



Trustees' Report and Financial Statements 2022-2023

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

mmhs.org.uk

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About us

WHO WE ARE

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

OUR VISION

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

OUR MISSION

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

OUR CORE VALUES

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

OUR PLANS FOR 2022-2027

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

Welcome from our Chair and CEO

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

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

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

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

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

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

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

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



Alan Taylor, Chair



Mairi Johnstone, CEO

Strategic Report

MORE ON OUR MISSION

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

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

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

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

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

ACHIEVEMENTS AND PERFORMANCE: OUR WORK

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

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

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

1 Management of our properties

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

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

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

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

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

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

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

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

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

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

CASE STUDY 1 Iris – ‘puppy love’

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

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

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



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

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

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

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



Trevor remembered from his skiffle days. 'We were number one in our street,' he smiled.

Even more life-changing was when Trevor rolled up on his James motorbike to impress young Jenny. A Cliff Richard fan, Jenny knew nothing of

skiffle, but her heart skipped to a new rhythm – particularly when Trevor took her dancing. 'He taught me how to rock and roll,' smiled Jenny, now 78. The couple married on Boxing Day 1963. They celebrated their Diamond Wedding during MMHS's 75th anniversary year.

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

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

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

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

2 Wellbeing initiatives

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

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

CASE STUDY 3 Paul Field – a hymn for our time

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



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

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

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

3 Wellbeing support

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

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

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

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

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

4 Collaborative endeavours

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

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

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

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

5 Engagement with our key stakeholders and supporters

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

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

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

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

CASE STUDY 4 Les and Di – folk heroes

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

Les met Di at a Methodist youth club. They formed bands and eventually became a duo. They performed *Streets Of London* at local halls and prestigious venues – when it was a little-known tune. Among the lofty places



they played was Methodist Central Hall, Westminster, sharing the bill with psychedelic folk-rockers Parchment – who enjoyed chart success with *Light Up The Fire*.

Les and Di have two children and four grandchildren, and

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

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

PLANS FOR THE FUTURE

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

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

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

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

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

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

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

Risk Management

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

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

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

We manage risks in five distinct areas:

- strategic
- governance
- finance
- property
- operational.

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

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

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

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

STRATEGIC *Declining number of ministerial residents*

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

Examples of mitigation in place

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

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

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

Examples of mitigation in place

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

FINANCE *Lack of budgetary control and financial reporting failure*

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

Examples of mitigation in place

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

PROPERTY *Failure to maintain and repair property*

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

Examples of mitigation in place

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

OPERATIONAL *Data governance failure*

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

Examples of mitigation in place

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

Financial Review

OVERVIEW

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

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

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

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

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

RESERVES POLICY

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

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

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

INVESTMENT POLICY

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

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

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

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

Structure, Governance and Management

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

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

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

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

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

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

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

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

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

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

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

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

PUBLIC BENEFIT

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

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

SAFEGUARDING

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

ENVIRONMENTAL RESPONSIBILITIES

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

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

EQUALITY AND DIVERSITY

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

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

We also adhere to the following practices:

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

STAFF REMUNERATION POLICY AND PERFORMANCE MANAGEMENT

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

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

FUNDRAISING

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

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

Statement of Trustees' Responsibilities

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

In preparing these financial statements, the trustees have:

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

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

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

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

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



24 April 2024

Alan Taylor, Revd.

Chair of Trustees

Date

Independent Auditors' Report

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

OPINION

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

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

In our opinion, the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

USE OF THE AUDIT REPORT

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.


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

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

02-May-2024

Date

Financial Statements

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2023

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2023

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

BALANCE SHEET AS AT 31 AUGUST 2023

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



24 April 2024

Alan Taylor, Revd.

Chair of Trustees

Date

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2023

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

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 AUGUST 2023

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

1 ACCOUNTING POLICIES

a) *Basis of preparation*

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

b) *Accounting Convention*

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

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

c) *Accounting for Fixed Assets*

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

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

d) *Valuation of Properties*

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

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

e) *Valuation of Investment Properties*

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

f) Value Added Tax

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

g) Income

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

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

h) Expenditure and basis of allocation of costs

Expenditure is included when incurred.

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

i) Fund Accounting

Funds held by MMHS are either:

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

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

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

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

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

j) Planned Maintenance Expenditure

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

k) Capitalisation

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

l) Pension Scheme

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

lives of current employees.

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

m) Liquid Resources

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

n) Allocation of salary and support costs

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

2 TOTAL INCOME

2.1 Voluntary income

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

2.2 Investment income

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

2.3 Income from charitable activities

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

2.4 Gain on disposal of properties

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

3 TOTAL EXPENDITURE

3.1 Analysis of expenditure

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

3.2 Analysis of salary costs

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

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

Employees receiving remuneration excluding pension contributions,
in excess of £60,000:

	2023	2022
	No.	No.
£60,001 - £70,000	1	-
£70,001 - £80,000	-	3
£80,001 - £90,000	2	-
£90,001 - £100,000	-	1
£110,001 - £120,000	1	-
	4	4

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

3.3 Analysis of support costs

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

3.4 Analysis of direct costs

3.4.1 Costs of raising voluntary income

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

3.4.2 Charitable activities – housing maintenance and repair

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

3.4.3 Charitable activities – buying and selling of properties

	2023 £000	2022 £000
Professional charges	-	5
Governance costs	14	6
Direct costs	<u>14</u>	<u>11</u>

3.4.4 Governance costs allocated to charitable activities

	2023 £000	2022 £000
Auditors remuneration - audit	25	14
Board expenses	36	4
Direct costs	<u>61</u>	<u>18</u>

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

3.4.5 Charitable activities – ministerial resident support

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

3.4.6 Charitable activities – equity

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

4 LONG TERM INVESTMENTS

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

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

5 PENSION COSTS

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

FRS102 Disclosures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 TANGIBLE ASSETS

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

7 PROGRAMME RELATED INVESTMENTS

7.1 Land and buildings

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

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

7.2 Equity sharing scheme

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

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

Total Programme related investments

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

Investment Properties

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

8 DEBTORS

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

9 INVESTMENTS

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

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

11 RESTRICTED FUNDS

The Piggott Trust

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

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

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

12 UNRESTRICTED FUNDS

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

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

13 CAPITAL COMMITMENTS

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

14 OPERATING LEASE COMMITMENTS

Commitments under operating leases are as follows:

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

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

15 RELATED PARTIES

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

16 CASH FLOW INFORMATION

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

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

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

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

Administrative Details

TRUSTEES, OFFICERS AND PROFESSIONAL ADVISERS

Trustees

Revd Alan Taylor (*Chair from 16 Feb 2023*) *

Mr Alexander Campbell OBE (*Chair until 16 Feb 2023*)

Revd Paul Martin ^[2] ^[3] ^[4]

Revd Dr Marion Cole

Mrs Sharon Green ^[3]

Resignations

Mr Chris Firth ^[1] (Resigned 24 Nov 2022)

Revd Jacquie Evans ^[2]

Revd Stephanie Jenner ^[3] (Resigned 18 May 2023)

Appointments

Mrs Kate Andrews ^[4] (Appointed 16 Nov 2023)

Mrs Abi Labbett (Appointed 16 Nov 2023)

Mr Richard Myers (Appointed 16 Nov 2023)

Mr Chris Appleton (Appointed 16 Nov 2023)

[1] Chair of the Finance & Resources Committee (until 24 Nov 2022)

[2] Chair of the Audit & Risk Committee (until 24 Nov 2022)

[3] Member of the Property Committee (until 24 Nov 2022)

[4] Chair Elect of the Audit Committee (from 16 Nov 2023)

* *Ex-officio* member of all Committees

Senior Management Team

Mrs Mairi Johnstone CEO

Mr Richard Hawkins Operations Director

Mrs Atawa Aryee Finance Director (until 9 Oct 2023)

Mr Paul Gillam Property Director (until 23 Sept 2022)

Principal Bankers

HSBC

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

Auditor

Mazars LLP

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



Methodist Ministers'
Housing Society

Contact Details

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0203 848 6020

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