

## METHODIST MINISTERS' HOUSING SOCIETY

### Statement of Purpose

We exist to provide housing for retired Ministers, Deacons and their spouses, including the widowed. Our history has been built on a foundation of love, care and compassion.

For those who are eligible: -

We will assist with the provision of suitable and good quality housing which, as far as possible, will be:

easily adaptable to meet the needs of older people

in an area of their choice

on terms appropriate to their resources

We will enable them to continue living in dignity and comfort

We will respect their independence and privacy

We will seek to offer support and work in effective partnership with other care organisations to meet their changing needs

### FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 AUGUST 2009

Contents	Page
Members' Annual report	1-7
Statement of Members' Responsibilities	6
Auditors' Report	7
Income & Expenditure Account	8
Statement of Financial Activities	9
Analysis of Unrestricted Funds	10
Balance sheet	11
Cash Flow Statement	12
Notes to the Accounts	13-26

The Board of Management submits their annual report and the audited financial statements for the year ended 31 August 2009.

## **1. REFERENCE AND ADMINISTRATIVE DETAILS**

### **The Charity**

Methodist Ministers' Housing Society is registered as No. 13527R under the Industrial and Provident Societies Act 1965. The Society has charitable status but no charity registration number, as it is an "exempt charity". All societies registered under the above mentioned 1965 Act are by virtue of section 3(5)(a) of The Charities Act 1993 and para. (9) of that Act "exempt charities".

Registered Office  
4<sup>th</sup> Floor, Methodist Church House  
25 Marylebone Road  
London  
NW1 5JR

### **Senior Staff Members during the year ended 31 August 2008**

Mrs S Morgan, Chief Executive; Mr G Addo, Property Manager; Mr D Cattermole, Finance Manager.

### **Auditors**

Beever and Struthers, Alperton House, Bridgewater Road, Wembley, Middlesex HA0 1EH

### **Bankers**

HSBC, Westminster Branch, 22 Victoria Street, London SW1M 0NJ

### **Investment Managers**

Central Finance Board of the Methodist Church, 9 Bonhill Street, London EC2A 4AE

### **Solicitors**

Pothecary Witham Weld, 70 St George's Square, London SW1V 3RD  
E A D Solicitors, 4 Lacey Street, Widnes, Cheshire WA8 7RH  
James E Marr & Co, 82 Mitchell Street, Glasgow G1 3RD

## **2. GOVERNANCE AND MANAGEMENT**

### **Accounting and Reporting Provisions**

The Board of Management followed the provisions of the Statement of Recommended Practice, (SORP), "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 shall consist of the present members and such other individual persons, societies, companies and other corporate bodies as the Board may admit provided that no individual person or body corporate shall be admitted a member unless the name of that person or body corporate has previously been approved by the Conference of the Methodist Church for admission as a member of the Society.

### **Organisational Structure of the Society**

The Society has a Board of Management of 12 to manage the business of the Society. Under the rules governing board membership 2 members will complete their term of office in February 2010. 2 new members will be appointed at the AGM. The board met 5 times during the year.

### **Committees**

The Property, Finance, Audit, Housing, Personnel and Governance Committees each consisting of a small number of board members support the board. These met as required during the year. In addition a Committee of board members was appointed to co-ordinate the 60<sup>th</sup> anniversary celebrations.

### **3. OBJECTIVES**

#### **Objects**

The objects of the Society shall be to carry on the business of providing housing and associated amenities for retired Methodist ministers, deacons and deaconesses and their widow or widowers of limited means upon terms appropriate to their means.

### **4. PROVIDING HOMES FOR THOSE IN NEED**

Despite the economic difficulties and the uncertainties in the housing market the Society was able to provide good homes for those ministers and deacons of limited means retiring in 2008/9.

In 2009 67 ministers and 6 deacons were permitted by Conference to become supernumeraries and of these 21 were accepted by the Society. Of the 21 accepted by the Society 17 were housed in the financial year and 4 were housed after the year end. In addition the Society housed 2 who had exceptional circumstances, 4 supernumeraries who had been approved by Conference in 2008 and 5 tenants were transferred to accommodation more suitable to their current needs. In all a total of 28 new homes were provided for the Society's tenants.

At the year end the Society had 922 Ministerial tenants, 17 commercial tenants and 35 vacant units a total of 974 units. The previous year end the Society had 928 Ministerial tenants, 13 commercial tenants and 43 vacant units a total of 984 units

### **5. MAKING THE BEST USE OF RESOURCES**

The Society had responded to the downturn in the housing market in 2007/8 and at the beginning of 2008/9 had agreed a way forward to ensure that we continued to provide homes of a good quality for retired Methodist ministers, deacons and their widows and widowers. It had been necessary to borrow £2.5 million in 2007/8 with £500,000 being repaid before the end of that financial year. The objective to repay £1 million before 31 August 2009 was achieved and the Society is on course to repay the remaining £1 million before 31 August 2010.

Changes had been made in the choices offered to new retirees and tenants who needed to transfer with a significant reduction in the number of property purchases being made and a corresponding increase in the number of existing properties being refurbished.

During 2008/9, 15 existing Society properties were refurbished at a cost of £623,000 of which £368,000 was capitalised (2008: 0) and allocated to new and transferring ministerial applicants, 13 properties were purchased and 2 properties were bequeathed to the Society. In 2007/2008 12 existing properties were refurbished with 45 being purchased and 2 properties were bequeathed to the Society.

It had been anticipated that the number of sales of properties would continue to be less than in previous years and this had been allowed for in the budget.

During 2008/9 26 properties were sold (2007/2008 25). At the year end the Society had 35 vacant properties (2007/2008: 43).

The Society recognised that new retirees were being offered a limited choice and, in order to compensate for this the timetable for applicants has been brought forward. Details of vacant properties have been provided nearly 18 months prior to retirement and note taken of each applicant's preference in regard to area. Information about properties as they become vacant is circulated with the result that by September 2009 35% of new applicants already know where they are going to live and a further 23% have details of properties they are actively considering. This contrasts with the timetable up to 2007 which did not allow applicants to begin the search for a property on the open market until 1 February in the year of retirement.

## **6. DECENT HOMES PROGRAMME**

The focus on improvements to the Society's properties during the year was on vacant properties. There was, therefore, no programme during the year for the replacement of kitchens and bathrooms in tenanted homes. The surveys have continued with reports provided on compliance with the Decent Homes standard, the location of any asbestos in the dwelling and market and insurance valuations. Budget provision has been made for surveys and planned work in 2009/10 and work is underway to identify properties to be included. 130 properties were included in the cyclical external decoration programme during the year.

## **7. REPAIR AND MAINTENANCE – NEW ARRANGEMENTS**

In 2004 the Society entered into a contractual agreement with Strategic Team Ltd to provide the day to day maintenance service to over 300 properties in the north of England and Scotland. The initial contract period was for 3 years and was extended for a further year.

In 2009 the specification for the service was revised and contractors invited to submit a bid for one or more of three regions. Strategic Team Ltd was appointed for a further 3 years to provide the service to the properties in the north of England and Scotland, Saltash Ltd for those in London and the south east and SGMS Ltd for the properties in the Midlands, South West England and Wales.

The service includes an out of hours emergency service.

Tenants have been notified of the new arrangements which commenced on 1 September 2009.

Key performance indicators have been agreed with each contractor. Tenants are asked to provide satisfaction returns on completion of work carried out and the feedback is analysed and reported to the Property Committee and the contractors. This continues monitoring procedures already in place although questions asked of tenants have been reviewed. Performance of completing orders within the contractual period is also measured.

## **8. FINANCIAL REVIEW**

Taking into account the proceeds from sale of properties, tenants' equity contributions the cost of acquiring properties and repaying tenants' equity contributions the Society had a net surplus of £2,133,000 on acquiring and disposing of properties in the year compared to the net deficit of £3,018,000 the previous year.

The Society's net current assets at the year end were £4,080,000, (2008: £2,465,000) an increase of £1,615,000 on last year. The Society has paid back £1,000,000 of the £2,000,000 loan borrowed from the Fund for the Support for Presbyters and Deacons last year.

The Society has set up a designated reserve to set aside funding for a budgeted deficit for 2009/10 of £1,113,000 in the Capital Building Fund.

## **9. PLANNING FOR THE FUTURE**

In the year to 31 August 2009 the Society received £3,051,000 in donations, grants, bequests and legacies. The Society recognises the importance of this funding and the need to encourage existing donors to continue giving as well as attracting new donors.

The change in the profile of ministers and deacons (entering later in life following a career elsewhere and a working spouse) have led to the perception that the Society's services will no longer be required. In order to assess the need between 2011 and 2015 all ministers and deacons who are due to retire during this period have been contacted and asked to indicate whether they will require assistance. The responses will be analysed and a plan produced to identify resources required to meet the need.

The ongoing commitment to existing tenants to ensure properties are maintained to a high standard together with the provision of suitable accommodation and/or aids and adaptations for those with varying needs as they grow older and more infirm will also require resources. The Society continues to work in partnership with statutory, voluntary and commercial agencies in meeting these needs.

## **10. PROFILE OF THE SOCIETY**

One of the objectives throughout the year of celebrations for the 60<sup>th</sup> anniversary which came to an end in February 2009 was to increase the profile of the Society throughout the Methodist Connexion and beyond. Special events, production of leaflets giving information about the Society and press coverage helped to achieve this but there is still much to be done.

A new set of leaflets and posters will be available at the end of 2009. A number of tenants are featured in these with photographs and short resumes of their experiences. The aim has been to show the wide variety of individuals who are tenants as well as give some measure of the continuing ministry of supernumeraries.

The web site has been re-designed and it is intended that this will be available in December 2009. It will provide a range of information for ministers/deacons still in the active work, tenants and potential donors.

## **11. OBJECTIVES FOR YEAR ENDING 31 AUGUST 2010**

- Repay £1 million loan outstanding to the Fund for the Support for Presbyters and Deacons
- Produce 5 year Strategic Plan from 2011
- Launch new web site

## **12. PUBLIC BENEFIT**

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

### **13. REVISION OF THE RULES OF THE SOCIETY**

Changes over the last 2 years in the governance of the Society as well as changes in legislation have meant that the current Rules required significant revision. The board has considered the revisions during 2009 and the proposed Rules will be presented to the membership at the AGM in February 2010 for approval.

### **14. MEMBERSHIP**

The Society has a Board of Management to manage the business of the Society. In February 2009 the board consisted of 12 members. Four new board members were appointed in 2009 to ensure the membership included the skills required and continuity over the period of change was maintained.

Revd Ian White was elected by the board to serve as Chair in February 2009.

Revd Dr John Harrod, Mrs Debbie Faulkner, Mr Brian Roberts, and Mr Rob Lolley were appointed to the board in the year. Mrs Celia Hudson, Revd Michael Wearing, Revd Nicola Slateford, Mr Terry Simco and Mr Nigel Wrighton completed their term of office as board members in February 2009 but remain as members of the Society.

#### **Related Parties**

There are 4 Board members Revd P Billsborrow, Revd D Bosworth, Mrs M R Thornton and Rev I T White who are tenants of the Society. Their tenancies are on normal terms and they are not able to use their position to their advantage.

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

The Society has 36 members; 12 of who are on the Board; Rev I T White (chair), Mr J Anderson, Mrs O Baker, Revd P Billsborrow, Revd D Bosworth, Mrs D Faulkner, Revd J Harrod, Revd D King, Mr R Lolley, Mr B Roberts, Mrs M R Thornton, Mr T Williams.

The other 24 members are: Mrs R Beech, Mr D Blanks, Mr P Borkett, Mrs L Bosworth, Mr A J Burdon, Revd F R Crewes, Mr C P Dean, Mrs M E Askham, Mr P Emerson, Revd D R Emison, Mr D Ensor, Miss E MA Garner, Rev P Howes, Mrs C Hudson, Rev P Hudson, Rev E W Hurst, Mr K Mark, Mr C G Robertson, Mr T Simco, Revd N Slateford, Revd P W Sutcliffe, Mr D Watson, Revd G M Wearing, Mr N Wrighton.

### **15. EMPLOYMENT CONDITIONS**

The Society has a number of detailed policies in relation to all aspects of personnel matters including

- Equal Opportunities Policy
- Health & Safety Policy
- Disciplinary and grievance procedure
- IT Security

## 16. AUDITORS

Beever and Struthers 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
_____	Date	_____	Date

### **Statement of Members' Responsibilities for the Annual Report**

In accordance with section 43 of the Charities Act 1993 and the Industrial and Provident Societies law 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 2005;
- 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 Industrial and Provident Societies Acts 1965 to 2002. 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's report and other information included in the Annual Report is prepared in accordance with Industrial and Provident Societies law in the United Kingdom.

### **Independent Auditors' Report to the members of Methodist Ministers Housing Society**

We have audited the financial statements of Methodist Ministers Housing Society for the year ended 31 August 2009 which comprise the Statement of Financial Activities, Summary of Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Society's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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.

### **Respective responsibilities of members and auditors**

As described in the Statement of Board Responsibilities on page 6, the board members are responsible for the preparation of the Board of Management's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Industrial & Provident Societies Acts 1965 to 2002. We also report to you if, in our opinion, the Board of Management's Annual Report is not consistent with the financial statements, if the Society has not kept proper accounting records or maintained a satisfactory system of control over its transactions or if the financial statements are not in agreement with the books of account, and if we have not received all the information and explanations we require for our audit, or if information specified by law regarding committee' remuneration and transactions with the Society is not disclosed.

We read other information contained in the Report of the Board of Management, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Society's affairs as at 31 August 2009, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Industrial & Provident Societies Acts 1965 to 2002, and are consistent with the information given in the report of the Board of Management.

**Beever and Struthers  
Registered Auditors**

**Third Floor, Alpertown House  
Bridgewater Road, Wembley  
Middlesex HA0 1EH**

Date

**Income and Expenditure Account for the year ended 31 August 2009**

	Note	2009 £000	2008 £000
<b>Income</b>			
Voluntary income		3,053	2,156
Investment income		224	348
Incoming resources from charitable activities		1,295	1,233
Other Incoming Resources		<u>3</u>	<u>1</u>
	2	<u>4,575</u>	<u>3,738</u>
<b>Charitable expenditure</b>			
Costs of generating voluntary income		35	41
Investment management costs		34	8
Maintenance of existing properties		2,535	2,104
Purchase and sale of properties		229	214
Governance costs		<u>175</u>	<u>183</u>
	3	<u>3,008</u>	<u>2,550</u>
Operating surplus for the year		1,567	1,188
Realised net gain/(loss) on sale of programme related investments		(534)	173
Surplus for the year		<u>1,033</u>	<u>1,361</u>
<b>Statement of Total Recognised Gains and Losses</b>			
Surplus for the year		1,033	1,361
Transfer to designated reserves		528	(191)
Unrealised gain/(loss) on investments and fixed assets		3,730	(6,219)
		<u>5,291</u>	<u>(5,049)</u>

**Statement of Financial Activities for the year ended 31 August 2009**

	Note	Unrestricted funds 2009 £000	Restricted funds 2009 £000	Total funds 2009 £000	Total funds 2008 £000
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary Income		3,053	-	3,053	2,156
Investment income		224	-	224	348
Incoming resources from charitable activities		1,295	-	1,295	1,233
Other Incoming Resources		88	-	88	419
<i>Total incoming resources</i>	2	4,660	-	4,660	4,156
<b>Resources expended</b>					
Costs of generating funds					
Costs of generating voluntary income		35	-	35	41
Investment management costs		34	-	34	8
Maintenance of existing properties		2,535	-	2,535	2,104
Purchase and sale of properties		848	-	848	459
Governance costs		175	-	175	183
<i>Total Resources Expended</i>	3	3,627	-	3,627	2,795
<i>Net incoming resources before other recognised gains</i>		1,033	-	1,033	1,361
<b>Other recognised gains</b>					
Gains/(losses) on revaluation of fixed assets for own use		3,731	-	3,731	(6,218)
Gains/(losses) on investment assets		-	(1)	(1)	(1)
<i>Net incoming resources after other recognised gain</i>	4	4,764	(1)	4,763	(4,858)
Transfer from/(to) designated reserves	5	528	-	528	(1,91)
<b>Net movement in funds</b>		5,292	(1)	5,291	(5,049)
<b>Reconciliation of Funds</b>					
Total funds brought forward					
General Funds		152,066	8	152,074	157,123
Designated Funds		1,641	-	1,641	1,450
		153,707	8	153,715	158,573
Total funds carried forward					
General Funds		157,358	7	157,365	152,074
Designated Funds		1,113	-	1,113	1,641
<b>Total funds carried forward</b>		158,471	7	158,478	153,715

**Analysis of Unrestricted Funds for the year ended 31 August 2009**

	Capital building fund	Income and expenditure fund	Total Unrestricted Funds	Total Funds
	2009 £000	2009 £000	2009 £000	2008 £000
<b>Incoming resources</b>				
Incoming resources from generated funds				
Voluntary Income	3,013	40	3,053	2,156
Investment income	91	133	224	348
Incoming resources from charitable activities				
Other Incoming Resources	88	-	88	419
<i>Total incoming resources</i>	<u>3,192</u>	<u>1,468</u>	<u>4,660</u>	<u>4,156</u>
<b>Resources expended</b>				
Costs of generating funds				
Costs of generating voluntary income	35	-	35	41
Investment management costs	34	-	34	8
Maintenance of existing properties				
Purchase and sale of properties	1,282	1,253	2,535	2,104
Governance costs	123	52	175	183
<i>Total resources expended</i>	<u>2,322</u>	<u>1,305</u>	<u>3,627</u>	<u>2,795</u>
<i>Net incoming resource before other recognised gains</i>	870	163	1,033	1,361
Other recognised gains				
Gains/(losses) on revaluation of fixed assets for own use	3,731	-	3,731	(6,218)
<i>Net incoming resources after other recognised gains</i>	<u>4,601</u>	<u>163</u>	<u>4,764</u>	<u>(4,857)</u>
Transfer from/(to)to designated reserves				
<i>Net movement in funds</i>	<u>528</u>	<u>-</u>	<u>528</u>	<u>(191)</u>
<b>Reconciliation of Funds</b>				
Total funds brought forward				
General Funds	150,116	1,950	152,066	157,113
Designated Funds	1,641	-	1,641	1,450
Total funds carried forward	<u>151,757</u>	<u>1,950</u>	<u>153,707</u>	<u>158,563</u>
Total funds carried forward				
General Funds	155,245	2,113	157,358	152,066
Designated Funds	1,113	-	1,113	1,641
<i>Total funds carried forward</i>	<u>156,358</u>	<u>2,113</u>	<u>158,471</u>	<u>153,707</u>

**Balance Sheet at 31 August 2009**

	Note	2009 £000	2009 £000	2008 £000	2008 £000
<b>Fixed Assets</b>					
Tangible assets	7	2		6	
Programme related investments	8	<u>155,328</u>		<u>153,243</u>	
<i>Total fixed assets</i>			155,330		153,249
<b>Current assets:</b>					
Debtors	9	1,558		677	
Investments	10	3,309		2,305	
Cash at bank and in hand		<u>(15)</u>		<u>32</u>	
<i>Total current assets</i>		4,852		3,014	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	11	<u>704</u>		<u>549</u>	
<i>Net current assets</i>			4,148		2,465
<i>Total assets less current liabilities</i>			159,478		155,714
Creditors: Amounts falling due after more than one year	12		1,000		2,000
<i>Net Assets</i>			<u>158,478</u>		<u>153,714</u>
<b>The funds of the Society</b>					
Restricted income funds	13		7		8
<b>Unrestricted income funds</b>					
Share capital			-		-
Unrestricted income funds			<u>157,358</u>		<u>152,065</u>
<i>Unrestricted income funds</i>			157,358		152,065
Designated reserves			1,113		1,641
<i>Total Society funds</i>			<u>158,478</u>		<u>153,714</u>

The notes on pages 14 to 26 form part of these accounts

Approved by the Members and signed on their behalf by

_____	Member	_____	Member
_____	Date	_____	Date

**Cash Flow Statement for the year ended 31 August 2009**

		2009 £000	2009 £000	2008 £000	2008 £000
Net cash/(outflow) from operations	Note 18		(378)		(336)
Returns on investments and servicing of finance					
Interest receivable			224		348
			(154)		12
Investing activities					
Purchase of properties		(2,162)		(8,396)	
Purchase of fixed assets		-		-	
Proceeds from sale of properties		4,093		4,231	
Tenants' equity contributions received		733		1,485	
Tenants' equity contributions repaid		(532)		(338)	
Net cash inflow/(outflow) from investing activities			2,132		(3,018)
			1,978		(3,006)
Financing					
Loans received		-		2,500	
Loans repaid		(1,020)		(502)	
Shares		-		-	
			(1,020)		1,998
Increase/(decrease) in cash			958		(1,008)
Cash at 31 August 2008			2,329		3,337
Cash at 31 August 2009			3,287		2,329

## Notes to the Accounts for the Year ended 31 August 2009

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", published in March 2005.

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

#### b) *Accounting for Fixed Assets*

All land and buildings are included at valuation. Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. No depreciation is provided on freehold land. The principal annual rates used for assets are: -

Properties – 1%  
Office equipment – 25%

In the opinion of the Board of Management the depreciation charge for the properties held by the society is not material and therefore has not been shown in the accounts. All other assets are depreciated over their expected useful life using the straight-line basis.

#### c) *Valuation of Properties*

For the year ended 31 August 2009, a desktop valuation exercise was undertaken on the Society's behalf by King Sturge, Chartered Surveyors. The properties valued were valued at current market value with vacant possession. Tenants occupy the majority of properties, with security of tenure and if the properties were sold in that state they would fetch significantly less than the value at which they are shown in the Balance Sheet. However, as, under normal circumstances, the properties are only sold with vacant possession, the Board of Management considers this basis of valuation appropriate.

#### d) *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.

#### e) *Incoming Resources*

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 2009**

**1 Accounting policies (continued)**

*f) Resources expended 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.

*g) 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.

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

*h) 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.

*i) Capitalisation*

For 2009 the Society has capitalised part of the cost of refurbishments. The basis of the amount capitalised is the difference between the market value before and after refurbishment.

*j) Pension Scheme*

The Society operates a defined benefit pension scheme. The assets of the scheme 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 profit and loss account over the average remaining service lives of current employees.

*k) 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 and cash in its HSBC current account.

*l) Allocation of salary and support costs*

Salary and support costs are allocated on the basis of staff time.

**Notes to the Accounts for the Year ended 31 August 2009**

**2 Total incoming resources**

**2.1 Voluntary income**

	2009 £000	2008 £000
<u>Grants</u>		
Matilda Bell Fund	-	300
TMCP	-	175
Methodist Insurance plc	55	55
FSPD	40	40
	<u>95</u>	<u>570</u>
<u>Legacies</u>		
Legacies received in the year	1,158	783
Legacies regarded as receivable	214	-
	<u>1,372</u>	<u>783</u>
<u>Donations</u>		
District contributions	136	109
General donations	14	39
Donated facilities	3	15
	<u>153</u>	<u>163</u>
<u>Bequests</u>		
Bequests received in the year	400	640
Bequests regarded as receivable	1,033	-
	<u>1,433</u>	<u>640</u>
Voluntary Income	<u>3,053</u>	<u>2,156</u>

Legacies: In addition to the legacy income shown above the Society has an estimated residuary interest of £800,000 in 8 estates, which is receivable after the deaths of the life tenants.

Bequests: the Society received 2 properties (2008: 3) and has 7 properties (2008: 0) in the process of being transferred to the Society at the year end

**2.2 Investment income**

	2009 £000	2008 £000
<u>Restricted funds</u>		
Interest receivable on CFB deposits	-	-
	<u>-</u>	<u>-</u>
<u>Unrestricted funds</u>		
Interest receivable on CFB deposits	91	226
Commercial rents receivable	133	122
	<u>224</u>	<u>348</u>
	<u>224</u>	<u>348</u>

**Notes to the Accounts for the Year ended 31 August 2009**

**2.3 Incoming resources from charitable activities**

	2009 £000	2008 £000
Ministerial rents receivable	<u>1,295</u>	<u>1,233</u>
<u>Rental analysis</u>	No	No
Ministerial tenants	922	928
Commercial tenants	17	13
Vacant units	<u>35</u>	<u>43</u>
	<u>974</u>	<u>984</u>

**2.4 Other incoming resources**

	2009 £000	2008 £000
Gains on sale of properties	56	416
Gains on reimbursement of equity	29	2
Other miscellaneous income	<u>3</u>	<u>1</u>
	<u>88</u>	<u>419</u>

**3 Total Resources expended**

**3.1 Analysis of total resources expended**

	2009 £000	Staff costs £000	Support costs £000	Direct costs £000	2008 £000
Costs of generating voluntary income	35	24	9	2	41
Investment management costs	34	24	10	-	8
Maintenance of existing properties	2,535	200	142	2,193	2,104
Purchase and sale of properties	848	103	52	693	459
Governance costs	175	98	56	21	183
	<u>3,627</u>	<u>449</u>	<u>269</u>	<u>2,909</u>	<u>2,795</u>

**Notes to the Accounts for the Year ended 31 August 2009**

**3.2 Analysis of salary costs**

	2009 £000	2008 £000
Salaries	367	310
Employers national insurance contributions	40	32
Employers pension and phi contributions	42	45
	<hr/>	<hr/>
	449	387

The average number of employees in 2009 was 9.75 (2008: 9)

There was 1 employee whose emoluments exceeded £60,000 (2008: nil) in the year.

**3.3 Analysis of support costs**

	2009 £000	Generating Voluntary income £000	Investment Management £000	Maintenance of Existing properties £000	Purchase and Sale of properties £000	Governance £000	2008 £000
Staff training	6	-	-	3	1	2	2
Staff recruitment	6	-	-	6	-	-	18
Temporary Staff	15	1	1	7	3	3	34
Travel & subsistence	17	-	-	10	2	5	8
Office Rent & Services	50	3	3	22	12	10	60
Major office software	-	-	-	-	-	-	9
Office Administration costs	88	5	5	39	20	19	50
Professional charges	83	-	1	53	13	16	20
Depreciation	4	-	-	2	1	1	4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Support costs	269	9	10	142	52	56	205

**Notes to the Accounts for the Year ended 31 August 2009**

**3.4 Analysis of direct Costs**

**3.4.1 Costs of generating voluntary income**

	2009 £000	2008 £000
Publicity & advertising	2	2
Direct costs	<u>2</u>	<u>2</u>

**3.4.2 Charitable activities - maintenance of existing properties**

	2009 £000	2008 £000
<u>Income &amp; expenditure fund expenditure</u>		
Empty property costs	24	34
Leasehold charges	53	52
Repairs and maintenance	325	348
Gas contract repairs	141	80
Gas service contract	162	131
Electrical testing programme	18	8
Property insurance	155	145
Management agents fees	33	25
Garden grants	21	20
Goddington House	81	99
Miscellaneous	1	6
	<u>1,014</u>	<u>948</u>
<u>Capital building fund expenditure</u>		
Refurbishment	401	500
Mobility	35	24
Electrical repairs	62	30
External painting	200	(53)
Planned work	451	351
Rolling revaluation	17	24
Tenant's contributions	(3)	-
Grant to tenants	13	17
Valuations	4	5
Miscellaneous	(1)	(1)
	<u>1,179</u>	<u>897</u>
Restricted fund expenditure	-	-
Direct costs	<u>2,193</u>	<u>1,845</u>

**Accounts for the Year ended 31 August 2009**

**3.4.3 Charitable activities - purchase and sale of properties**

	2009	2008
	£000	£000
Losses on sale of properties	596	198
Losses on reimbursement of equity	23	47
Bridging loan interest	66	23
Professional charges	8	4
Applicants' interview costs	-	3
Direct costs	<u>693</u>	<u>275</u>

**3.4.4 Governance costs**

	2009	2008
	£000	£000
60 <sup>th</sup> Anniversary Costs	-	54
Auditors remuneration - audit	9	14
Board & members expenses	11	11
Other	<u>1</u>	<u>1</u>
Direct costs	<u>21</u>	<u>80</u>

During the year, travel and subsistence expenses amounting to £5,571 (2008: £3,972) were reimbursed to 17 (2007:17) of the charity's members.

**4. Other recognised gains**

**4.1 Gains/losses on revaluation of fixed assets for charities own use**

	2009	2008
	£000	£000
Unrealised gains in property valuation	9,880	8,658
Unrealised losses in property valuation	<u>(5,902)</u>	<u>(15,937)</u>
	<u>3,978</u>	<u>(7,279)</u>
Unrealised increase in tenant equity share	(903)	(773)
Unrealised decrease in tenant equity share	<u>656</u>	<u>1,834</u>
	<u>(247)</u>	<u>1,061</u>
	<u>3,731</u>	<u>(6,218)</u>

The large movements in unrealised gains and losses in the fixed assets for the charities own use is due to the rise in property values over the year and the revaluation of all the society's properties.

**Notes to the Accounts for the Year ended 31 August 2009**

**4.2 Gains/(losses) on investment assets**

	2009 £000	2008 £000
<u>Unrealised losses on investments</u>		
Losses on restricted funds investments	(1)	(1)
	<u>(1)</u>	<u>(1)</u>

The loss relates to the investment in the Piggott Trust see note 13.1 for further details.

**5 Designated reserves**

	2009 £000	2008 £000
<b>Transfer to designated reserves</b>		
Major items of repairs and maintenance	373	20
Acquisitions and disposals of properties	(901)	171
	<u>(528)</u>	<u>191</u>
<b>Designated reserves</b>		
Major items of repairs and maintenance	1,113	740
Acquisitions and disposals of properties	-	901
	<u>1,113</u>	<u>1,641</u>

**5.1 Major items of repairs and maintenance**

This reserve will be used to fund the budgeted deficit of £1,113,000 for 2010 (£740,000 for 2009) in the Capital Building Fund

**5.2 Acquisitions and disposals of properties**

There will be no reserve for purchases and sales programme in 2010 as no deficit has been budgeted for.

**Notes to the Accounts for the Year ended 31 August 2009**

6 Pension Disclosure

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. **FRS17 Disclosures** A valuation for the purposes of this disclosure was carried out at 31 August 2009 by an independent actuary. The major assumptions used by the actuary were:-

	<b>2009</b>	<b>2008</b>
	<b>%pa</b>	<b>%pa</b>
Discount rate	5.4	6.4
Inflation rate assumed	3.3	4.0
Rate of increase in pensionable earnings	4.3	5.5
Rate of increase in pension payments	2.1/3.2/5.0	2.5/3.9/5.0

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

	<b>31 August 2009</b>	<b>31 August 2008</b>
	<b>%</b>	<b>%</b>
Equities	62	60
Gilts	8	12
Corporate bonds	17	14
Index linked bonds	5	6
Property	4	4
Cash	4	4

The following amounts at 31 August 2009 were measured in accordance with the requirements of FRS17.

	<b>£ million</b>
Total market value of assets	28.4
Present value of scheme liabilities	<u>(30.7)</u>
Net Pension Liability	<u>(2.3)</u>

The expected rate of return on the Scheme assets as at 31 August 2009 (for the following year) amounts to 6.7%pa.

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 3.1% of the active membership of the Scheme are employees of the Society.

The total employer contributions paid to the Scheme during the year were £0.985m (2008, £0.934m), of which the Society's contributions totalled £37,732.49 (2008, £32,024.06). A full actuarial valuation of the Scheme was carried out at 1 September 2008 by the Scheme Actuary. The valuation disclosed a past service deficit of £2.2m. The Scheme Actuary recommended a contribution rate of 24.1% of pensionable earnings for the employers with 8% of pensionable earnings from members, which is intended to meet the cost of benefits accruing to members from 1 September 2009 and to eliminate the past service deficit.

**Notes to the Accounts for the Year ended 31 August 2009**

**7 Tangible assets**

	2009 £000	2008 £000
Office equipment		
Cost at 1 September 2008	46	46
Addition in year	-	-
Disposals in year	4	-
Cost at 31 August 2009	<u>42</u>	<u>46</u>
Depreciation at 1 September 2008	40	36
Depreciation for year	-	4
	<u>40</u>	<u>40</u>
Net book value at 31 August 2009	<u>2</u>	<u>6</u>

**8 Programme related investments**

**8.1 Land and buildings**

	Freehold £000	Leasehold £000	2009 £000	2008 £000
Balance at 1 September 2008	159,132	12,511	171,643	173,796
Capitalisation of refurbishments	368	-	368	-
Additions in year	2,191	673	2,864	9,138
	<u>161,691</u>	<u>13,184</u>	<u>174,875</u>	<u>182,934</u>
Disposals at cost or valuation	(4,548)	(85)	(4,633)	(4,013)
Revaluation adjustment at year end	3,378	601	3,979	(7,279)
Balance at cost or valuation	<u>160,521</u>	<u>13,700</u>	<u>174,221</u>	<u>171,642</u>
No of units at 1 September 2008	893	91	984	961
No of acquisitions	11	5	16	48
No of disposals	(25)	(1)	(26)	(25)
No of units at 31 August 2009	<u>879</u>	<u>95</u>	<u>974</u>	<u>984</u>

The assets under this heading comprise 974 units of accommodation (2008: 984 units) which include 17 units (2008: 13 units) having a book value of £3,230,000, (2008: £3,150,000) which are occupied by non ministerial tenants who have security of tenure as at the 31 August 2009. 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 2009**

8.2 Equity sharing scheme

The equity share scheme enables supernumeraries to acquire a financial interest in their retirement homes. This interest is determined by the amount contributed by a supernumerary in proportion to the value of the property. At the year end 451 (2008: 443) supernumeraries had an equity share.

	2009		2008	
	no	£000	no	£000
Balance at 1 September 2008	443	18,399	417	18,165
Additions in year	17	785	37	1,588
less				
Deletions in year	(10)	(538)	(11)	(293)
plus				
Revaluation adjustment at year end		247		(1,061)
Balance at 31 August 2009	<u>450</u>	<u>18,893</u>	<u>443</u>	<u>18,399</u>

**Total Programme related investments**

	2009	2008
	£000	£000
Land and Buildings	174,221	171,642
less		
Equity Sharing Scheme	(18,893)	(18,399)
	<u>155,328</u>	<u>153,243</u>

**Notes to the Accounts for the Year ended 31 August 2009**

**9 Debtors**

	2009	2008
	£000	£000
Bequests receivable	1,033	250
Legacies	214	-
Equity share due from tenants	137	319
Sundry debtors	104	56
Methodist Insurance grant	55	-
Prepayments & accrued income	15	12
Fund for the Support for Presbyters and Deacons	-	40
	<u>1,558</u>	<u>677</u>

**10 Investments**

	2009	2008
	£000	£000
<u>Restricted Funds</u>		
COIF Inc Shares	6	7
Deposits with Central Finance Board	<u>1</u>	<u>1</u>
	7	8
<u>Unrestricted Funds</u>		
Deposits with Central Finance Board	3,302	2,297
	<u>3,309</u>	<u>2,305</u>

**11 Creditors: Amounts falling due within one year**

	2009	2008
	£000	£000
Creditors	368	431
Accruals	324	86
Loans - interest free	12	32
	<u>704</u>	<u>549</u>

**12 Creditors: Amounts falling due after more than one year**

	2009	2008
	£000	£000
Loan – Fund for the Support for Presbyters and Deacons	1,000	2,000
	<u>1,000</u>	<u>2,000</u>

**Notes to the Accounts for the Year ended 31 August 2009**

**13 Restricted funds**

**13.1 The Piggott Trust**

	2009 £000	2008 £000
Charities Official Investment Fund income shares	6	7
Central Finance Board Deposit Fund	<u>1</u>	<u>1</u>
	<u>7</u>	<u>8</u>

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

**14 Share capital**

	2009 £	2008 £
Authorised share capital £1 shares	<u>36</u>	<u>32</u>
Issued and fully paid	<u>36</u>	<u>32</u>

**15 Capital commitments**

At the year end the Society had committed to purchase 2 properties at a cost of £420,000 and had contracted costs for repairs and maintenance of £16,000.

**16 Contingent Liabilities**

The Society is not aware of any contingent liabilities at the year end.

**17. Declaration of interest**

Mr R Lolley a Society board member is also the Chair of Connexional Allowances Committee which authorised the Fund for the Support for Presbyters and Deacons to give a loan of £2,000,000, which has £1,000,000 due at the year end, and an annual grant of £40,000.

**Notes to the Accounts for the Year ended 31 August 2009**

**18 Cash flow information**

**18.1 Reconciliations of changes in resources to net cash inflow from operating activities**

	2009 £000	2008 £000
Net incoming resources before other recognised gains and losses	1,034	1,361
Decrease/(increase) in debtors	115	(42)
Increase/(decrease) in creditors	175	(498)
Net realised gain/loss on sale of properties	539	(218)
Net realised (gain)/loss on reimbursement of equity	(6)	45
Bequests	(1,433)	(640)
Capitalisation	(368)	
Legacies receivable	(214)	-
Depreciation	4	4
Investment income	(224)	(348)
Net cash/(outflow) from operations	<u>(378)</u>	<u>(336)</u>

**18.2 Reconciliation of net cash flow to movements in net funds/debt**

	2009 £000	2008 £000
Increase/(decrease) in cash in the period	958	(1,008)
Net funds and debt at start of year	2,329	3,337
Net funds and debt at end of year	<u>3,287</u>	<u>2,329</u>

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

	2009 £000	2008 £000
Proceeds from sale of properties	4,093	4,231
Tenants' equity contributions received	<u>733</u>	<u>1,485</u>
	4,826	5,716
less		
Purchase of properties	2,162	8,396
Tenants' equity contributions repaid	<u>532</u>	<u>338</u>
	2,694	8,734
(Decrease)/increase in liquid funds	<u>2,132</u>	<u>(3,018)</u>