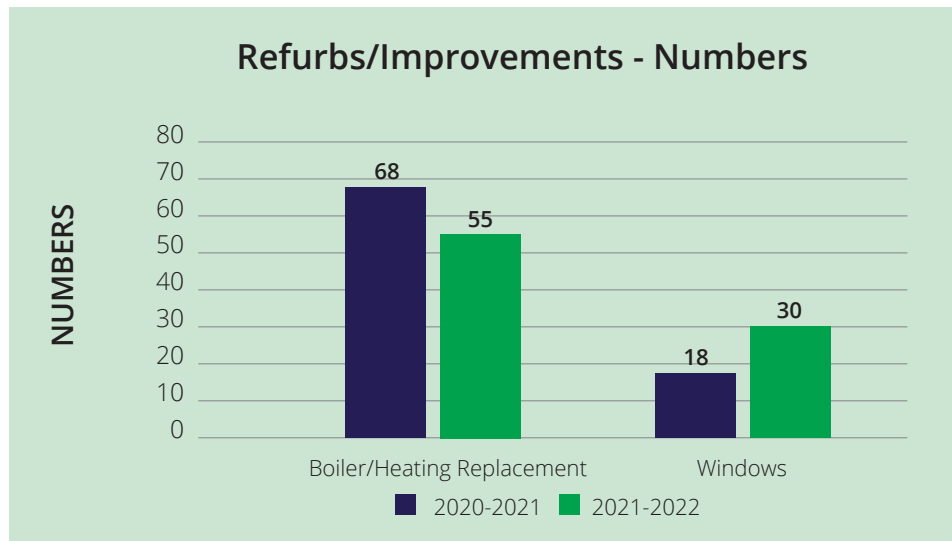


#### CASE STUDY 2

## 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.

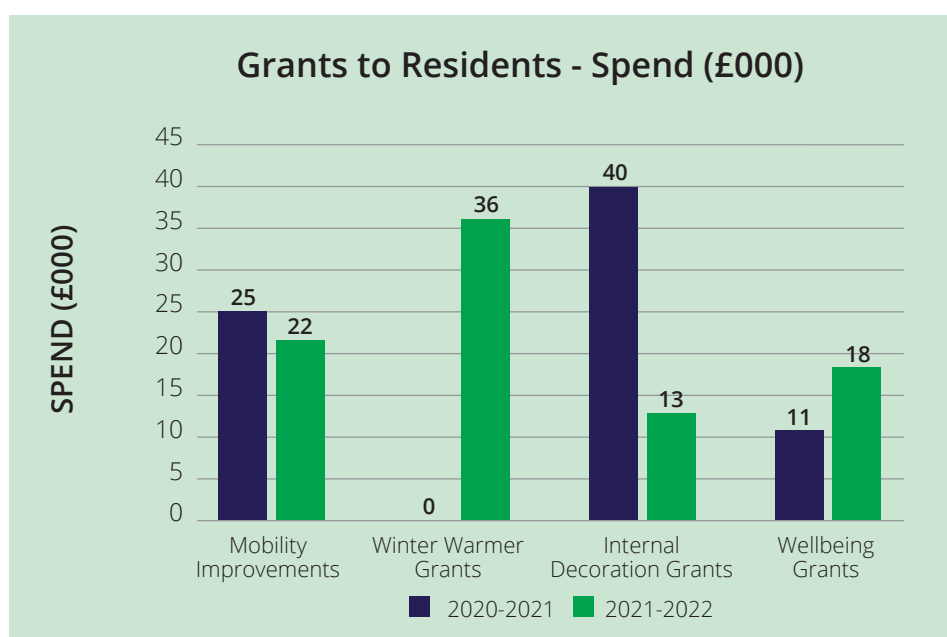
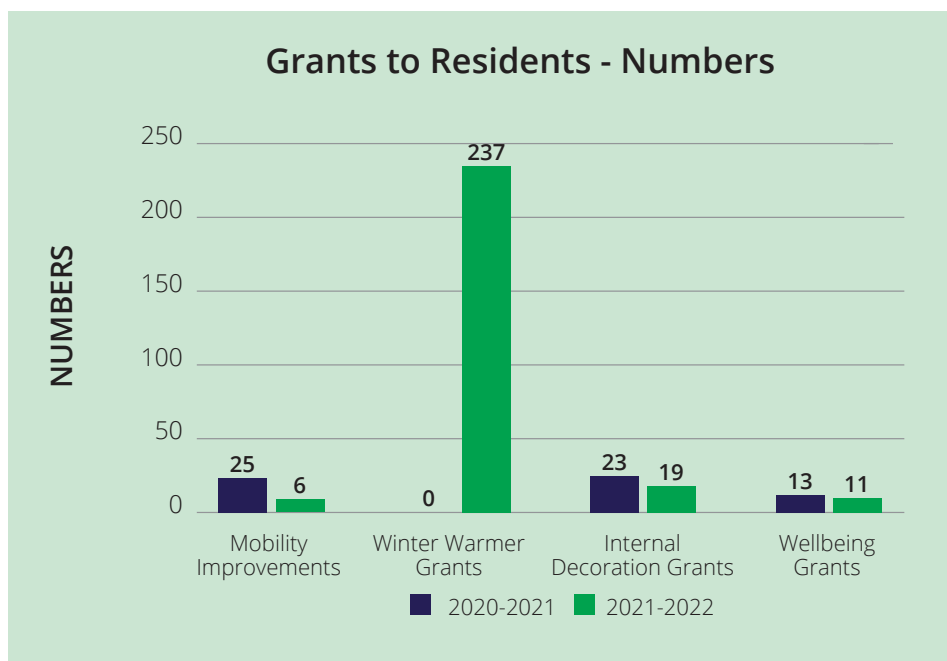
We will also link up with other organisations if we can see benefit for our Ministerial Residents. We were pleased to enter into a collaborative relationship with *AbilityNet*, an organisation which, as they put it, 'believe in a digital world accessible to all'. One part of their mission is providing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



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**Alan Taylor, Revd.**

Chair of Trustees

26 April 2023

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**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](http://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   
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

	2022	2021
	£000	£000
Note		
<b>Income</b>		
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
<b>Expenditure</b>		
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)
<b>Statement of Total Recognised Gains and Losses</b>		
Surplus/(Deficit) for the year	446	(1,224)
<b>Statement of Total Unrecognised Gains and Losses</b>		
Unrecognised (loss)/gain on fixed asset investments	(272)	377
	174	(847)

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022

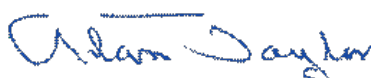
		Unrestricted funds 2022	Restricted funds 2022	Total funds 2022	Total funds 2021
	Note	£000	£000	£000	£000
<b>Income from</b>					
Donations, legacies and grants		2,668	-	2,668	636
Charitable activities		2,552	-	2,552	2,424
Investments		1,581	-	1,581	1,447
Gain on disposal of properties		719	-	719	506
<b>Total</b>	2	<b>7,520</b>	-	<b>7,520</b>	<b>5,013</b>
<b>Expenditure on</b>					
Raising funds	3.1	146	-	146	113
<b>Charitable activities</b>					
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
<b>Total</b>	3	<b>7,074</b>	-	<b>7,074</b>	<b>6,237</b>
<b>Net income/(expenditure) before revaluation and investment gains</b>		<b>446</b>	-	<b>446</b>	<b>(1,224)</b>
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	-
<b>Net movement in funds</b>		<b>3,240</b>	-	<b>3,240</b>	<b>1,640</b>
<b>Funds</b>					
Total funds brought forward	11/12	184,152	9	184,161	182,521
<b>Total Funds carried forward</b>	11/12	<b>187,392</b>	<b>9</b>	<b>187,401</b>	<b>184,161</b>

## BALANCE SHEET AS AT 31 AUGUST 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
<b>Fixed Assets</b>					
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	
<i>Total fixed assets</i>			177,282		176,704
<b>Current assets</b>					
Debtors	8	1,999		171	
Investments	9	9,000		7,522	
Cash at bank and in hand		270		515	
<i>Total current assets</i>		11,269		8,208	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	10	(1,150)		(751)	
<i>Net current assets</i>			10,119		7,457
<i>Net Assets</i>			187,401		184,161
<b>The funds of MMHS</b>					
Restricted income funds	11		9		9
Unrestricted income funds			24,527		19,442
<i>Income funds</i>			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
<i>Total MMHS funds</i>			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, Revd.** Chair of Trustees

26 April 2023

Date \_\_\_\_\_

## 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
<b>Reconciliation of cash balances</b>					
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 £000	2021 £000
<b>Grants</b>		
Fund for Support of Presbyters and Deacons	18	23
	<u>18</u>	<u>23</u>
<b>Legacies</b>		
Legacies received in the year	179	156
Legacies regarded as receivable	-	-
	<u>179</u>	<u>156</u>
<b>Donations</b>		
District contributions	49	53
General donations	12	4
Donated facilities	-	-
	<u>61</u>	<u>57</u>
<b>Bequests/Gifted Properties</b>		
Bequests received in the year	2,410	400
Gifted property regarded as receivable	-	-
	<u>2,410</u>	<u>400</u>
<b>Voluntary Income</b>	<u>2,668</u>	<u>636</u>

### 2.2 Investment income

	2022 £000	2021 £000
<b>Unrestricted funds</b>		
Interest receivable on deposits	34	15
Market rents receivable	1,505	1,399
Dividends	42	33
	<u>1,581</u>	<u>1,447</u>

## 2.3 Income from charitable activities

	2022 £000	2021 £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 £000	2021 £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 £000	Staff costs £000	Support costs £000	Direct costs £000	2021 £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 £000	2021 £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:

	<b>2022</b>	<b>2021</b>
	No.	No.
£70,000 - £79,000	3	3
£80,000 - £89,000	-	-
£90,000 - £99,000	1	1
	<u>4</u>	<u>4</u>

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

	<b>2022</b>	<b>Raising Funds</b>	<b>Housing maintenance &amp; repair</b>	<b>Buying &amp; selling properties</b>	<b>Ministerial resident support</b>	<b>Equity</b>	<b>2021</b>
	£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
<b>Support costs</b>	<b>607</b>	<b>37</b>	<b>297</b>	<b>110</b>	<b>78</b>	<b>85</b>	<b>491</b>

### 3.4 Analysis of direct costs

#### 3.4.1 Costs of raising voluntary income

	<b>2022</b>	<b>2021</b>
	£000	£000
Publicity & advertising	48	24
Direct costs	<u>48</u>	<u>24</u>

### 3.4.2 Charitable activities – housing maintenance and repair

	2022 £000	2021 £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 £000	2021 £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 £000	2021 £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 £000	2021 £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 £000	2021 £000
Professional charges	28	28
Governance costs	4	2
Direct costs	32	30

## 4 LONG TERM INVESTMENTS

	2022 £000	2021 £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 £000	2021 £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 £000	Leasehold £000	2022 £000	2021 £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).

	No.	2022 £000	No.	2021 £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 £000	2021 £000
Land and buildings	167,447	171,158
Equity sharing scheme	(18,585)	(18,974)
	148,862	152,184

### Investment Properties

	2022 £000	2021 £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
	<u>1,999</u>	<u>171</u>

## 9 INVESTMENTS

	2022 £000	2021 £000
<b>Restricted Funds</b>		
COIF Inc Shares	14	14
Deposits with Central Finance Board	1	1
	<u>15</u>	<u>15</u>
<b>Unrestricted Funds</b>		
Deposits with Central Finance Board	8,440	6,963
Other investments	545	544
	<u>9,000</u>	<u>7,522</u>
Total investments		

## 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £000	2021 £000
Creditors	716	264
Accruals	432	485
Loans – interest free	2	2
	<u>1,150</u>	<u>751</u>

## 11 RESTRICTED FUNDS

### The Piggott Trust

	2022 £000	2021 £000
Charities Official Investment Fund income shares	9	9
	<u>9</u>	<u>9</u>

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 £000	Revaluation/ Other £000	Movements in the year £000	Transfers between funds £000	At 31 August 2022 £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
<b>Total designated funds</b>	<b>164,710</b>	<b>1,494</b>		<b>(3,339)</b>	<b>162,865</b>
<b>General funds</b>	<b>19,442</b>	<b>1,572</b>	<b>174</b>	<b>3,339</b>	<b>24,527</b>
<b>Total</b>	<b>184,152</b>	<b>3,066</b>	<b>174</b>	<b>-</b>	<b>187,392</b>

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 £000	2021 £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 £000	2021 £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	<u>(1,159)</u>	<u>(635)</u>

## 17 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021

	Unrestricted funds	Restricted funds	Total funds
	2021 £000	2021 £000	2021 £000
<b>Income from</b>			
Donations, legacies and grants	636	-	636
Charitable activities	2,424	-	2,424
Investments	1,447	-	1,447
Gain on disposal of properties	506	-	506
<b>Total</b>	<b>5,013</b>	<b>-</b>	<b>5,013</b>
<b>Expenditure on</b>			
<b>Raising funds</b>	113	-	113
<b>Charitable activities</b>			
Housing maintenance and repair	5,405	-	5,405
Buying and selling properties	272	-	272
Ministerial resident support	208	-	208
Equity	239	-	239
<b>Total</b>	<b>6,237</b>	<b>-</b>	<b>6,237</b>
<b>Net (expenditure) before revaluation and investment gains</b>	<b>(1,224)</b>	<b>-</b>	<b>(1,224)</b>
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
<b>Net movement in funds</b>	<b>1,640</b>	<b>-</b>	<b>1,640</b>
<b>Funds</b>			
Total funds brought forward	182,512	9	182,521
<b>Total Funds carried forward</b>	<b>184,152</b>	<b>9</b>	<b>184,161</b>

# Administrative Details

## TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

### Trustees

Mr Alexander Campbell OBE (*Chair*) \*

Revd Alan Taylor (*Vice Chair*) <sup>[1]</sup> <sup>[2]</sup>

Revd Jacquie Evans (*Chair of Audit and Risk Committee*) <sup>[2]</sup>

Mr Chris Firth (*Chair of Finance & Resources Committee*) <sup>[1]</sup> (Resigned 24 Nov 2022)

Revd Paul Martin <sup>[2]</sup> <sup>[3]</sup> (*Chair of Property Committee*)

Mrs Sharon Green <sup>[3]</sup>

Revd Dr Marion Cole

Revd Stephanie Jenner <sup>[3]</sup>

Revd Charles New <sup>[3]</sup> (Resigned 17 Feb 2022)

Mr Paul Reynolds <sup>[3]</sup> (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:  
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0203 848 6020

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Charity Numbers 1186758 (England and Wales), SC050661 (Scotland)