METHODIST MINISTERS' HOUSING SOCIETY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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, and their spouses, and their widows and widowers, and to offer support for their wellbeing in the key areas of mobility and independence

Our core values

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

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FOR THE YEAR ENDED 31 AUGUST 2018

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Methodist Ministers' Housing Society
31 August 2018

Messages from the Chair and the Chief Executive

From the Chair

I am delighted to present my first report as Chair of MMHS. Firstly, I would like to underline my commitment and drive to be part of a team that delivers excellence. The theme for our year has been 'Facing Forward' and this very much sums up the spirit of the Society as we look to the challenges ahead.

This year has seen the Society celebrate 70 years of providing quality housing to those who have faithfully served the Methodist Church as ordained Presbyters and Deacons. Much has changed over this period and I feel that one of the strengths of the Society has been its ability to adapt to changing times.

This desire to respond to change is underlined in our strategy and planning through to 2022. There is a need to move forward with boldness as we look to meet housing needs in this present age. The Society is committed to listening to those we serve and learning from them in order to deliver far reaching outcomes and make a real impact.

We greatly appreciate all who support the work of MMHS, whether financially, prayerfully or practically. I would like to applaud the MMHS staff team under the leadership of our Chief Executive Mairi Johnstone. During my first year as Chair I have witnessed first-hand their passion and commitment. I have also seen a high level of professionalism as we have sought to deliver the very best of services to our ministerial residents.

My role as Chair is to work alongside the Chief Executive to tell the story of MMHS and ensure that we are true to the mission set out by those Methodist visionaries 70 years ago.

Alexander Campbell, Chair

From the Chief Executive

It is with huge pleasure that I can look back on a year during which we were able to progress well with meeting our strategic objectives for 2017-2022. We did so by working through many and varied activities and projects that were designed to keep moving MMHS forward in the direction we have set. I never stop marvelling at what we are able to do given that we work with very limited resources.

I keep the words of our vision statement at the front of my mind at all times - *'There was not a single person in need among them'*. We really do strive to meet the needs of those we serve and that comes through in all kinds of ways. I can provide a few examples; the provision of a comfortable, secure home, a listening ear in times of distress and professional and timely advice on repairs and maintenance.

There is one particular strategic objective about which we are all passionate; helping our ministerial residents keep their mobility and independence for as long as possible. We knew we needed a better understanding of the particular needs of our ministerial residents and so, this year, we asked them to complete a questionnaire which looked at their computer use and mobility. The response was fantastic and we now have excellent material on which to base our future strategic decisions.

I am deeply indebted to the people who work with me and help make everything possible. Good teamwork always brings positive results. I am also grateful for the support of the many people in the Methodist Church family who are committed to supporting us, financially in particular. I hope reading the remainder of this Report will leave you thinking that your support is well placed.

Mairi Johnstone, Chief Executive

A special year

Cake and creed proved to be a powerful mix to mark the 70th anniversary of the Methodist Ministers' Housing Society.

We commissioned a house-shaped cake that we shared with Methodist Church colleagues. We created worship resources that people could download freely from our website.

We handed out luxurious cupcakes from our exhibition stand at the 2018 Methodist Conference. We produced a bumper eight-page issue of our regular publication *Roof 'n' Roots*.

We gave every resident a 70th anniversary edition of *The Home Blessing Prayer Book*. And we continued to share stories of our work. Here are just some of them...

Crossing the line

Pat believes she received the 'divine call' as a little girl.

She was just eight when she had this spiritual experience in Durham Cathedral. She was standing by the black line where, in medieval times, women were not meant to cross.

However, Pat stepped up to the plate – and responded to that call. Since then, she's produced religious programmes on local radio, led churches, engaged with communities – and even worked on the MMHS board!

Pat and husband Bob moved into an MMHS property more than ten years ago. 'Being able to help the community in its greatest need is important,' she said. 'That's exactly what the Society is doing for ministers in need.'

The making of Barrie

Barrie and wife Joan have been Society residents since June 2010. But it wasn't a smooth journey to their retirement home.

Health issues ended up with Barrie being signed off work for eight months in 2004. His district chair said to Joan, 'He should retire, he should stop'.

With reluctance and relief, Barrie was given permission to retire at 61 in 2008. 'Joan thinks the Church saved my life,' said Barrie.

The couple now enjoy life in their lovely home, down a quiet lane, away from the urban noise.

The book of Mary

Mary published her life story – and gave the profits to MMHS.

One More Step Along The Golden Thread is her home-grown, humble and heart-warming account of growing up with a disabled parent, working in prisons and social services, and later being ordained as a Methodist minister.

She has lived at her MMHS property since 2001. 'I have two sons,' Mary told us, 'and one of them said a few times, "Mum, you've done a number of things – why don't you write it all down?"'

She laughed it off, but returned to the idea later. It was a nine-month journey to arrive at her finished book. Most generously, Mary has been giving MMHS profits from what she calls her 'little paperback with a nice cover'.

The adventures of Robocrop!

Dan's garden was bigger than an IMAX cinema screen.

Mowing the grass could take more than four hours and produce eight bags of cuttings from one session alone. It was way more than a full-length feature! Health challenges meant that even with a petrol mower, Dan found the work was taking too much out of him.

He would need a day or two to recover from each cut. He shared his story with us. Reactive Maintenance Manager Glenn Fry proposed installing a robot lawn mower at the MMHS property that is home to Dan and wife Anne.

As it recharges itself in its tiny 'garage' to quietly cut the lawn, the *Automower* has been an 'absolute Godsend' and has made 'a tremendous difference', said Dan.

Those are just some of our residents' experiences. We try to share as many stories as we can through both *Roof 'n' Roots* and the MMHS website, as we see ourselves as guardians of this treasure trove of faith, hope and love within the Methodist Church.

Annual Report

1. Administrative details

The Charity
Methodist Ministers' Housing Society is registered as No. 13527R under the Co-operative and Community Benefit Societies Act 2014. The Society has charitable status but no charity registration number, as it is an "exempt charity". All societies registered under the above mentioned 2014 Act are so by virtue of section 22(2) of The Charities Act 2011.

Registered Office
Methodist Church House
25 Marylebone Road
London
NW1 5JR

Members of the Senior Management Team during the year ended 31 August 2018
Mrs M Johnstone, Chief Executive; Mr G Addo, Property Services Director; and Mrs A Aryee, Financial Services Director.

Auditors
Mazars LLP, Times House, Throwley Way, Sutton, Surrey, SM1 4JQ

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

Investments
Central Finance Board of the Methodist Church, 9 Bonhill Street, London EC2A 4AE
Close Brothers Limited, 4th Floor, 10 Crown Place, London EC2A 4FT
Virgin Money plc, Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL

Solicitors
Stone King LLP, 13 Queen Square, Bath BA1 2HJ
James E Marr, Mitchells Roberton, Solicitors & Estate Agents, George House, 36 North Hanover Street, Glasgow G1 2AD

2. Governance and Management

Accounting and Reporting Provisions
The Board of Governance followed the provisions of the Statement of Recommended Practice, (SORP) 2015 (FRS 102), "Accounting and Reporting by Charities: Statement of recommended practice", published in March 2005 in preparing the annual report and accounts of the Society.

Membership
The Society consists of the present members and such other individual persons, societies, companies and other corporate bodies as the Board may admit.

Organisational Structure of the Society
The Society has a Board of Governance of 9 to govern the business of the Society. Board members are appointed for a fixed term not exceeding 3 years from the date of the annual general meeting following appointment and are eligible for reappointment for a further fixed term not exceeding three years at the end of the first term. It is possible for Board members to serve a maximum of 10 years, subject to annual appointments after 6 years have been served.

The Chief Executive is responsible for the management and administration of the Society. Together with the Chair, she works to enable the Board to fulfil its functions. She is responsible for effective management systems to ensure that 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 the Society's strategic objectives.

Pay policy for senior staff/key management personnel
The pay of all staff, including senior staff and key management personnel, is reviewed annually. Increases in line with inflation are usually awarded and any anomalies are corrected, as needed. In order to be sure that the Society was paying fairly, a benchmarking exercise was undertaken during the year using the services of Reed Global. In line with those findings, some salaries were adjusted.

Committees
The Board has four Committees; Property, Finance, Audit and Risk, and a recently reconstituted Personnel Committee. All four Committees met as required during the year.

3. Objectives

The Society provides housing, or financial assistance towards housing needs, as well as associated amenities, to Methodist presbyters and deacons of limited means who are in receipt of a full Methodist Church pension, and their widows and widowers. For those in receipt of such provision, it also provides, or assists with the costs of, services or facilities which will reduce their conditions of need (whether age, ill-health, disability or financial).

The Society operates in the United Kingdom, the Isle of Man and the Channel Islands.

4. Providing homes for those in need

In addition to continuing to provide for those already housed, the Society was able to provide homes for presbyters and deacons of limited means retiring in 2017/18 who required the Society's assistance. In 2018, Conference granted permission for 85 presbyters and deacons to become supernumeraries. The Society accepted 20 of these supernumeraries and housed 18 of them in the financial year. The remaining 2 are scheduled to be housed in the following financial year. One was granted permission to retire on grounds of ill health. Two more applicants (who had become supernumerary in previous years) were also housed. During the year, 5 tenants already housed by the Society were transferred to accommodation more suitable to their needs.

New ministerial tenants	2018	2017
Presbyters & Deacons retiring normally (including widowed spouse)	18	13
Retirement on ill health grounds	1	1
Transfers	5	14
Other (new applicants housed but retired in previous years)	2	4
Total	26	32

5. Making the best use of resources

The Society promotes the use of its own portfolio of properties but will purchase properties in particular circumstances for those who have medical or other valid reasons for requiring a property of a particular type in a particular area. At the year-end, the Society had 926 properties of which 765 were let to ministerial tenants, 124 were let to market tenants and 37 were empty. The comparable figures for 2017 were 932 properties of which 777 were occupied by ministerial tenants, 118 were let to market tenants and 37 were empty. The annual ministerial rent for the year was £3,120 (2017: £3,048).

Society properties	2018	2017
Ministerial tenants	765	777
Market rent	124	118
Vacant units	37	37
Total	926	932

Property movements in year	Freehold	Leasehold	2018	2017
Number of units at 1 September 2017	848	84	932	931
Number of acquisitions	13	2	15	18
Number of disposals	(18)	(3)	(21)	(17)
Number of units at 31 August 2018	843	83	926	932

6. Decent Homes Programme

Nearly £1m was spent during the year on the programme of components replacement as shown in the table below. The programme continues in 2018-2019 with a budget of £1.083m allocated.

	2018 £000	2017 £000
Kitchen replacements	151	189
Bathroom refurbishments	398	387
Boiler replacements	113	195
New windows/doors	91	134
Driveways	115	140
Rewiring	88	66
Other	1	11
Total	957	1,122

7. Repairs and Maintenance

Minor repairs are undertaken by local contractors in close collaboration with tenants and in accordance with the Society's maintenance policies. The three-year contract with British Gas for repair and maintenance of gas and electrical installations for all properties in England, Scotland and Wales ended in August 2016. The second year of five year contract extension, negotiated under a Memorandum of Understanding, has been completed. The extended contract excludes electrical installation repairs and also includes a break clause. Annual contracts are signed by the Society and British Gas. The operational performance of our contractors (grouped together) is carefully monitored under KPIs agreed by the Board. British Gas performance is monitored separately.

8. Financial Review

The Society's cash reserves at 31 August were £4,650,000 (2017 £6,975,000)

	2018 £000	2017 £000
Cash at 31 August 2017	6,975	7,429
(Decrease)/increase in cash	(2,325)	(454)
Cash at 31 August 2018	4,650	6,975

The operating deficit for the year was £150,000 (2017, deficit £824,000):

	2018 £000	2017 £000
Income	5,456	4,441
Less Expenditure	5,606	5,265
Operating (deficit)/surplus	(150)	(824)
Realised net gain on sale of properties	1,517	1,290
Surplus for the year	1,367	466
Unrealised net gain on fixed term investments	50	-
	1,417	466

The Society pressed ahead with its year one activities of the five year business plan and ended the year with good success.

The excess of total income over total expenditure for the year ended 31 August 2018 was £1,417k, marking a good year for the Society. Total rental income was in line with expectations. Generous donations amounting to £155k were received from individuals, churches and circuits within the Methodist family.

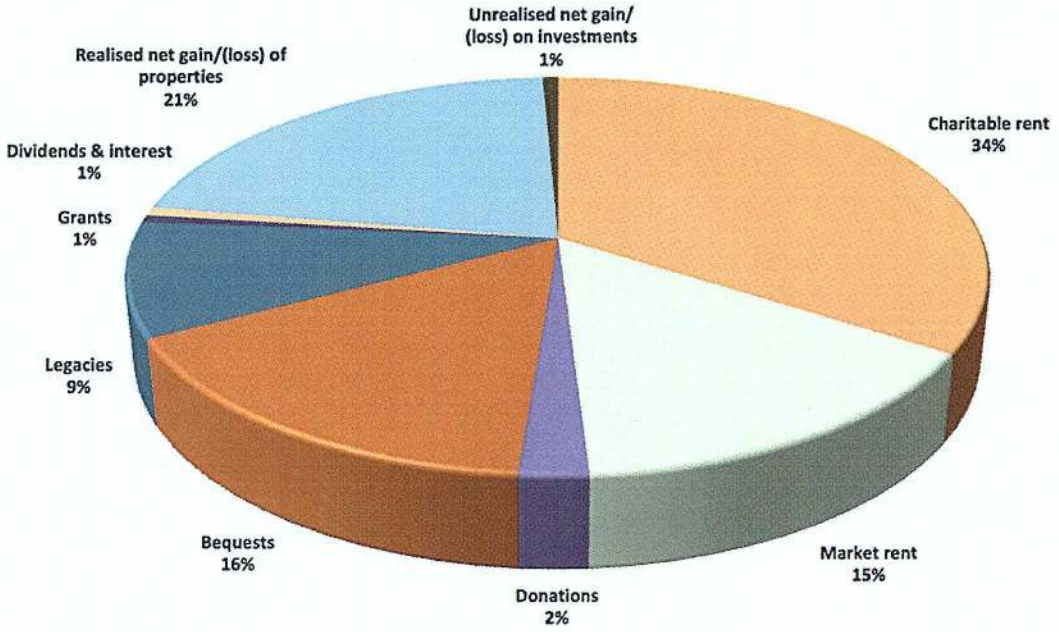
The Society had another positive year for legacy donations of £645k. Investment income from cash deposits amounted to £34k, a drop on the previous year by £11k as funds were switched into the Central Finance Board to invest in a combination of equities, fixed interest securities and cash that is expected to yield better future investment returns. Dividends from these investments yielded £13k. Unrealised gain on these investments brought it £50k. The net surplus derived from the sale of surplus properties was £1.517m, making a significant contribution to the year-end surplus.

Overall expenditure was £5.6m, an increase compared to the previous year's expenditure of £5.2m. This was due to a higher spend on the maintenance and refurbishment of the Society's properties in order to maintain high decent homes standards. (See chart).

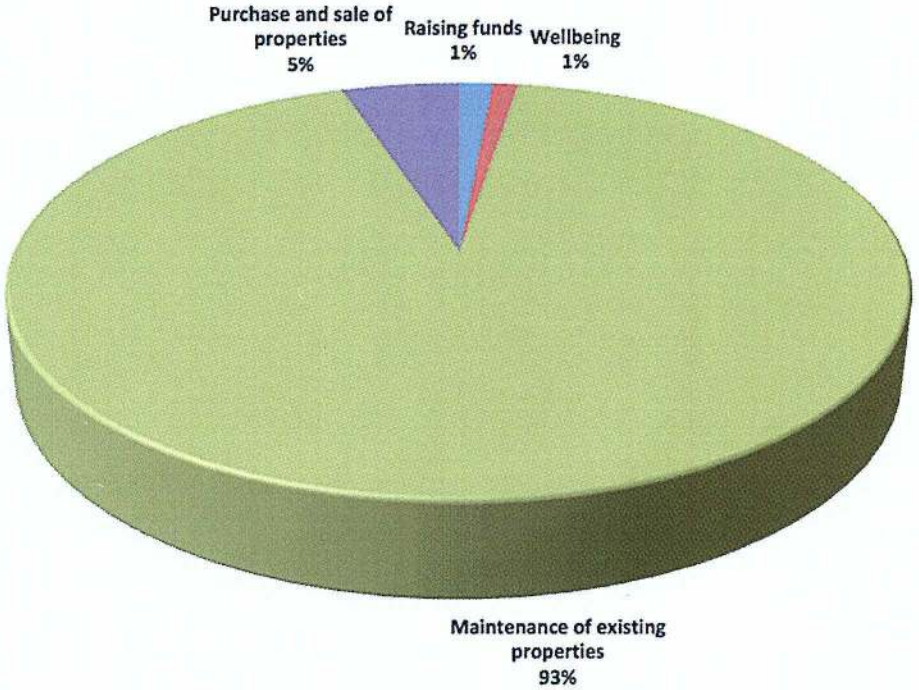
The year ended with a balance sheet showing £86.7m of net assets – with £11.6m of this being represented by its unrestricted income fund. This is a healthy financial position that will underpin the Society's ongoing activities.

Overall, the Society is again blessed with a strong financial position that will support its objectives as set out in its agreed five-year strategic plan for 2017-2022.

TOTAL INCOME 2018



TOTAL EXPENDITURE 2018



9. Planning for the Future

We have an ambitious plan for *September 2017 to August 2022* and are focused on achieving *five main strategic objectives* that will enable us to deliver our vision and mission.

- We wish to meet the housing and housing related needs of 50% of retiring ministers and will do so incrementally over the five years of our plan. How will we do that? We will continue to provide houses and permit equity interests in them but we will add to our mission by taking equity shares ourselves in houses owned by ministers. It may be we will also offer loans in due course. That is a decision we will make in 2020.

- We wish to offer more wellbeing support so that the ministers we serve can keep their mobility and independence for as long as possible. Physical ageing presents considerable challenges and we aspire to be the 'go to' place for advice and recommendations as well as provide well thought through assistance.

- Recognising that we cannot do everything ourselves, we will establish collaborative relationships with other agencies, charities and groups we know will help us achieve our objectives. Any collaborations will have to be a good 'fit' with our vision, mission and core values.

- We know that if we are to succeed, we must have the right mix of experience, skills and knowledge. To that end, we will invest in and develop our Board and staff team so that they are fully equipped to deliver what is required of them.

- We also know that we must continue to be good stewards of our considerable assets and to that end, we will also ensure that we have a number of well-managed sources of income and that our capital assets, in particular our housing stock, are equally well managed.

10. Risk Management

The current risk identification and monitoring process has been established since 2016. A system of reviewing the risks and mitigating actions regularly is in place. In April 2018 a thorough appraisal of risk was conducted jointly by the Board and Senior Management Team. The Society's risk registers were reviewed and updated by the Audit and Risk Committee in June 2018. Following this review a risk appetite was assigned to each identified top level risk. The relevant risk registers will be reviewed by the appropriate committee and reported to the Board for approval at least once a year.

The risk register identifies risks under the following headings of strategic, governance, operational, finance and management of assets. The management of risk is not an isolated process but is embedded in the management of the Society and its service delivery. The Senior Management Team continues to discuss day-to-day risks on a regular basis with mitigating actions in place.

An annual performance development review for all staff is in place to ensure staff are supported to perform to their full potential, and there is commitment backed by an allocated budget to maintain homes to the decent homes standards.

11. Reserves Policy

The Society's reserves policy states what the Society is already doing, namely, maintaining a level of reserves to fund operational activities in the event of short term cash flow problems. The Board considers that operational reserves should be maintained at six months' worth of unrestricted expenditure. In addition to the operational fund, it has earmarked funds designated for specific purposes namely investment in a unit trust equity share fund, property acquisition fund and cash deposit investment.

The reserves policy and the level of reserves required will be reviewed annually by the Senior Management Team and approved by the Finance Committee.

12. Investment Policy

The Society has the power to invest in such investments, securities or property as the Board may determine. The Society's investment policy set in December 2015 states that its objective is to produce the best financial return within an acceptable level of risk. Capital preservation is of paramount importance. An agreement has been signed with the Central Finance Board (CFB) to provide investment management services to the Society. The CFB is authorised by the Board to adjust the actual investments within the agreed parameters specified in the agreement terms. The Board agreed to increase the amount of investment to £2m in a combination of equities and fixed interest securities, the remaining cash being held on cash deposits. The Society holds investment properties. It is the policy and practice of the Board to use the rental income from the properties for the furtherance of the objectives of the Society.

13. Objectives for the year ending 31 August 2019

Here is some detail on what we are planning for our second year, *September 2018 to August 2019*.

- As in all previous years, we will ensure that we meet the housing and related needs of all those who are eligible for and seek our assistance. This year we shall target meeting the needs of 30% of ministers who become pensioners of the Methodist Church (and their dependents).

- We have now set up the fund for the equity shares that MMHS can take in houses owned by ministers. It is named, simply, the Equity Sharing Fund. The eligibility criteria for access to this fund matches our basic eligibility criteria for access to housing. As with 17/18, £350,000 will be available for use.

- We have also set up the fund for the development of our wellbeing programme. As with 17/18, £250,000 will be available for use. Research was undertaken in 17/18 and all our findings will be used to advance our strategic aim of helping our ministerial residents keep their mobility and independence for as long as possible. This year, we also plan to look strategically at how Artificial Intelligence and the Internet of Things can offer support to our ministerial residents.

- When it comes to communication, we have planned much. We will focus on our relationship with Chairs; this reflects the important role they have in support of Supernumeraries. Our publication Roof 'n' Roots will continue to occupy an important place in our overall communications plan; it helps develop a sense of belonging and we use it to inform and entertain our ministerial residents. We plan to revamp' our website in recognition of its importance as a 'go to' place for information. Demonstrating 'thankfulness' in every way possible will continue to be a mark of our mission.

- We have established good collaborative relationships that focus on sharing knowledge and experience and we will continue to develop these. We will also explore other possible collaborative relationships which might involve the use of our capital to create another income stream.

- We have agreed an updated asset management strategy ('AMS') which was written to support our main Strategic Plan, 2017-2022. The second year of the AMS will see us focusing on rolling out a newly agreed refurbishment policy, increasing the size of our market rented portfolio to an optimal level, managing our voids more effectively and creating new KPIs in line with best practice. We aim to exercise excellent stewardship of our considerable assets.

14. Public Benefit

The Society's Objects define those who benefit from its purposes (see Para 3). This report details the number of those who benefited during the year (Para 4), the use of the Society's resources in making the provision (Para 5), the continuing service of beneficiaries (Para 6) and the business planning in progress to ensure that those in need will be helped in the future (Para 9).

15. Financial effect of significant events

Under the Charities Statement of Recommended Practice (SORP) 2015 (FRS 102), the Society's Trustees are required to record the financial effect of significant events in the year. These are:

- The unexpected bequest of properties which are hugely welcome as regular, reliable annual income. £1,120,000. (2017: £320,000).
- The reclassification of mixed use properties as investment properties has resulted in the setting up of a designated fund for the revaluation gains on properties transferred from functional to investment properties. £11,287,000. (2017: £8,930,000).

16. Membership

The Society currently has a Board of 9 members to govern the business of the Society. At the AGM in February 2018 Mrs Ros Peedle and Revd Richard Teal were re-elected for a further year. Revd Alan Ashton sadly and unexpectedly died in December 2017. Mr P Haslam resigned as a Board member in February 2018.

Related Parties

There are three Board members, Revd A G Lister, Revd C New and Revd A Taylor who are tenants of the Society. Their tenancies are on normal terms.

Members of the Society as at the date the report was approved are shown below

The Society has 20 members.

The Board members are: **Mr Alexander Campbell, Revd J Evans, Ms C Hastings, Revd A G Lister, Mr D Millington, Revd C New, Mrs R Peedle, Revd A Taylor and Revd R Teal.

The other members are: Mrs O Baker, Mrs A Brook, Revd P Billsborrow, Mrs S Bullock, Revd D Emison, Revd Dr J Harrod, Mr R Lolley, Mr G Peedle, Mr T Simco, Revd N Slateford and Mr T J Williams.

**Mr Alexander Campbell was elected as Chair in February 2018

Committee membership as at December 2018:

Committees	Members
Audit & Risk	Revd J Evans (Chair), **Mr A Campbell, Ms C Hastings, Revd C New and Revd R Teal.
Finance	Revd G Lister (Chair), **Mr A Campbell, Mr D Millington and Mrs R Peedle.
Personnel	Ms C Hastings (Chair), **Mr A Campbell, Mrs R Peedle and Revd A Taylor.
Property	Mr D Millington (Chair), **Mr A Campbell, Revd C New, and Revd A Taylor.

**The Society's Chair, Mr Alexander Campbell, is an ex-Officio member of each committee.

17. Staff Conditions

The Society has a Staff Handbook that sets out a number of detailed policies in relation to all aspects of personnel matters including

- An Equal Opportunities Policy
- A Health & Safety Policy
- Disciplinary and Grievance Procedures and
- IT Security

2017/18 has continued to be a progressive year for staff in several ways. The Society has benefited from the dedication, commitment and service of staff. The Board wishes to thank staff for the positive way they have responded to yet another year of significant change.

18. Auditors

Mazars LLP were reappointed as auditors of the Society.

Statement of disclosure of information to auditors
The Board members who held office at the date of approval of this Board Report confirm that, so far as they are each aware, there is no relevant audit information of which the society's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a board member to make themselves aware of any relevant audit information and to establish that the society's auditors are aware of that information.

Approved by the Members and signed on their behalf by

Member Member

18.12.18 Date Date

Statement of Board's Responsibilities for the Annual Report

In accordance with section 136 of the Charities Act 2011 and the Co-Operative and Community Benefit Societies Act 2014 in the United Kingdom, the members are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the income and expenditure of the society for that period. In preparing these financial statements, the members 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 members are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-Operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for ensuring that the Board Report and other information included in the Annual Report is prepared in accordance with Co-Operative and Community Benefit Societies Act 2014 in the United Kingdom.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST MINISTERS' HOUSING SOCIETY

Opinion

We have audited the financial statements of the Methodist Ministers' Housing Society (the 'Society') for the year ended 31 August 2018which comprise the Income and Expenditure Account, the Statement of Financial Activities, the Balance, 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 Society's affairs as at 31 August 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METHODIST MINISTERS' HOUSING SOCIETY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Society has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 12, the Board is 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 Board determines 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 Board is responsible for assessing the Society'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 Board either intends to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

This report is made solely to the Society's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed:

Mazars LLP

Chartered Accountants and Statutory Auditor

Times House, Throwley Way, Sutton, Surrey, KT18 7HZ

Date:

Income and Expenditure Account for the year ended 31 August 2018

	Note	2018 £000	2017 £000
Income			
Voluntary income		1,967	1,066
Investment income		1,089	983
Income from charitable activities		2,400	2,392
Realised net gain on sale of properties		1,517	1,290
	2	6,973	5,731
Expenditure			
Raising funds		79	84
Wellbeing		61	
Maintenance of existing properties		5,181	4,897
Purchase and sale of properties		285	284
	3	5,606	5,265
Operating Surplus for the year		1,367	466
Statement of Total Recognised Gains and Losses			
Surplus for the year		1,367	466
Statement of Total Unrecognised Gains and Losses			
Unrecognised gain on fixed asset investments		50	-
		1,417	466

Statement of Financial Activities for the year ended 31 August 2018

	Note	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
Income from:					
Donations, legacies and grants		1,967	-	1,967	1,066
Charitable activities		2,400	-	2,400	2,392
Investments		1,089	-	1,089	983
Gain on disposal of properties		1,517	-	1,517	1,290
Total	**2**	**6,973**	**-**	**6,973**	**5,731**
Expenditure on:					
Raising funds	**3.1**	79	-	79	84
Charitable activities					
Wellbeing		61	-	61	
Maintenance of existing properties		5,181	-	5,181	4,897
Purchase and sale of properties		285	-	285	284
Total	**3**	**5,606**	**-**	**5,606**	**5,265**
Net income before revaluation and investment gains		**1,367**	**-**	**1,367**	**466**
Gain/(Loss) on revaluation of investment properties		2,357	-	2,357	4,423
Unrealised gain/(loss) on fixed asset investment		50	-	50	-
Net movement in funds		**3,774**	-	**3,774**	**4,889**
Reconciliation of funds					
General funds		8,981	9	8,990	9,453
Revaluation reserve		8,930	-	8,930	4,507
Designated funds		-	-	-	-
Designated fixed asset reserves		65,018	-	65,018	64,089
Total Funds brought forward		82,929	9	82,938	78,049
Total Funds carried forward		**86,703**	**9**	**86,712**	**82,938**

All of the activities of the Society are continuing. There are no other gains or losses other than those above.

The comparative figures for 2017 have been represented under FRS 102 (SORP 2015) on the Statement of Financial Activities in Note 16.

Balance Sheet as at 31 August 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Fixed Assets					
Tangible assets	6	48		42	
Programme related investments	7	63,729		64,976	
Investment properties	7	15,845		11,815	
Fixed term investment	4	2,056		-	
Total fixed assets			81,678		76,833
Current assets:					
Debtors	8	1,559		764	
Investments	9	4,478		6,773	
Cash at bank and in hand		183		212	
Total current assets		6,220		7,749	
Liabilities					
Creditors: Amounts falling due within one year	10	(1,186)		(1,644)	
Net current assets			5,034		6,105
Net Assets			86,712		82,938
The funds of the Society					
Restricted income funds	11		9		9
Unrestricted income funds					
Share capital			-		-
Unrestricted income funds			11,639		8,981
Income funds			11,648		8,990
Designated fixed asset reserves			63,777		65,018
Designated reserves			-		-
Revaluation reserve			11,287		8,930
Total Society funds			86,712		82,938

The notes on pages 19 to 33 form part of these accounts

Approved by the Members and signed on their behalf by

Member 18.12.18 Date

Member please leave blank Date

Statement of Cashflows for the year ended 31 August 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Net cash (used in)/provided by operating activities	15		(6,079)		(929)
Cashflows from investing activities:					
Investment income		1,076		983	
Purchase of properties		(2,667)		(2,997)	
Proceeds from sale of properties		5,579		2,668	
Tenants' equity contributions received		815		1,119	
Tenants' equity contributions repaid		(1,049)		(1,298)	
Net cash provided by (used in) investing activities			3,754		475
			(2,325)		(454)
Cashflows from financing activities:					
Loans repaid		-		-	
Net cash provided by (used in) financing activities			-		-
Change in cash in the reporting period			(2,325)		(454)
Cash at 31 August 2017			6,975		7,429
Cash at 31 August 2018			4,650		6,975

Notes to the Accounts for the Year ended 31 August 2018

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

1 Accounting Policies

a) *Accounting Convention*
The financial statements have been prepared under the historic cost convention, as modified by the revaluation of land and buildings, and in accordance with the Statement of Recommended Practice, (SORP), "Accounting and Reporting by Charities: Statement of Recommended Practice", applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – Charities SORP (FRS 102)).

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

b) *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%
Office equipment :	25%

c) *Valuation of Properties*
Properties are valued at depreciated historic cost rather than current valuation basis. A prior year revaluation of the land and buildings held at 31 August 2013 was undertaken in which the properties were revalued at the acquisition 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 year they were acquired by the Society. The revalued amount for land and buildings was brought forward as the restated opening balance for land and buildings.
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.

d) *Valuation of Investment Properties*
Properties held for the purpose of generating income are considered to be investment properties and are held at fair value. 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.

e) *Value Added Tax*
As the Society's work 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.

f) *Income*
Income is recognised in the period in which the Society 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.

Notes to the Accounts for the Year ended 31 August 2018

1 Accounting policies (continued)

g) 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.

h) Fund Accounting
Funds held by the Society are either:

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

Designated funds - these are funds set aside by the members 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.

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

j) *Capitalisation*
For 2017 the Society 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.

k) Pension Scheme
The Society operates a defined benefit pension scheme with the Methodist Church. 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 the Society. 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.

l) Liquid Resources
The Society's liquid resources consist of cash invested in deposit accounts with the Central Finance Board of the Methodist Church, which can be accessed on demand. During the year cash is also held on fixed term deposits with Close Brothers Limited and Virgin Money plc and cash in its HSBC current account.

m) 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.

Notes to the Accounts for the Year ended 31 August 2018

2 Total income

2.1 Voluntary income

	2018 £000	2017 £000
Grants		
Fund for Support for Presbyters and Deacons	47	14
	47	14
Legacies		
Legacies received in the year	389	426
Legacies regarded as receivable	256	170
	645	596
Donations		
District contributions	90	94
General donations	9	20
Donated facilities	56	22
	155	136
Bequests/Gifted Properties		
Bequests received in the year	180	185
Gifted property regarded as receivable	940	135
	1,120	320
Voluntary Income	1,967	1,066

2.2 Investment income

	2018 £000	2017 £000
Unrestricted funds		
Interest receivable on deposits	34	45
Market rents receivable	1,042	938
Dividends	13	-
	1,089	983

Notes to the Accounts for the Year ended 31 August 2018

2.3 Income from charitable activities

	2018	2017
	£000	£000
Charitable rents receivable	2,400	2,392

Rental analysis	No	No
Charitable tenants	765	777
Market rent tenants	124	118
Vacant units	37	37
	926	932

2.4 Gain on disposal of properties

	2018	2017
	£000	£000
Gains on sale of properties	2,285	1,970
(Loss)/Gain on reimbursement of equity	(768)	(680)
	1,517	1,290

3 Total Expenditure

3.1 Analysis of expenditure

Summary	2018	Staff costs	Support costs	Direct costs	2017
	£000	£000	£000	£000	£000
Raising funds	79	47	25	7	84
Wellbeing	61	29	15	17	-
Maintenance of existing properties	5,181	445	232	4,504	4,897
Purchase and sale of properties	285	177	93	15	284
	5,606	698	365	4,543	5,265

Notes to the Accounts for the Year ended 31 August 2018

3.2 Analysis of salary costs

	2018 £000	2017 £000
Salaries	559	509
Employers national insurance contributions	60	55
Employers pension & phi contributions	79	66
	698	630

The full time equivalent number of employees in 2018 was 13 (2017: 11). The head count in 2018 was 14 (2017: 14).

One employee's remuneration was in the range £70,000 to £79,999 (2017:1).
Two employee's remuneration were in the range £60,000 to £69,999 (2017:0).
The emoluments of the highest paid employee excluding employer's pension contributions was £79,560 (2017: £76,500) and the employer's pension contribution was £7,956 (2017: £7,650).

The key management personnel of the Society comprise of the Chief Executive, Financial Services Director and Property Services Director who were paid total benefits of £202,226 (2017: £194,448). The total employer's pension contribution of the key management personnel was £27,493 (2017: £26,415).

3.3 Analysis of support costs

	2018	**Raising Funds**	**Wellbeing**	**Maintenance of Existing properties**	**Purchase and sale of properties**	**2017**
	£000	£000	£000	£000	£000	£000
Staff training	11	1		7	3	9
Staff recruitment	8	1		5	2	3
Travel & subsistence	24	2	1	15	6	13
Office rent & services	154	10	7	98	39	115
Office administration costs	36	2	2	23	9	106
Professional charges	126	9	5	80	32	98
Depreciation	6			4	2	7
Support costs	**365**	**25**	**15**	**232**	**93**	**351**

Notes to the Accounts for the Year ended 31 August 2018

3.4 Analysis of direct Costs

3.4.1 Costs of raising voluntary income

	2018 £000	2017 £000
Publicity & advertising	7	6
Direct costs	7	6

3.4.2 Charitable activities - maintenance of existing properties

	2018 £000	2017 £000
Refurbishment	972	1,005
Refurbishments capitalised	(398)	(740)
Planned work	1,425	1,530
Repairs & maintenance	132	138
Brit Gas & Electrical Contract	210	233
Electrical Remedial Work	147	175
Electrical Testing Programme	46	52
External painting	189	67
Primary	2,723	2,460
Property depreciation	1,205	1,205
Property insurance	66	65
Leasehold charges	75	65
Empty property costs	83	74
Management fees	287	334
Grants to tenants	4	4
Other	38	28
Governance	23	24
Secondary	1,781	1,799
	4,504	4,259

Notes to the Accounts for the Year ended 31 August 2018

3.4.3 Charitable activities - purchase and sale of properties

	2018 £000	2017 £000
Loan interest	1	6
Professional charges	2	2
Applicants' interview costs	2	2
Governance costs	10	9
Direct costs	15	19

3.4.4 Governance costs allocated to charitable activities

	2018 £000	2017 £000
Auditors remuneration - audit	8	9
Prior year audit provision written back	-	-
Board & members expenses	15	15
Direct costs	23	24

The Board and members' expenses of £16,053 (2017: £17,006) is made up of travel and subsistence expenses amounting to £8,811 (2017: £9,560) which were reimbursed to 11 (2017:13) of the Society's members; board expenses of £7,242 (2017: £7,446). No member of the Board received any remuneration in the year.

3.4.5 Charitable activities - wellbeing

	2018 £000	2017 £000
Wellbeing – general expenditure	12	-
Wellbeing – repairs and maintenance	5	-
Direct costs	17	-

4 Fixed asset investments

	2018 £000	2017 £000
Fair value at 1 Sept 2017	-	-
Purchase of investments	2,006	-
Appreciation on revaluation	50	-
Fair value at 31 Aug 2018	2,056	-
Represented by:		
CFB UK equity fund	683	-
CFB overseas fund	699	-
CFB corporate bond fund	342	-
CFB short fixed interest fund	332	-
Total investments	2,056	-

Investments are held in accordance with the Society's investment policy detailed in the Trustees' Report.

Notes to the Accounts for the Year ended 31 August 2018

5 Pension Costs

The Society 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 2018 by an independent actuary. The major assumptions used by the actuary, together with those used in the previous year, were:-

	31 August 2018	31 August 2017
	% pa	% pa
Discount rate	2.7	2.5
RPI inflation rate	3.3	3.6
CPI inflation rate	2.3	2.6
Rate of increase in pensionable earnings	2.3	3.6
Rate of increase in pension payments	2.2/3.2/5.0	2.3/3.5/5.0

The major categories of the Scheme's assets as a percentage of the total Scheme assets, were as follows:-

	31 August 2018	31 August 2017
	%	%
Equities	52	52
Corporate bonds	5	13
Property	7	8
Cash	10	8
Liability Driven Investment	20	13
Annuities	6	6

The following amounts at 31 August 2018 were measured in accordance with the requirements of FRS102.

	£ million
Total market value of assets	79.6
Present value of scheme liabilities	76.3
Net overfunding in Scheme	3.3
Unrecognised assets	(3.3)
Net Defined Benefit Asset	0.0

Notes to the Accounts for the Year ended 31 August 2018

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 are not invested separately to those paid by other employers participating in the Scheme. As such no separate fund is identifiable in respect of the Society. In order to determine a current fund for each participating employer it would be necessary to separately account for contributions, benefit payments and investment returns for each participating employer. Approximately 1.7% of the active membership of the Scheme are employees of the Society.

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 total employer contributions paid to the Scheme during the year were £1.910m (2017, £1.847m), of which the Society's contributions totalled £39,594.96 (2017, £37,987.92).

A full actuarial valuation of the Scheme was carried out at 1 September 2017 by the Scheme Actuary. The valuation disclosed a past service deficit of £3.5m. It was agreed that the shortfall revealed at 1 September 2017 should be eliminated by contributions to be paid from the Pension Reserve Fund of the Methodist Church to the Scheme as follows:

- £650,000 per annum each August, starting August 2018 up to and including August 2022; and

- Between £0 and £447,000 each December, starting December 2018 up to and including December 2022. The precise amount payable will be determined by the Scheme Actuary having regard to Scheme experience.

The employers' share of the cost of providing future service benefits on 1 September 2017 amounted to 34.6% of Pensionable Earnings. This is higher than the employers' contribution rate of 24.1% of Pensionable Earnings currently being paid. However, part of the core Pension Reserve Fund contribution of £650,000 per annum represents the cost of future service benefits in excess of the current contribution rate over the period from 1 September 2017 to 31 August 2019. Therefore, employer contributions will remain at 24.1% of Pensionable Earnings until 31 August 2019. A consultation regarding the future of the Scheme is currently underway. If the benefit structure and member contribution rate are unchanged at 1 September 2019, the employers' future service contribution rate required will increase to 34.6% of Pensionable Earnings.

The next full actuarial valuation is due as at 1 September 2020, with interim updates of the funding position to be carried out as at 1 September 2018 and 2019.

Notes to the Accounts for the Year ended 31 August 2018

6 Tangible assets

	2018 £000	2017 £000
Office equipment		
Cost at 1 September	108	83
Addition in year	13	25
Cost at 31 August	121	108
Depreciation at 1 September	66	59
Depreciation for year	7	7
	73	66
Net book value at 31 August	48	42

7 Programme related investments

7.1 Land and buildings

	Freehold £000	Leasehold £000	2018 £000	2017 £000
Cost				
Balance at 1 September	82,128	9,947	92,075	89'698
Additions in year	2,672	463	3,135	4,101
Capitalisation of refurbishments	378	20	398	740
Disposals in year	(1,367)	(384)	(1,751)	(1,409)
Transfer to investment properties	(1,487)	(347)	(1,834)	(1,243)
Transfer from investment properties	160	-	160	188
Balance at 31 August	82,484	9,699	92,183	92,075
less				
Depreciation				
Depreciation at 1 September	15,657	1,385	17,042	16,079
Depreciation for disposals	(334)	(49)	(383)	(281)
Depreciation re investments	-	-	-	-
Depreciation for year	1,078	127	1,205	1,244
Depreciation at 31 August	16,401	1,463	17,864	17,042
Balance at 31 August	66,083	8,236	74,319	75,033
No of units at 1 September	848	84	932	931
No of acquisitions	13	2	15	18
No of disposals	(18)	(3)	(21)	(17)
No of units at 31 August	843	83	926	932

The assets under this heading comprise 926 units of accommodation (2017: 932 units) which include 124 units (2017: 118 units) which are occupied by market rent tenants who have security of tenure as at the 31 August 2018. Note 1c describes how the properties are valued. The revaluation reserve is included within General Reserves, in accordance with the Charities SORP.

Notes to the Accounts for the Year ended 31 August 2018

7.2 Equity sharing scheme

The equity share scheme enables charitable tenants to acquire a financial interest in their retirement homes. This interest is determined by the amount contributed by a Society tenant in proportion to the value of the property at acquisition. At the year-end 438 Society tenants had an equity share (2017: 443).

		2018		2017
	No	£000	No	£000
At Cost				
Balance at 1 September 2017	443	14,219	439	13,770
Additions in year	15	815	24	1,119
Deletions in year	(20)	(292)	(20)	(670)
Balance at 31 August 2018	438	14,742	443	14,219
less				
Depreciation adjustment				
Balance at 1 September 2017		4,162		4,216
Annual adjustment		(10)		(54)
Balance at 31 August 2018		4,152		4,162
Combined		10,590		10,057

Total Programme related investments

	2018	2017
	£000	£000
Land and Buildings	74,319	75,033
less		
Equity Sharing Scheme	(10,590)	(10,057)
	63,729	64,976

Investment Properties

	2018	2017
	£000	£000
At 1 September 2017	11,815	6,179
Gain on revaluation	2,357	4,423
Transfer to/from tangible fixed assets	1,673	1,213
Balance carried forward	15,845	11,815

Notes to the Accounts for the Year ended 31 August 2018

8 Debtors

	2018 £000	2017 £000
Sundry debtors	162	226
Prepayments & accrued income	17	9
Legacies	256	170
Gifted & bequeathed properties	940	135
Equity	184	224
	1,559	764

9 Investments

	2018 £000	2017 £000
Restricted Funds		
COIF Inc Shares	11	10
Deposits with Central Finance Board	1	1
	12	11
Unrestricted Funds		
Deposits with Central Finance Board	3,438	5,745
Other investments	1,028	1,017
	4,466	6,762
Total investments	4,478	6,773

10 Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Creditors	613	703
Accruals	570	938
Loans - interest free	3	3
Total investments	1,186	1,644

Notes to the Accounts for the Year ended 31 August 2018

11 Restricted funds

11.1 The Piggott Trust

	2018 £000	2017 £000
Charities Official Investment Fund income shares	9	9
Central Finance Board Deposit Fund	-	-
	9	9

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

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

12 Share capitals

	2018 £	2017 £
£1 shares issued and fully paid	24	24

13 Capital commitments

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

14. Related parties

There are three Board members, Revd A G Lister, Revd C New and Revd A Taylor who are tenants of the Society. Their tenancies are on normal terms.

Notes to the Accounts for the Year ended 31 August 2018

15 Cash flow information

15.1 Reconciliations of net income to net cash flow from operating activities

	2018 £000	2017 £000
Net income	1,417	466
Adjustments for:		
(Increase)/decrease in debtors	(794)	235
Increase/(decrease) in creditors	(458)	990
Net realised (loss) on sale of properties	(2,285)	(1,971)
Net realised loss/(gain) on reimbursement of equity	768	680
Bequests	(1,120)	(320)
Transfer to/from tangible fixed assets	(1,674)	(1,213)
Fixed term investments	(2,056)	-
Capitalisation	(12)	(25)
COIF shares	(1)	-
Depreciation	1,212	1,212
Investment income	(1,076)	(983)
Net cash provided by/(used in) operating activities	(6,079)	(929)

15.2 Impact of spending material resources on acquiring/disposing of properties in the year on the liquid funds of the Society

	2018 £000	2017 £000
Proceeds from sale of properties	5,579	2,668
Tenants' equity contributions received	815	1,119
	6,394	3,787
less		
Purchase of properties	2,667	2,997
Tenants' equity contributions repaid	1,049	1,298
	3,716	4,295
(Decrease)/increase in liquid funds	2,678	(508)

Notes to the Accounts for the Year ended 31 August 2017

16. Comparative SOFA per FRS 102 (SORP 2015)

	Note	Unrestricted funds 2017 £000	Restricted funds 2017 £000	Total funds 2017 £000
Income from:				
Donations, legacies and grants		1,066	-	1,066
Charitable activities		2,392	-	2,392
Investments		983	-	983
Gain on disposal of properties		1,290	-	1,290
Total	**2**	**5,731**	**-**	**5,731**
Expenditure on:				
Raising funds	**3.1**	84	-	84
Charitable activities				
Maintenance of existing properties		4,897	-	4,897
Purchase and sale of properties		284	-	284
Total	**3**	**5,265**	**-**	**5,265**
Net income before revaluation gains		**466**	**-**	**466**
Gain on revaluation of investment properties		4,423	-	4,423
Net movement in funds		**4,889**	-	**4,889**
Reconciliation of funds				
General funds		9,444	9	9,453
Revaluation reserve		4,507	-	4,507
Designated funds		-	-	-
Designated fixed asset reserves		64,089	-	64,089
Total Funds brought forward		78,040	9	78,049
Total Funds carried forward		**82,929**	**9**	**82,938**

All of the activities of the Society are continuing. There are no other gains or losses other than those above.

The above figures have been represented in FRS 102 (SORP 2015) format for the comparative period as required.