



Front cover and below: All Saints Weston, Bath

The renewal of the interior of All Saints Church Weston, Bath was the largest overhaul of the church in over 100 years. The vision was to help ensure that All Saints remains a vibrant and active Christian community.

The project, part-funded by a loan from Methodist Chapel Aid Ltd, transformed the existing interior of the church to make it a contemporary, flexible and beautiful space, fully accessible, and with modern facilities, yet set within an historic building.



We provide loans to Christian churches and associated organisations at the lowest practicable rate of interest. Our loans are primarily intended to enhance church buildings for the benefit and inspiration of the church and community. We seek to operate to the highest standards of ethical behaviour in all that we do.

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Chair's Statement

Introduction

This iteration of the Chair's Statement comes only 9 months into 2025, something that had not been anticipated when I prepared my last Statement in January 2025. The reasons for that are explained in more detail below and in the reports that follow, but in summary the Directors agreed on 31 July 2025 to amend the Company's accounting reference date (financial year-end) to 30 September consequent upon the appointment of a new firm of independent auditors.

It is to the immense credit of our staff team, to our new auditors, and to those Directors who were involved in the selection and appointment of the new auditors, that the transition has been achieved smoothly, and without interruption to the Company's business or its customers.

Economic Background

The economy, both in the UK and worldwide, continued to be impacted by unrest in the Middle East, political developments in the USA and the war in Ukraine / Russia during the first 9 months of 2025. The Bank of England base rate remained higher than expected, reducing by only 0.75% to end the period at 4.00%.

All of this has continued to create challenges for the Company, but its strong balance sheet and established business model gives the Board confidence that the Company is well placed to continue to support its customers, both borrowers and depositors.

The Company's Performance

The Company has continued to operate successfully and within its regulatory requirements throughout the 9 months to 30 September 2025. Once again, the two most significant indicators of the Company's long-term sustainability, namely adequate capital and sufficient liquidity, have proved to be very robust.

It has been encouraging to see the increase in committed loans over the 9-month period (i.e. drawn plus approved undrawn loans), from £9.9 million to £11.2 million, and this has been accommodated within the Board's policy parameters and in accordance with its strategic plan.

Capital Adequacy

The Company ensures that it maintains adequate levels of capital, and it has continued to meet all regulatory requirements relating to its capital adequacy. The Board is always aware that there is the risk that the Company's capital could be eroded by factors outside its control, and this risk is addressed regularly in its meetings.

Chair's Statement continued

The Board's policy is to enhance the Company's capital base by seeking to produce an annual operating surplus, prior to taking into account capital movements on the investment portfolio. This policy has ensured that the Company's capital base has continued to stay well ahead of the minimum required by the regulators, even after the effects of market volatility on the value of the Company's investment portfolio and income.

Liquidity

The Company also continues to ensure that at all times it holds sufficient liquid assets to enable it to repay its instant access depositors and to advance the loans approved by the Board when demanded by the borrower. Liquidity levels have, in fact, been maintained well above the minimum requirement throughout the period through a well-established process of daily monitoring to meet the Company's needs, which is in line with the Board's policy and regulatory requirements.

The Company's Vision

The Company continues its policy of making loans to Christian churches and associated organisations at the lowest practicable rates of interest and this will continue to be its priority.

Within that broad policy, the Board continues to implement its strategy of promoting its loans to a wide range of Christian churches and associated organisations. This is part of the aim to increase the Company's core lending activity. The Board will continue to pursue the Company's vision, whilst recognising that the current financial reality of economic uncertainty may well continue for some time.

Loans

Total committed loans increased, as planned, during the 9 months to 30 September 2025 and amounted to £11.2 million at the period-end. This included £3.0 million of loans approved but not yet drawn down. This growing demand is expected to continue during the coming year reflecting an increasing level of enquiries and applications for loans for church property projects.

Non-Methodist property loans now account for over half the total committed lending, evidence that the Board's ongoing marketing strategy to a range of Christian churches and associated organisations continues to bear fruit.

Deposits

Monies held on deposit with the Company decreased slightly during the period, partly as a result of the anticipated maturity of Child Trust Funds (CTFs). The Board's strategy is to maintain deposits at appropriate levels to support the Company's growing lending activities and manage the associated risks. The Board actively manages the overall level of deposits and is pleased to report that the Company's pro-active approach to contacting potential new depositors, including churches and charities, has resulted in £0.6 million of deposits from new customers during the 9-

Chair's Statement continued

month period to 30 September, in addition to a further £1.5 million of deposits received from existing customers. This will continue to be an area of Board focus over the coming years.

Interest Rates

The Company has endeavoured, in these times of economic uncertainty, to reflect its appreciation of the loyalty of its depositors by maintaining competitive interest rates. In addition, it has sought to deliver stability of interest rates for borrowers at the lowest practicable levels, in keeping with its main purpose.

Money market interest rates available to the Company fell during the 9-month period following three decreases in the Bank of England base rate totalling 0.75%. Nevertheless, interest rates for the Company's depositors were held during the period, decreasing by only 0.25% effective 15 October 2025, as the Company aims to remain competitive, provide a high quality of service to its customers, and maintain deposit levels.

On the lending front, the Company's loan rates have been held during the period reflecting the fact that many of the base rate increases between 2021 and 2023 were not passed on to borrowers. The Board is committed to ensuring that the Company's lending rates remain very competitive and fair to its customers.

Strategic Planning

The Company pursues a strategy of growing its loan portfolio in a sustainable manner and managing the level of deposits to achieve this objective. The formal Strategic Business Plan continues to be reviewed at least annually by the Board and progress is monitored by management on a monthly basis.

The Board met for two Strategy Days in February and June 2025, which were led by an external facilitator. The two sessions provided an opportunity to discuss in detail the Board's strategic business plans for the next 5 years, and to consider the key issues facing the Company over the next 5 to 10 years together with the opportunities available.

In developing its Strategic Business Plan for the next period, the Board has agreed to target a more ambitious growth in the lending book and, to a lesser extent, in deposits. To assist in achieving growth of the depositor base, the Board plans to reduce the Company's reliance on the postal system and to develop an online service which will enable customers to provide instructions electronically via a secure portal and to view account balances through that portal. It is recognised that this may take some time to properly scope, design, develop, test and implement, and that there will be a need for prior investment in the project.

Chair's Statement continued

Auditors

During April 2025 the Company was informed that Beever and Struthers would not be seeking reappointment as independent auditors for 2025. The Board was advised that this was a strategic decision and was in no way a comment on the Company's performance or management. Following interviews with two firms, and a recommendation from the Audit and Risk Committee, the Board appointed Royce Peeling Green Limited as the Company's independent auditors. As noted above, as part of this process the Company's financial year-end was changed from 31 December to 30 September.

On behalf of the Board I would like thank Beever and Struthers for their excellent service over the past 15 years, and to welcome Royce Peeling Green Limited to their new role.

Regulatory Issues

The Board continues to liaise with the regulators. i.e. the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in relation to new requirements which become effective in 2026 and beyond. Whilst the regulatory demands being made on institutions within the industry are significant, the Company is confident of continuing to fulfil its obligations in this respect.

The Board

There have been four changes in the Board's membership in 2025.

Peter Mills retired in April 2025 following over 14 years of dedicated service, including over 10 years as Deputy Chair and 18 months as Chair. Peter was also a member of the Audit and Risk Committee and the Nomination Committee, and the Board has expressed its deep gratitude to him for his substantial contribution to the Company over the years.

The Board would also like to thank Helen Ashley Taylor for her time as a Board member. Helen resigned as a Director in April 2025 for health-related reasons.

I am pleased to welcome Ruth Manning to the Board. She was appointed on 1 June 2025 and her considerable background in finance and banking experience will strengthen the wide cross-section of knowledge and expertise on the Board.

Finally, Steve Jones, the Company Accountant, was appointed to the Board as Finance Director in recognition of the importance of his role and his significant contribution at Board meetings. He has been Company Accountant and Company Secretary for over 10 years.

I would also like to express my sincere thanks to all the Directors for their commitment to the Company, and their personal support. It is a privilege to serve the Company, and to be a part of its service to Christian churches and associated organisations.

Chair's Statement continued

The Staff

Finally, I would like to express the sincere thanks of the whole Board to our loyal staff who have continued to deliver the day-to-day work of the Company so effectively. Their knowledge and commitment continue to be evident, and this, together with the continuing support of the Board, enables the Company to look to the future with confidence.

Richard Price MA

Chair

19 December 2025

Strategic Report

The Directors have pleasure in presenting their Strategic Report for the 9 months ended 30 September 2025.

Principal Activities

The Company's purpose is to give support to Christian churches and associated organisations, primarily by providing loans for building schemes at the lowest practicable rate of interest throughout the duration of each loan.

In support of the Company's purpose it:

- operates procedures for accepting deposits, seeking to ensure that every deposit is safe, and as far as possible generates a competitive level of interest for the depositor;
- pays only a nominal dividend to its shareholders; and
- pursues policies to ensure the adequacy of both its capital base and its level of liquidity at all times.

The Memorandum and Articles of Association permit the Company to give support to Christian churches and associated organisations by making loans for purposes that are not building related, as was illustrated in a very small way by the car loan scheme for Methodist presbyters and deacons (which was closed to new applicants at the end of 2023). However, the Board has no intention of amending its main focus of activity in the foreseeable future.

Board Strategy for the Company

The Board recognises its ongoing responsibility to keep under review its strategies through which it pursues its aims and objectives. Its strategic planning is focused mainly on lending to Christian churches and associated organisations, managing deposit levels and ensuring that the Company's business model remains sustainable.

The Board held two half-day strategic planning meetings (led by an external facilitator) in February and June 2025 at which the Board considered a range of questions, including:

- "What are the big issues that the Company needs to seize (tackle, change, decide, create) over the next 5 – 10 years?"
- "What are the big opportunities which the Company can seize over the next 5 – 10 years?"
- "What might be the next part of the Company's story?"
- "What major implications does that have for evolving the Company's purposes and the Board's strategy?"

In answering those questions, and others, the Board spent time investigating possible opportunities / markets for the Company's lending, recognising the risk of declining 'traditional' church needs (including from the Methodist Church) and how the Company might seek to grow its depositor base to both protect against the threats which the Board has already identified

Strategic Report continued

(maturing CTFs, the age profile of the majority of the individual depositors, and the challenges of reliance on the postal system) and to support planned growth in lending.

The Board was firmly of the opinion that the prospect of decline in traditional denominations does not indicate that the rationale for the Company's existence is itself declining. Rather, the Board considered that there remain credit-worthy opportunities for the Company to explore within its existing core market which would enable it to satisfy its primary purpose. To that extent, therefore, the development of the Board's strategy as subsequently set out in the updated Strategic Business Plan (SBP) should be seen as a restatement of the Board's existing strategy for the support of Christian churches and associated organisations.

The SBP, to be supplemented by a more detailed operational plan (OP) which will be used alongside the SBP to measure the Company's progress towards the Board's strategic aims, includes a rolling 5-Year Plan setting out the Company's immediate and medium-term plans to meet its objectives. This takes account of the economic context in which the Company operates as a bank.

In the strategic discussions and ongoing development of the SBP and the OP, the Board has placed particular emphasis on the following areas:

a) **Governance Review**

The Board has continued to review its effectiveness during the 9 months ended 30 September 2025 and ongoing work includes the implementation of succession planning. This will be developed further during the next 12 months.

b) **Advertising and Marketing**

The Board has an ongoing objective to develop its communication to churches and associated organisations. Significant progress has been made in actively promoting the Company's loan services both to Methodist churches and to other denominations, primarily the Church of England. A strategy for the managed growth of the Company's deposit base has been implemented, initially focussing on promoting the Company's notice accounts to churches and church organisations.

c) **Lending Policy**

A key aim of the strategy is to promote the Company outside the Methodist Church, primarily to the larger denominations and organisations. The planned controlled growth in lending levels is defined and monitored in line with the SBP. Thus, the level of approved (drawn plus undrawn) loans grew during the 9 months ended 30 September 2025 in line with this strategy and further commitments are forecast to be advanced during the final quarter 2025. Non-Methodist property loans accounted for 70% of the total committed lending at the period-end.

Strategic Report continued

The Board has carefully considered the risks associated with this growth and has adopted limits and early warning indicators which are monitored monthly.

d) Sustainability Plans

The Board has reviewed the risks to the sustainability of the Company, both in terms of fulfilling its primary purpose and in continuing to meet its regulatory obligations. It considered both the general economic environment and the recent strong interest and demand from church trustees. This has confirmed its belief that there is ongoing demand within the Christian churches for the Company's niche products. The basis for this assumption will continue to be reviewed at least annually.

The Company's key indicators of its long-term sustainability, namely adequate capital and sufficient liquidity, have proved to be very robust and remain substantially above internal targets and regulatory limits.

The SBP continues to be developed to take account of changing financial circumstances and the needs of churches. Updated management information packs, including a review against targets, are included at each Board Meeting to enable Board members to maintain close supervision and to agree any appropriate action.

Strategy for 2025/26 and Beyond

The Board's key aims for 2025/26 and beyond are:

- to increase the Company's ongoing term loan book in a controlled way from £7.6 million to around £18 million by 30 September 2030, and
- to manage the level of deposits to support the Company's lending, particularly as the existing Child Trust Funds held with the Company reach maturity over the period to January 2029. In order to assist in achieving depositor growth, the Board plans to reduce the Company's reliance on the postal system and to develop an online service which will enable customers to provide instructions electronically via a secure portal and to view account balances through that portal. The Board recognises that this will require significant prior investment and planning.

The Board is clear that lending growth should continue to be achieved only from high-quality loan applications which satisfy the Company's risk assessment process. Internal limits (e.g. borrower and denomination) are closely monitored within the Company's lending policy.

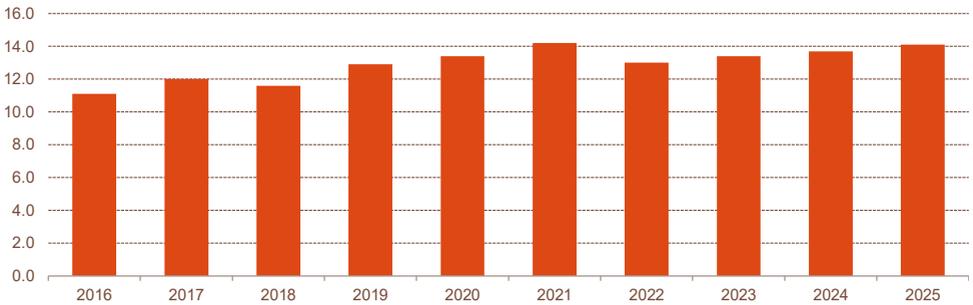
Strategic Report continued

Overall Performance in the 9 months ended 30 September 2025

During the 9 months ended 30 September 2025 an operating surplus of £33,772 was achieved, reflecting the increased audit fee and the accrual of the cost (and some other costs) over a shorter 9-month period. This operating surplus was increased by gains in the value of the investments, and the Company's reserves rose by £369,759 during the period. The graph below shows the capital position over the past ten years:

Reserves

£ million



The Company's Return on Assets for the 9 months ended 30 September 2025 was 1.0% (2024: 1.1%).

The Company's performance on loans, deposits and investments was as follows:

Loans

The Company's primary function is to make loans available to Christian churches and associated organisations at the lowest practicable rates of interest. The Board's strategy is to meet a growing proportion of churches' needs for loan facilities to enable property related projects to be advanced in a timely manner.

The table on the next page shows the total value and number of loans over the past three years.

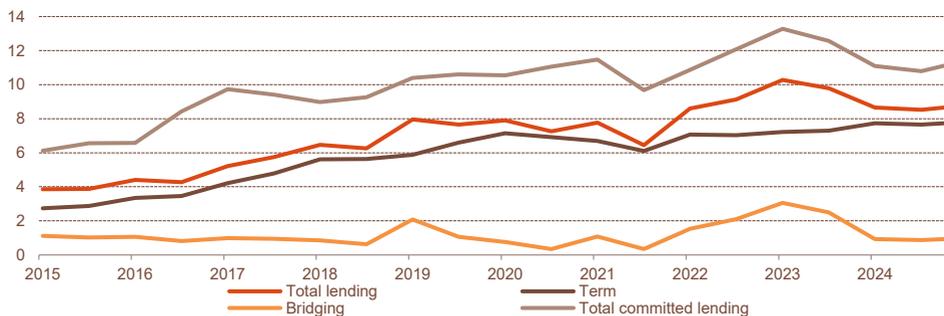
Strategic Report continued

	Amount £m			Number of loans		
	31 Dec 2023	31 Dec 2024	30 Sep 2025	31 Dec 2023	31 Dec 2024	30 Sep 2025
Loan balances at period end						
Term loans	7.3	7.8	7.6	39	41	47
Bridging loans	3.0	1.3	0.7	10	3	2
	10.3	9.1	8.3	49	44	49
Car loans	0.0	0.0	0.0	2	1	1
Total	10.3	9.1	8.3	51	45	50
Undrawn loans at period end	2.2	0.8	3.0	6	2	8
Total drawn and undrawn loans	12.5	9.9	11.3	57	47	58
Loan advances during period						
Property loans	4.7	3.5	0.7	19	12	7
	4.7	3.5	0.7	19	12	7

The benefits of the Company's ongoing advertising and marketing strategy are evidenced by a 14% increase in the total level of committed (i.e. drawn and undrawn) loans during the 9-month period. This is shown in the graph below:

Total lending to Christian churches and associated organisations

£ million



In addition, enquiries have been made about loan facilities for some further significant projects and preliminary discussions have already taken place to assess their feasibility.

Strategic Report continued

With regard to interest rates, those charged by the Company for property loans remained unchanged during the period with a standard rate of 5.65% (5.75% APR including fees) for term loans and 6.65% (6.90% APR including fees) for bridging loans.

Short term bridging loans account for approximately 8% of the total loans as at 30 September 2025. This was, as expected, less than the previous year, following the repayment of several substantial short-term loans during the period. The proportion of bridging loans is lower than has been the case in the past, e.g. at one exceptional point in 2008 the percentage had reached nearly 80%. Having a higher aggregate value of term loans has resulted in a more sustainable and stable loan book.

The Company's car loan scheme, which has never been a significant part of its business, closed for new applications at the end of 2023 and the one remaining loan is due to be fully repaid within the next two years.

Deposits

The Board's strategy in relation to deposits is to maintain these at appropriate levels to support the Company's lending activities and manage the associated risks.

The Company would like to thank its depositors for their support and loyalty, particularly during the ongoing difficult economic conditions. A large proportion of these funds remain with the Company for many years, enabling the Company to plan for the future growth of its capital base and to provide loans to Christian churches and associated organisations.

The Company always seeks to ensure that every deposit is kept safe, and that as far as practicable it generates a competitive level of return. The money market interest rates available to the Company decreased during the 9-month period following three reductions in the Bank of England base rate totalling 0.75%. However, interest rates for depositors were maintained throughout the 9-month period increasing the attractiveness of the Company's products (although a decrease of 0.25% has been implemented after the end of the 9-month period, taking effect from 15 October 2025).

The Company's participation in the Financial Services Compensation Scheme, which guarantees £85,000 (£120,000 from 1 December 2025) of each eligible depositor's savings in the event of the failure of the Company, has enabled customers to continue to deposit with confidence.

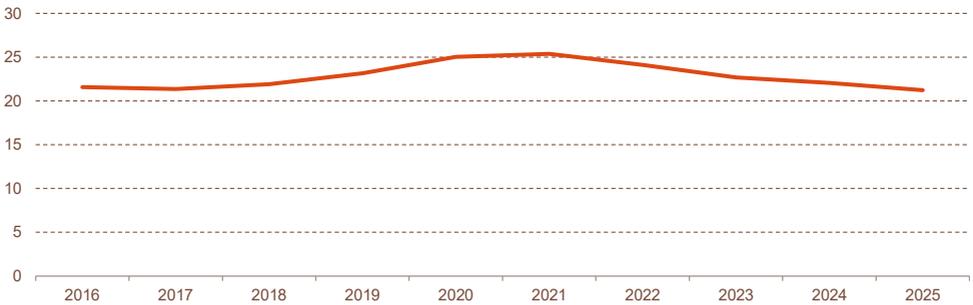
As shown in the first graph below, the amount held on deposit with the Company decreased during the period with the total as at 30 September 2025 being £21,227,564 (31 December 2024: £22,043,458). Withdrawals during the period represented 15% of the balance of deposits at the start of the year and new deposits and interest applied amounted to 11%.

Strategic Report continued

The Company opened 153 new savings accounts during the 9-month period, of which 109 were Restricted Cash ISAs opened automatically upon the maturity of Child Trust Funds where no instructions had been provided in advance. The number of accounts held with the Company totalled 2,261 as at 30 September 2025 (31 December 2024: 2,452). Of the total amount held on deposit as at 30 September 2025, 43% was held in Premium Plus Accounts, 23% in ISAs and 10% in Child Trust Fund (CTF) Accounts.

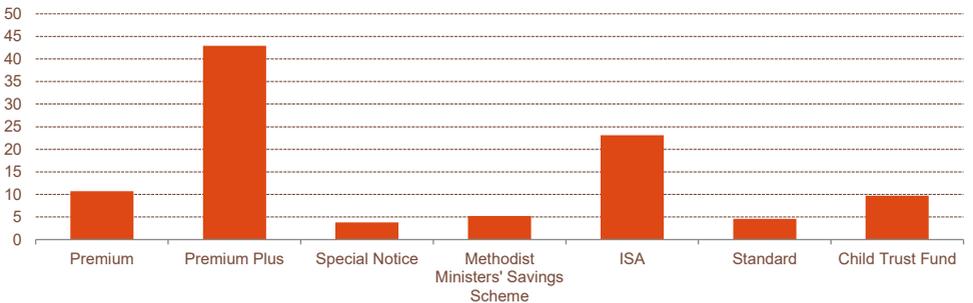
Deposits at year end

£ million



Account Types at year end

% of funds held in accounts



Investments

The Company holds an investment portfolio to generate income and long-term capital growth to support its primary purpose of lending to Christian churches and associated organisations for property projects at the lowest practicable rates.

Strategic Report continued

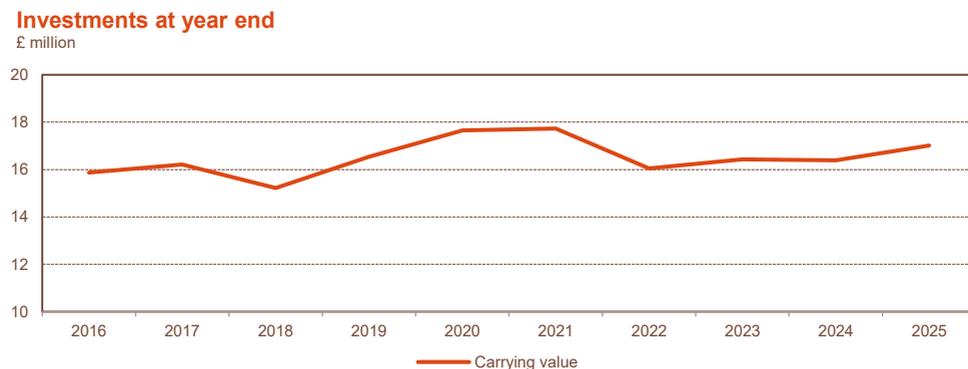
This portfolio is carefully managed within Board-approved limits. As at 30 September 2025 the total carrying value of equity shares and debt securities amounted to £17,015,901 (31 December 2024: £16,393,319). This comprised £4,941,874 (31 December 2024: £4,208,030) dated treasury stocks, £3,843,427 (31 December 2024: £4,049,871) bond funds and £8,230,600 (31 December 2024: £8,135,418) equity shares and similar investments. The Investment Manager held short term funds of £227,209 (31 December 2024: £517,884) for investment purposes. In addition, the Company held £9,417,754 of cash and deposits with other UK financial institutions (2024: £8,355,272).

A provision for the amortisation of the premium on dated treasury and commercial loan stocks was made amounting to £12,204 for the 9-month period (2024: £55,620). This is the write-off of the difference between the purchase price of a bond and its final maturity value, over the remaining term. The total provision is now £213,050 (31 December 2024: £226,135).

In addition, there was a positive fair value adjustment to the Company's investment portfolio in the 9-month period of £385,195 (2024: positive adjustment of £694,496) which is shown in the Statement of Income and Retained Earnings.

Further details of the Company's investments are shown in Note 12 of the financial statements.

The change in the total market value of the investments is shown in the graph below:



It is important to note that the Company's policy of holding investments is for the long term and that it is not an investment trading company. The Company continues to be grateful to its Investment Manager, Sarasin & Partners LLP, for its services provided during the period.

Strategic Report continued

Ethical Investment

The Company's policy statement on ethical investing policy is shown below and is implemented by the Company's Investment Manager. This is in addition to the Investment Manager's own ethical policies and practices.

"The Company will not invest directly in the securities of companies active in the tobacco, alcohol, gambling, pornography, armaments or thermal coal/oil sands sectors. Where such activities account for more than 10% of corporate turnover a company will be deemed to be "active" in these restricted sectors.

The Company will also seek to adhere to the Christian moral imperative to exercise good stewardship, and may accordingly from time to time determine not to hold securities issued by particular companies where there are concerns regarding the ethics of their business or operational models. The Company is particularly concerned about the animal testing of cosmetic or household products, high interest consumer lending, intensive farming, and the treatment of employees in jurisdictions where employment rights are less well developed than in the UK.

It will be necessary for the foreseeable future for the Company to hold collective investment funds in order to secure appropriate asset allocation within the investment portfolio. Where this is the case, the Company does not have the ability to screen the underlying transactions of the fund. Nevertheless, it will review the underlying holdings on a six-monthly basis with a view to making known to the Investment Manager any concerns that it may have.

The Company will seek to ensure that voting rights are exercised in accordance with good corporate governance criteria and will periodically review the manner in which its Investment Manager exercises these rights on its behalf, including through any collective investment funds managed by the Investment Manager."

Other Matters

Capital Adequacy

The Company holds capital in order to provide a buffer against possible losses in times of financial stress. In common with all other UK banks, the Company carries out rigorous stress testing on its capital and liquidity levels annually and the latest calculations show that, in addition to the minimum regulatory requirement, a further internally-calculated capital buffer should be retained to protect against any future stresses on the Company's capital resources, although there has never been a need to call upon this buffer. Even after making this allowance and including regulatory deductions, there remains substantial headroom above the combined regulatory capital and calculated buffer.

Looking ahead, the Board has budgeted for an operating surplus in the year ending 30 September 2026 of approximately £142,000 (before including any investment value changes or

Strategic Report continued

any up-front development fees for the potential online customer portal) which would strengthen the Company's capital position further.

The Board is committed to reviewing its Internal Capital Adequacy Assessment Process (ICAAP) annually, and more frequently if necessary. A statement showing the current position on capital adequacy as calculated within the framework of the ICAAP document is presented at each meeting of the Board.

Risk Appetite Statement

The Company's management operates a low to medium risk strategy in meeting the Company's objectives. This is reflected in the type and level of risk to which the Company is exposed.

Principal Risks

The principal risks faced by the Company are:

Business Risk

Business risk arises from changes to a company's business, specifically the risk of not being able to carry out its business plan and desired strategy. In assessing business risk, consideration is given to internal and external factors.

Risk Appetite

The Company will not take, or retain, risk positions that threaten its ability to remain a sustainable organisation or its ability to meet its primary purpose. The business risk appetite is set by reference to the approved budget and Strategic Business Plan sanctioned by the Board.

Mitigation

As part of the annual budgeting and planning process, the Company develops a set of management actions to prevent or mitigate any negative impact on earnings in the event that business risks materialise. Additionally, business risk monitoring, through regular reports and oversight, enables the Company to implement timely corrective action to plans and reductions in exposures where necessary.

Revenue and capital investment considerations require additional in-depth assessment followed by Board approval. Risk assessments are conducted as part of all financial approval processes.

Liquidity Risk

Liquidity risk is the risk that a company does not have sufficient financial resources to meet its commitments when they fall due, or can secure them only at excessive cost, or that a company does not have sufficiently stable and diverse sources of funding.

Strategic Report continued

Risk Appetite

The Company's liquidity risk appetite has two elements: its own internal liquidity measurement and also the regulatory liquidity coverage ratio:

a) Internal measurement

The Company ensures that it maintains a minimum liquidity position sufficient to meet a demand for payment of all retail deposits repayable within 8 days, even under stressed scenarios. The Board and the Company's management operate a low risk strategy when compared with liquidity levels and risk profiles of other UK financial institutions with similar business models and this is reflected in the measures that the Company has in place to monitor liquidity. The Company has undertaken stress tests in this regard.

If the Company can achieve this test then it has sufficient liquidity not only for the 0 to 8 day period, but also for a minimum of 90 days due to the nature of the depositor maturity and loan advance profiles.

Therefore, the Company has adopted a liquidity risk appetite based on maintaining sufficient liquid assets to cover at least 100% of anticipated outflows under a 90 day continuous period of market-wide, Company-specific and combined stresses.

b) Liquidity coverage ratio (LCR)

The Company's policy is to maintain a LCR of at least 200% at all times, i.e. double the regulatory minimum, and using only extremely high liquidity and credit quality (level 1) assets, i.e. UK gilts.

Additional liquid assets will also be held for internal liquidity management.

Mitigation

The Company mitigates the risk of a negative liquidity mismatch (inadequate liquidity) which is outside its appetite by managing the liquidity profile of the statement of financial position through both short-term liquidity management and long-term strategic funding.

The Company aims to maintain a minimum liquidity position that is well in excess of regulatory requirements, even under stressed scenarios, reflecting the organisation's low risk appetite.

Strategic Report continued

Market and Interest Rate Risk

Market and interest rate risk could arise from adverse movements in external markets, e.g. interest rate movements, equity value movements or currency movements which could potentially reduce income and/or increase expenses.

Risk Appetite

The Board's risk appetite for interest rate risk is to manage its assets and liabilities so as to limit the effect of a 2% market rise in interest rates (as calculated in the interest rate gap report) to a maximum of 7% of the Company's regulatory capital.

The average remaining period to maturity for fixed interest investments held directly will not exceed 8.5 years.

In addition, no fixed interest investment will be held with a remaining maximum term of longer than 15 years.

The Board acknowledges that there is some additional interest rate sensitivity within the equity and bond fund holdings. Consequently, the Company will not hold investment assets with no specific maturity date (i.e. equities, bond funds and other collective investment schemes) with a total value exceeding 100% of its regulatory capital.

The Board has decided to limit the total amount invested in equities (including equity related investment funds, but excluding alternative investment funds e.g. infrastructure) to the lowest of:

- 45% of the total market value of funds in its investment portfolio i.e. excluding money market investments and loans to trustees and individuals; or
- 25% of the Company's total assets; or
- 80% of regulatory capital.

The Company has almost no direct exposure to foreign exchange risk as it does not trade in these markets or in currencies other than Sterling.

The Company does not offer any fixed rate deposit or loan products other than car loans. There remains one outstanding fixed rate car loan which was advanced prior to the product being withdrawn at the end of 2023.

Mitigation

The Company has restricted its investments to highly rated and easily realisable fixed interest and equity stocks. It does not expect to incur significant losses upon the sale of these investments.

Strategic Report continued

With regard to interest rate risk the Company's Treasury Policy Statement includes limits for both the average remaining period and the maximum remaining period to maturity for fixed interest investments (excluding investments held by bond funds).

Trigger points are in place in order to respond quickly to adverse market value movements.

Operational and Regulatory Risk

Operational risk is the risk of reductions in earnings through financial or reputational loss, from inadequate or failed internal processes and systems, operational inefficiencies, or from people-related or external events.

Regulatory risk arises due to ever increasing regulatory requirements and the increasing volume and pace of change from the financial regulators. This can impact a company, both operationally in terms of cost of compliance, with uncertainty about legal and regulatory expectations, and strategically through pressure on key earnings streams.

Risk Appetite

The Company's operational risks arise largely as a result of the following possible events:

- business disruption (including as a result of the failure of key suppliers or the incidence of a pandemic);
- fraud and forgeries;
- fines and penalties (including regulatory);
- staffing issues (including long term sickness);
- health and safety issues; and
- legal cases.

The Company ensures that it adopts all regulatory, legal and other compliance requirements in a proportionate and timely manner.

The Company's operational/regulatory risk appetite is to limit the expected potential losses arising from these events to 2% of the Company's Own Funds (i.e. regulatory capital) in total.

Mitigation

The Company undertakes the following:

- identification of the key operational risks within the business;
- evaluation of the effectiveness of the existing control framework covering each of the key risks to which the business is exposed;
- evaluation of both the financial risk and non-financial risk (e.g. reputational damage);

Strategic Report continued

- estimation of exposure to probability and event likelihood for each material risk identified; and
- appropriate action to mitigate or minimise the risk.

The above are embedded into the Company's daily procedures.

Credit Risk

Credit risk is the risk of a reduction in earnings and/or capital, as a result of the failure of a party with whom a company has contracted to meet its obligations as they fall due (i.e. loan repayments, investments or bank deposits).

Credit Risk (wholesale markets)

Risk Appetite

The Company will not engage in wholesale deposit lending other than with UK interbank counterparties with strong long-term credit ratings (minimum Moody's rating of Baa3 for UK banks / building societies and A3 for overseas banks / building societies), or allow placements exceeding the Company's internal limits (subject to the PRA pre-notification rules). The amount of deposits placed with any one bank or building society is limited to 25% of the Company's regulatory capital.

In addition, the Company invests in UK government gilts and corporate bonds via its Investment Manager which operates within parameters and limits agreed by the Board. The corporate bonds are all held via a sterling denominated investment fund which is considered by the Investment Manager to be low risk and well diversified.

Mitigation

After careful checks have been made, the counterparties with whom the Company places deposits are approved in advance by the Board and exposures are subject to Board approved limits as specified in the Treasury Policy Statement.

Credit Risk (retail markets)

Risk Appetite

The Company lends to Christian churches and associated organisations within the UK and the total balance on loan at any time is restricted to an internally imposed limit of 80% of the total depositors' balances or 150% of share capital plus reserves, whichever is the lower, less any non-instant access deposit accounts held by the Company with other financial institutions. Individual loan approvals cannot be greater than 10% of the Company's regulatory capital unless agreed by the Board. Term loans above £60,000 are secured by way of a declaration from the trustees as well as a legal charge or equivalent (unless agreed otherwise by the Board) and loans up to £60,000 by way of a declaration from the trustees. For bridging loans for manse

Strategic Report continued

purchases a solicitor's undertaking is obtained to repay the proceeds of the house sale to the Company up to the amount of the loan outstanding.

The car loan scheme for Methodist presbyters and deacons closed to new applications at the end of 2023.

Mitigation

Financial risk assessments are undertaken on all term property loans (including review of accounts covering three years) and loans are approved in accordance with defined limits and due consideration given to the collateral. All property loans require Director approval in accordance with the Company's lending policy.

Capital Risk

Capital risk is defined as the risk that a company has insufficient capital to provide a resource large enough to absorb losses or that the capital structure is insufficient to meet regulatory requirements.

The Company's minimum regulatory capital, also known as the Total Capital Requirement (TCR), as of 30 September 2025, was 17.72% of risk-weighted assets.

Risk Appetite

The Company's overall capital risk appetite is to maintain Common Equity Tier 1 (CET1) capital (i.e. the highest quality regulatory capital) of at least 35% of risk weighted assets.

Mitigation

The Company has developed an early warning system to enable the occurrence of the risks to its capital base to be quickly identified and corrective action taken where necessary.

The Company adopts a prudent and responsible approach to the management of capital and has prepared a detailed ICAAP document which is approved by the Board annually.

The Board accepts that there is inherent risk in running a banking business. It is the Company's policy to minimise the impact of unavoidable risks and further mitigate them wherever the costs of doing so are proportionate to the potential impact.

Climate Change Risk

Climate change risk is defined as the risk resulting from climate change and affecting natural and human systems and regions. Climate change risk is likely to manifest itself in physical events such as extreme weather conditions; it may lead to systemic changes in public policy as society moves to a low-carbon economy, and it may affect the ability of the Company to deliver its services, or affect the value of its assets and loan security.

Strategic Report continued

There is increased focus on these risks by key stakeholders (e.g. customers) and the regulatory landscape is evolving to reflect these risks. As such, there is also the potential reputational risk associated with the Company investing in organisations which could be seen as responsible for, or contributing to, climate change.

Risk Appetite

The financial risks of climate change to the Company are primarily in relation to the market risks associated with its effect on the Company's investment portfolio and the credit risks of lending to Christian churches and associated organisations.

Therefore, the risk appetite is considered within other existing risk categories, i.e. market risk and credit risk.

Mitigation

The Company will continue to develop its consideration of sustainability and climate related issues and integrate these within the risk register and monthly management information schedules.

Stress testing / scenario analysis is carried out in respect of significant falls in the value of the Company's investments, reductions in investment income and the credit risks of lending to Christian churches and associated organisations, as part of the annual ICAAP. The results are used in calculating the internal capital buffers. It is recognised that climate change could be a driver for such stresses e.g. increased natural disasters.

The Board requires the Investment Manager to demonstrate a continued commitment to recognising and responding to climate change as part of its investment decision making process. This may include performing climate stress testing (based on both de-carbonisation and physical stresses) and deciding whether to divest or engage with companies based on the results. In addition, the Investment Manager has aligned its business with the goals of the Paris Climate Accords (as updated by any revised global commitments that result from new scientific research), including pressing investee companies to align to these goals.

As the scientific evidence on climate change becomes ever clearer, the Company will further embed climate risk in its existing risk management framework.

Remuneration Risk

The Company will ensure that its remuneration decisions are in line with its business strategy and long-term objectives, and consistent with its ethos, current financial condition and future prospects.

Strategic Report

continued

The Company's staff and Non-Executive Directors are keen to support the work of the Company in furthering the work of Christian churches and associated organisations, as well as protecting depositors and fulfilling the Company's regulatory obligations.

In view of this, the Company does not have any bonus schemes or other reward or compensation schemes in place to reward staff for performance.

Conduct Risk

The Company will ensure that conduct risk (the risk of the Company treating its retail customers unfairly and delivering inappropriate outcomes) is effectively managed in order to protect customers. Conduct risks will be assessed, managed and reported to the Audit and Risk Committee and Board within the monthly management information schedules (including "nil returns" if applicable). Ongoing management oversight will be undertaken by the Chief Executive.

The Company will comply with all applicable regulatory conduct requirements, including the Financial Conduct Authority (FCA)'s Consumer Duty, and will invest sufficient resources to ensure this outcome is achieved and that these become even more closely embedded in the business.

In controlling risk, it is appropriate to state that risk in any activity cannot be eradicated completely. The Company operates in a risk environment. These risks need to be managed within acceptable limits and in accordance with an agreed appetite.

The risks identified by the Board, Audit and Risk Committee and Senior Officers (the Chief Executive and the Finance Director) form the Company's Retail Conduct Risk Appetite Statement and come under the three broad headings shown below:

- 1) Governance and Culture (including Business model and strategy)
- 2) Products (pre- and post- completion)
- 3) Financial crime

These categories reflect the principles by which the Company seeks to ensure good customer outcomes and manage conduct risk generally.

Treatment of Customers

As part of its policy of continuous improvement, the Company strives to ensure that its customers are treated fairly at all times. Reviews of the Company's performance towards its customers occur on an annual basis and corrective action will be taken whenever necessary.

Strategic Report continued

In the final quarter of 2024, the Board sent out a further Customer Satisfaction Survey to a proportion of its depositors and borrowers. The results are summarised in the table below. A 5-point scale was used, “Strongly Agree” being the best score. None of the 27 replies received implied concern by using “Disagree” or “Strongly Disagree”.

	Depositors (% Agree / Strongly Agree)	Borrowers (% Agree / Strongly Agree)
Happy with overall service provided by the Company	100%	100%
Would recommend the savings account / loan to others	95%	100%

The annual survey for 2025 will be undertaken during the final quarter of the year.

No complaints were received from customers during the 9 months ended 30 September 2025 (2024: none).

Statement by the Directors in Performance of their Statutory Duties in Accordance with Section 172(1) of the Companies Act 2006

Section 172 of the Companies Act 2006 requires directors of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members and stakeholders as a whole.

In doing this, Section 172 requires the Directors to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- maintenance of the Company's reputation for high standards of business conduct; and
- need to act fairly as between the different stakeholders of the Company.

In discharging its Section 172 duties, the Board has regard to the interests and views of the Company's internal and external stakeholders, including:

- Christian churches and associated organisations: supporting those customers to achieve their property-related projects, contributing to the churches' mission plans and developing their positive impact within the wider community;

Strategic Report continued

- other customers: aiming to provide a high level of service to all customers, helping those churches, charities, businesses and individuals that rely on the Company's services;
- staff: having a workforce that feels valued and supported;
- suppliers: developing trusted business partnerships that provide value for money and good service;
- environment: recognising the direct impact that the Company can have on the environment and making responsible choices that align with its values (e.g. via its Ethical Investment Policy);
- regulators: ensuring the Company adheres to all relevant regulation and maintains an open, transparent relationship with regulators including the PRA and FCA;
- the Independent Auditor: ensuring the Company's Independent Auditor is kept aware of all key developments through an open, transparent relationship; and
- HMRC: ensuring the Company is paying all due taxes and complying with relevant reporting requirements.

By considering the Company's purpose, vision and values together with its strategic priorities, the Board aims to make sure its decisions are consistent and equitable. The Company's strategy is reviewed annually by the Board including the considerations listed above.

The Board sets, approves and oversees the execution of the business strategy and related policies, and delegates authority for day-to-day management to its executives. The Board reviews the financial and operational performance of the Company. Monthly management information is produced shortly after completion of the management accounts and circulated to Audit and Risk Committee members and Board members prior to each meeting. It includes the Company's headroom above the minimum internal early warning indicators, limits and regulatory requirements. The Board and its committees also review other areas over the course of each year including risk, regulatory compliance, environmental, corporate governance, legal and health and safety matters, as well as stakeholder-related matters, diversity and inclusivity, and corporate responsibility.

This ensures that the Board has an overview of engagement with stakeholders and complies with its Section 172 duty to promote the success of the Company.

Signed by order of the Directors

Steven R Jones BA FCCA

Company Secretary

Registered office:

53 Walmgate, York, YO1 9TY

Approved by the Directors on 19 December 2025

Directors' Report

The Directors have pleasure in presenting their report and the financial statements of the Company for the 9 months ended 30 September 2025. The accounting reference date of the Company was changed from 31 December to 30 September. This was in order to appoint a new firm of independent auditors, i.e. to avoid competition with other companies for auditors' resources at the peak reporting season in the market.

Directors

The Directors who served the Company during the 9-month period together with their beneficial interests in the shares of the Company were as follows:

	Ordinary A shares of £0.25 each		Amounts held on deposit	
	At 30 Sep 2025 No.	At 31 Dec 2024 No.	At 30 Sep 2025 £	At 31 Dec 2024 £
Richard Price	241	241	-	-
Andrew Slim	216	166	44,052	51,794
Helen Ashley Taylor (retired 15 April 2025)	-	-	-	-
Jeremy Burchill	200	200	-	-
Paul Casey	-	-	-	-
Anne Goodman	-	-	-	-
Peter Green	-	-	44,663	43,998
Christopher Jarratt	64	64	-	-
Steven Jones (appointed 15 April 2025)	63	-	1,650	-
Ruth Manning (appointed 1 June 2025)	-	-	-	-
Peter Mills (retired 15 April 2025)	-	175	-	-
Guy Priestley	-	-	-	-
	784	846	90,365	95,792

Corporate Governance

Whilst Methodist Chapel Aid Limited, a private limited company, is not governed by the requirements of the London Stock Exchange, the following disclosures in connection with corporate governance are made voluntarily to comply with accepted best practice. These disclosures do not necessarily cover all aspects on which the Company would have to report were it subject to the requirements of the London Stock Exchange but do cover those aspects which are considered to be most relevant to the Company.

The Board of Directors, which meets at least five times a year, directs and controls the work of the Company. With the exception of the Chief Executive and the Finance Director, the Directors are all Non-Executive and the Board is supplied, through the offices of its Chief Executive and

Directors' Report

continued

Finance Director, who is also its Company Secretary, with information in the form of monthly management accounts, budgets, forecasts, etc. to allow it to discharge its responsibilities.

The Company has an Audit and Risk Committee, consisting of five Non-Executive Directors (Jeremy Burchill (Chair), Guy Priestley (Deputy Chair), Paul Casey, Anne Goodman, and Andrew Slim), which meets at least four times annually, including four times during the 9 months ended 30 September 2025. Its role includes:

- overseeing the risk management framework which covers the risks the Company is exposed to and recommending to the Board an appropriate level of risk appetite.
- monitoring management information to ensure that the risk management framework is effective in managing, minimising or mitigating those risks within appetite.
- overseeing the adequacy, extent and effectiveness of the system and processes of internal control and the control environment.
- monitoring the risks and overseeing the management of the Company's operational resilience.
- reviewing the form and content of the Company's statutory accounts.
- overseeing the work and considering the reports of the Company's internal audit function, reviewing the implementation of its recommendations where appropriate.
- agreeing the annual audit programmes, ensuring co-ordination between the appointed auditors.
- ensuring that the recommendations of the PRA, the FCA and the internal and independent auditors are considered and implemented as appropriate

Other Directors are invited to attend its meetings and often do so.

To comply with the requirements of legislation and to ensure prudent management of the business, the Company has established a range of internal controls, which have operated effectively throughout the period.

In addition, the Company has a Nomination Committee, consisting of three Non-Executive Directors (Richard Price (Chair), Peter Green and Andrew Slim) which was established to develop a recruitment and remuneration strategy together with succession plans for the Board, its Committees and Senior Officers. This also includes developing training and induction processes for Directors and reviewing the Board's employment policy and practice.

In achieving high standards of corporate governance, the Company has taken into account the relevant features of the UK Corporate Governance Code.

Directors' Report continued

Supervision

The Company is authorised by the PRA and regulated by the FCA and the PRA. Throughout the 9-month period the Company has kept within the regulators' guidelines and there has been frequent contact between the Company and the regulators as part of the monitoring process.

Proposals

- The Directors propose a dividend of 29.25 pence per fully paid A share and £11.70 per fully paid B share of the Company, payable on 30 April 2026 (Detailed in Note 10 of the financial statements).
- Paul Casey retires by rotation and, being eligible, offers himself for re-election for a three-year term.
- Ruth Manning, having been appointed to the Board by the Directors on 1 June 2025 and, being eligible, offers herself for re-election for a three-year term.
- The independent auditor, Royce Peeling Green Limited, has indicated its willingness to continue in office and its appointment for the year ended 30 September 2026 is proposed.

Donations

For many years the Company's policy has been to make donations at the level of 10% of the previous year's adjusted operating surplus to a number of Christian charities reflecting the Company's business and heritage. During the 9-month period the Company made the following contributions to 6 charities (2024: 6 charities):

	2025 £	2024 £
Charitable donations	16,600	11,500

Strategic Report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Company's Strategic Report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 such as risk management objectives and policies and likely future developments in the business.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with

Directors' Report continued

United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the surplus or deficit of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's independent auditor is unaware; and
- they have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed by order of the Directors

Steven Jones BA FCCA
Finance Director and Company Secretary

Registered office:
53 Walmgate, York, YO1 9TY

Approved by the Directors on 19 December 2025

Independent Auditor's Report to the Shareholders of Methodist Chapel Aid Limited

Opinion

We have audited the financial statements of Methodist Chapel Aid Limited (the 'company') for the period ended 30 September 2025 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 company's affairs as at 30 September 2025 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC's') Ethical Standard as applied to public interest entities, 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.

Our approach to the audit

Our audit was scoped by obtaining an understanding of the company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias that may have represented a risk of material misstatement. All audit work was performed directly by the audit engagement team.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement we identified (whether or not due to fraud), including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not prepare a separate opinion on these matters.

Independent Auditor's Report to the Shareholders of Methodist Chapel Aid Limited

continued

Key audit matter	How our scope addressed this matter
Recoverability of property loans made to customers	In assessing the recoverability of property loans, we performed the following procedures:
<p>At 30 September 2025 the property loan book totalled £8.258m (31 December 2024: £9.132m) as shown in note 11 of the financial statements. No provision has been recorded against these loans.</p>	<ul style="list-style-type: none">• For a sample of property loans we:<ul style="list-style-type: none">○ Circularised customers for confirmation of the balance they owed at 30 September 2025;○ Ascertained whether repayments had been made in line with the loan agreement;○ Ensured that the company's approval criteria and policies had been followed;○ Checked the validity and adequacy of any security; and○ Where applicable, reviewed the latest accounts of the borrower to ensure they are solvent and have an adequate cash position.• For all loans that have had a capital repayment holiday or term extension, we reviewed the reasons for this and assessed the need for a provision; and• We challenged management's assessment of the provision required or lack of provision where they deemed one was not required.
<p>The determination of impairment provisions is a highly subjective and judgemental area. Note 2 to the financial statements (accounting policies) discloses the provisions policy. The loan provision is considered a key source of estimation uncertainty and this is disclosed within the accounting policies note (judgements and key sources of estimation uncertainty).</p>	
<p>The majority of the company's lending is secured on property and the company has very limited historical arrears experience.</p>	
<p>We have identified property loan recoverability as one of the most significant assessed risks of material misstatement. On this basis we have identified this as a key audit matter.</p>	
Our conclusion	
<p>Based on the work we have undertaken and the results thereof, we consider the assumptions made by management in determining the provisions required for non recovery of property loans made to customers to be reasonable and that the financial statements are free from material misstatement in this regard.</p>	

Independent Auditor's Report to the Shareholders of Methodist Chapel Aid Limited

continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatement on our audit and the financial statements. For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Based on our professional judgement, we determined materiality as follows:

Financial statement materiality ("FSM")	£282,000 (2024: £274,000).
Basis for determining materiality	2025: 2% of net assets. 2024: 2% of net assets.
Rationale for benchmark applied	We believe net assets to be comparable to regulatory capital and therefore a key performance measure of the Company.
Performance materiality	2025: £176,000 being 62.5% of FSM. 2024: £205,500 being 75% of FSM.
Basis and rationale for determining performance materiality	As a first year audit we reduce the performance materiality threshold below that which could otherwise be justified by our evaluation of the relevant audit risks.

We agreed with the Audit and Risk Committee that we shall report to them misstatements in excess of £5,000 (2024: £13,700) that we identify through the course of the audit, together with any qualitative matters that warrant reporting.

At the conclusion of the audit, we re-assess the materiality levels based on the audited financial statements and then compare this with the planning materiality. The result of this assessment showed there was no change to financial statement materiality or performance materiality, therefore no additional work was required.

Independent Auditor's Report to the Shareholders of Methodist Chapel Aid Limited

continued

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing budget financial information for the financial year ending 30 September 2026;
- Reviewing the company's business plan including medium term forecasts to 2030;
- Reviewing headroom in regulatory capital;
- Reviewing Board and Audit and Risk Committee minutes; and
- Discussions with management and the Directors on any matters and post balance sheet events which may impact the going concern status.

From the work undertaken, we noted that there is sufficient headroom in regulatory capital, and the company is projected to remain solvent in the medium term forecast period to 2030, taking into account stress testing that showed, even under severe stresses, the company could continue as a going concern for the foreseeable future.

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

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

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Shareholders of Methodist Chapel Aid Limited

continued

Opinions on Other Matters Prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the company'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 Directors either intend to liquidate the company 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

Independent Auditor's Report to the Shareholders of Methodist Chapel Aid Limited

continued

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.

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

At the planning stage of the audit, we gain an understanding of the laws and regulations which apply to the company and how management seek to comply with them. This helps us to make appropriate risk assessments. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including but not limited to, the Companies Act 2006, regulations issued by the Prudential Regulation Authority and Financial Conduct Authority and UK tax legislation.

Our audit focused on relevant risk areas, and we reviewed compliance with laws and regulations through making relevant enquiries and corroboration by, for example, review of Board and Audit and Risk Committee meeting minutes, review of correspondence with and reports to the regulators, enquiries of management and review of reports by internal auditors.

We assess the risk of material misstatement in the financial statements including as a result of fraud and undertake procedures including:

- Review of controls set in place by management;
- Enquiry of management as to whether they consider fraud or other irregularities may have occurred or where such opportunity might exist;
- Challenge of management assumptions with regard to accounting estimates; and
- Identification, using audit data analytic software, and testing of journal entries, particularly those which may appear to be unusual by size or nature.

There are inherent limitations of an audit, hence there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements, or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we are less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Independent Auditor's Report to the Shareholders of Methodist Chapel Aid Limited

continued

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

Other matters which we are required to address

We were appointed by the Board during July 2025 to audit the financial statements for the period ended September 2025 and subsequent financial periods. Our total uninterrupted period of engagement is 1 year, covering the period ended 30 September 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit and Risk Committee in accordance with ISAs (UK).

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Chatten
(Senior Statutory Auditor)

For and on behalf of Royce Peeling Green Limited

Chartered Accountants
Statutory Auditor

The Copper Room
Deva City Office Park
Trinity Way
Manchester M3 7BG

19 December 2025

Statement of Income and Retained Earnings

For the 9 months ended 30 September 2025

	Note	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Interest receivable – on loans	3	364,536	542,736
Interest receivable – on debt securities	3	254,891	351,721
Interest receivable – on bank and building society deposits	3	301,668	412,981
Interest payable to depositors		(513,856)	(702,772)
Interest payable - amortisation of debt securities	12	(12,204)	(55,620)
Dividend income from equity shares	3	149,236	186,640
Investment losses on debt securities	12	-	(371,214)
Fees and commissions payable to Investment Manager		(32,837)	(3,575)
Other operating income	4	4,302	4,900
Administrative expenses – staff costs	7&8	(241,735)	(310,501)
Administrative expenses – other		(230,594)	(246,970)
Depreciation and amortisation	13&14	(9,635)	(13,288)
Operating surplus/(deficit)	5	33,772	(204,962)
Fair value adjustment to investments	12	385,195	694,496
Surplus on ordinary activities before taxation		418,967	489,534
Tax on surplus on ordinary activities	9	(47,855)	(94,522)
Surplus for the financial period and total comprehensive income		371,112	395,012
Dividends paid and payable	10	(1,353)	(1,317)
Retained earnings at the start of the period		13,746,130	13,352,435
Retained earnings at the end of the period		£14,115,889	£13,746,130

All the activities of the Company are from continuing operations.

The notes on pages 40 to 64 form part of these financial statements.

Statement of Financial Position

As at 30 September 2025

	Note	30 Sep 2025 £	31 Dec 2024 £
Assets			
Cash and bank balances		9,417,754	8,355,272
Loans and advances to customers	11	8,262,627	9,138,711
Investments:			
Issued by public body		4,941,874	4,208,030
Other loans and advances		3,843,427	4,049,871
Equity investments		8,230,600	8,135,418
	12	17,015,901	16,393,319
Intangible fixed assets	13	3,957	-
Tangible fixed assets	14	287,367	300,959
Investments held for short term purposes	15	748,688	1,831,800
Prepayments, accrued income and other assets	16	219,743	127,040
Total Assets		35,956,037	36,147,101
Liabilities			
Customer Accounts	17	21,227,564	22,043,458
Other Liabilities	17	370,311	167,472
Total Liabilities		21,597,875	22,210,930
Provisions			
Deferred tax	18	241,076	188,844
Net Assets		£14,117,086	£13,747,327
Shareholders' Funds			
Called up equity share capital	21	1,197	1,197
Reserves		14,115,889	13,746,130
		£14,117,086	£13,747,327

These financial statements were approved by the Board of Directors and authorised for issue on 19 December 2025, and are signed on behalf of the Board by:

Richard J Price MA
Chair

A Christopher Jarratt FCA
Director

Company registration number: 30546
The notes on pages 40 to 64 form part of these financial statements.

Statement of Cash Flows

For the 9 months ended 30 September 2025

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Cash flows from operating activities		
Surplus for the financial period	371,112	395,012
<i>Adjustments for:</i>		
Depreciation of tangible assets	8,176	13,288
Amortisation of intangible assets	1,459	-
Amortisation of investments	12,204	55,620
Fair value adjustment to investments	(385,195)	(694,496)
Tax on surplus on ordinary activities	47,855	94,522
Accrued income / expenses	210,535	374
<i>Changes in:</i>		
Trade and other debtors	(97,755)	16,981
Trade and other creditors	1,733	231
Loans repaid by customers	876,084	1,191,353
Customer accounts	(815,894)	(643,563)
Cash from operations	230,314	429,322
Tax paid	-	-
Net cash from operating activities	230,314	429,322
Cash flows from investing activities		
Purchase of tangible assets	-	(8,757)
Purchase of investments	(13,547,908)	(8,583,459)
Proceeds from sale of investments	13,298,317	9,254,149
Net cash (used in) / from investing activities	(249,591)	661,933
Cash flows from financing activities		
Dividends paid	(1,353)	(1,317)
Net cash used in financing activities	(1,353)	(1,317)
Net (decrease)/increase in cash and cash equivalents	(20,630)	1,089,938
Cash and cash equivalents at beginning of period	10,187,072	9,097,134
Cash and cash equivalents at end of period	£10,166,442	£10,187,072
Consisting of		
Cash	9,417,754	8,355,272
Short term liquid investments	748,688	1,831,800
Cash and cash equivalents at end of period	£10,166,442	£10,187,072

The notes on pages 40 to 64 form part of these financial statements.

Notes to the Financial Statements

1 General Information

The Company is a private company limited by shares and incorporated in England. The address of its registered office is 53 Walmgate, York, YO1 9TY.

The accounting reference date of the Company was changed from 31 December to 30 September. This was in order to appoint a new firm of independent auditors, i.e. to avoid competition with other companies for auditors' resources at the peak reporting season in the market.

The Company's purpose is to give support to Christian churches and associated organisations, primarily by providing loans for building schemes at the lowest practicable rate of interest throughout the duration of each loan.

2 Accounting Policies

Statement of Compliance

These financial statements have been prepared in compliance with United Kingdom Generally Accepted Accounting Practice including FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' as well as the Companies Act 2006.

Basis of Preparation

The Company is an authorised institution under the Financial Services and Markets Act 2000 and therefore in accordance with Section 478 of the Companies Act 2006 these financial statements are prepared in accordance with applicable accounting standards, together with relevant British Bankers' Association Statements of Recommended Practice (SORP) and the special provisions of Statutory Instrument 2008 No 410 Schedule 2 part 1 Section A of the Companies Act 2006 relating to banking companies.

The financial statements are prepared in Sterling, which is the functional currency of the entity.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, finances, performance position, liquidity and cashflows are set out in the Chair's Statement, the Strategic Report and the Directors' Report. The Company's objectives, together with a summary of its policies and procedures for managing its capital risk management objectives and its exposures to interest, liquidity and credit risk are referred to in the Strategic Report.

The Company has sufficient financial resources and as a consequence the Directors believe it is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Notes to the Financial Statements continued

2 Accounting Policies continued

Going Concern continued

Based on a rolling 5-year plan which has been approved by the Board and after making enquiries, the Directors consider there to be a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis in preparing the Annual Report and the Financial Statements has continued to be adopted.

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Determination of recoverability of loans made to customers:

Property loans: A specific provision is made against customer loans, where, in the opinion of the Directors, the loan is not fully recoverable. An impairment provision of £nil (2024: £nil) was recognised in respect of property loans totalling £8,258,483 (2024: £9,132,617) of which £1,375,657 (2024: £1,644,631) are unsecured. Note 20 contains further details of the impairment consideration.

Significant judgements

Management have not made any significant judgements (apart from those involving estimations) in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Revenue and Expenses Recognition

Investment Income

Dividend income received from equity shares is accounted for on the basis of cash received and excludes the attributable tax credit.

Notes to the Financial Statements continued

2 Accounting Policies continued

Revenue and Expenses Recognition continued

Investment Income continued

Provision is made for the gross amount of interest accrued on fixed interest-bearing securities on an effective interest rate ('EIR') basis. The EIR being the rate that, at the inception of the financial asset, exactly discounts expected future cash payments and receipts over the expected life of the instrument back to the initial carrying value.

Interest receivable

Interest receivable on loans is credited to income twice yearly in line with the terms of the loan agreements and is recognised in the statement of income and retained earnings on an accruals basis.

Interest payable

Interest payable on deposit accounts is charged to expenses twice yearly in line with the terms of the accounts and is recognised in the statement of income and retained earnings on an accruals basis.

Other income and expenses

Other income and expenses are recognised on an accruals basis.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in income or expenditure, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on the taxable surplus for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable surpluses. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Notes to the Financial Statements continued

2 Accounting Policies continued

Intangible Assets

Intangible assets comprise computer software which is initially recorded at cost, and subsequently stated at cost less any accumulated amortisation and impairment losses. Software is amortised over its estimated useful life, of between 3 and 5 years, on a straight-line basis. Where factors, such as technological advances or changes in market price, indicate that the useful life has changed, the amortisation rate is amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold land	–	No depreciation
Freehold buildings	–	50 years
Freehold building improvements	–	10 years
Leasehold improvements	–	Over the remaining life of the lease
Office equipment	–	5 years straight line
Computer equipment	–	3 to 5 years straight line

Investments

Government and corporate bonds with a fixed rate of return are treated as basic financial instruments and amortised using the effective interest rate method.

Equity investments are treated as other financial instruments.

Corporate bonds with a variable return not linked to a single observable rate and asset backed bonds are treated as other financial instruments.

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Notes to the Financial Statements continued

2 Accounting Policies continued

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in income or expenditure unless the provision was originally recognised as part of the cost of an asset.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in income or expenditure in the period it arises.

Financial Instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in income or expenditure.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in income or expenditure immediately.

Notes to the Financial Statements continued

2 Accounting Policies continued

Financial Instruments continued

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in income or expenditure immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and demand deposits with banks together with short term highly liquid investments that are readily convertible to known amounts of cash and insignificant risk of change in value.

3 Income

Income arises from interest receivable on customer loans and interest and dividends earned on investments as analysed in the Statement of Income and Retained Earnings.

The whole of the income is attributable to the principal activity of the Company wholly undertaken in the United Kingdom.

4 Other Operating Income

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Loan administration fees received and sundry income	4,302	4,900
	4,302	4,900

Notes to the Financial Statements continued

5 Operating Surplus / (Deficit)

Operating surplus / (deficit) is stated after charging / (crediting):

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Depreciation of tangible assets	8,176	13,288
Amortisation of intangible assets	1,459	-
Amortisation of investments	12,204	55,620
Investment losses on debt securities	-	371,214
Decrease of bad debt provision (car loans)	(50)	(90)
Operating lease costs - land and buildings	-	2,134
Operating lease costs - other equipment	2,531	2,531

6 Auditor's Remuneration

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Fees payable for the audit of the financial statements (exclusive of VAT)	37,000	27,400

7 Staff Costs

The average number of persons employed by the Company during the year on a headcount basis, excluding the Directors, amounted to:

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Administrative staff	3	3
Management staff	-	1
Directors (see note 8)	2	1
	5	5

Steve Jones was appointed to the Board on 15 April 2025 he has been reclassified as a Director from this date (previously included in management staff).

Notes to the Financial Statements continued

7 Staff Costs continued

The aggregate payroll costs incurred during the period, relating to the table on the previous page (excluding the Directors' remuneration disclosed in note 8), were:

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Wages and salaries	68,067	133,535
Social security costs	4,266	13,451
	72,333	146,986

Total staff costs (including Directors' remuneration) are £241,735 for the 9 months ended 30 September 2025 (year ended 31 December 2024: £310,501).

8 Directors' Remuneration

The Directors' aggregate remuneration in respect of qualifying services was

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Remuneration	159,608	150,674
Social security costs	9,794	12,841
	169,402	163,515

Steve Jones' remuneration is included in the above total from 15 April 2025 (previously included in staff costs).

The number of Directors who accrued benefits under Company pension plans was 0 (2024:0).

In addition, Directors expenses in the 9-month period amounted to £7,118 (year ended 31 December 2024: £6,918).

The above aggregate remuneration includes the Company's 2 executive Directors (2024: 1) and 8 Non-Executive Directors (2024: 9). The Non-Executive Directors are not involved in the daily management or operations of the Company.

Notes to the Financial Statements continued

9 Tax on Surplus on Ordinary Activities

Major components of tax expense

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Current tax:		
UK current tax expense	13,974	26,836
Adjustments in respect of prior periods	(18,351)	-
Total current tax	(4,377)	26,836
Deferred tax:		
Origination and reversal of timing differences	52,232	67,686
Tax expense on surplus on ordinary activities	47,855	94,522

Reconciliation of tax expense

The tax assessed on the surplus on ordinary activities for the period is the same as (2024: same as) the standard rate of corporation tax in the UK of 25% (2024: 25%).

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Surplus on ordinary activities before taxation	418,967	489,534
Surplus on ordinary activities by rate of tax	104,742	122,384
Items not allowable for tax purposes	1,916	(178)
Exempt dividend income	(37,309)	(46,660)
Non-chargeable investment (gains) / losses	(889)	18,440
Unrealised non-chargeable investment (gains) / losses	(2,254)	536
Adjustments to tax charge in respect of previous periods	(18,351)	-
Tax expense on surplus on ordinary activities	47,855	94,522

Notes to the Financial Statements continued

10 Dividends

Dividends paid during the period (excluding those for which a liability existed at the end of the prior year):

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Ordinary A shares at 28.25p (2024: 27.50p)	1,161	1,130
Ordinary B shares at £11.30 (2024: £11.00)	192	187
	1,353	1,317

Dividends proposed after the period end and not recognised as a liability:

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Ordinary A shares at 29.25p (2024: 28.25p)	1,201	1,161
Ordinary B shares at £11.70 (2024: £11.30)	199	192
	1,400	1,353

11 Debtors

Loans and advances to customers

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Loans and advances to customers	8,262,627	9,138,711

Notes to the Financial Statements continued

11 Debtors continued

Loans and advances to customers continued

	At 31 Dec 2024 £	Advanced £	Repaid £	Released/ (provided) £	At 30 Sep 2025 £
Property loans - secured	7,487,986	296,000	(901,160)	–	6,882,826
Property loans - unsecured	1,644,631	411,125	(680,099)	–	1,375,657
Property loans - total	9,132,617	707,125	(1,581,259)	–	8,258,483
Car loans - unsecured	6,250	-	(2,000)	–	4,250
	9,138,867	707,125	(1,583,259)	–	8,262,733
Provision for bad debts	(156)	–	–	50	(106)
	9,138,711	707,125	(1,583,259)	50	8,262,627

Of the unsecured property loans shown above, £684,000 (2024: £984,000) relate to short term bridging loans for the purchase of clergy housing. In such cases a solicitor's undertaking has been obtained to repay the proceeds of the house sale to the Company up to the amount of the loan outstanding.

Analysis of maturity of loans and advances to customers

The maturity of advances to customers from the balance sheet date is as follows:

	30 Sep 2025 £	31 Dec 2024 £
Due within 3 months	480,809	350,750
In more than 3 months but not more than 1 year	1,166,309	1,907,530
In more than 1 year but not more than 5 years	3,075,037	3,184,280
In more than 5 years	3,540,578	3,696,307
Less provision for bad debts	(106)	(156)
	8,262,627	9,138,711

Term loans above £60,000 are secured by way of a declaration from the trustees of the church or associated organisation as well as a legal charge (unless agreed otherwise by the Board) and loans up to £60,000 by way of a declaration from the trustees of the church or associated organisation. For bridging loans for manse purchases a solicitor's undertaking is obtained to repay the proceeds of the house sale to the Company up to the amount of the loan outstanding.

Notes to the Financial Statements

continued

12 Investments

	Government stock £	Commercial loan stock £	Equity investments £	Total £
Cost				
At 1 January 2025	4,434,165	4,049,871	8,135,418	16,619,454
Additions	1,892,768	4,610,037	7,045,103	13,547,908
Disposals	(1,172,009)	(4,845,082)	(7,306,515)	(13,323,606)
Fair value adjustment	-	28,601	356,594	385,195
At 30 September 2025	5,154,924	3,843,427	8,230,600	17,228,951
Amortisation				
At 1 January 2025	226,135	-	-	226,135
Charge for year	12,204	-	-	12,204
Disposals	(25,289)	-	-	(25,289)
At 30 September 2025	213,050	-	-	213,050
Net book value				
At 30 September 2025	4,941,874	3,843,427	8,230,600	17,015,901
At 31 December 2024	4,208,030	4,049,871	8,135,418	16,393,319

Investments held at amortised cost totalling £4,941,874 (2024: £4,208,030) have a market value of £4,824,609 (2024: £4,027,939) including interest accrued of £50,677 (2024: £34,223).

Investments held at fair value totalling £12,074,027 (2024: £12,185,289) have a historical cost of £11,867,488 (2024: £12,319,021).

If the above investments were realised at the date of the statement of financial position, a corporation tax liability would arise on gains/losses made in the region of £237,000 (2024: £184,000) assuming a tax rate of 25% (2024: 25%).

During the 9-month period, the Company disposed/part disposed of 1 debt security (year ended 31 December 2024: 8 debt securities), which had been held at amortised cost, as follows:

	9 months ended 30 September 2025 £	Year ended 31 December 2024 £
Proceeds	1,146,720	2,857,158
Cost	(1,172,009)	(3,422,846)
Amortisation to date of sale	25,289	194,474
	-	(371,214)

The disposal in the 9-month period ended 30 September 2025 related to a maturity.

Notes to the Financial Statements continued

13 Intangible Assets

	Computer software £	Total £
Cost		
At 1 January 2025	-	-
Reclassification from tangible assets	60,849	60,849
Additions	-	-
Disposal	-	-
At 30 September 2025	60,849	60,849
Depreciation		
At 1 January 2025	-	-
Reclassification from tangible assets	55,433	55,433
Charge for the period	1,459	1,459
At 30 September 2025	56,892	56,892
Net book value		
At 30 September 2025	3,957	3,957
At 31 December 2024	-	-

During the 9-month period, software assets with cost of £60,849 and net book value of £5,416 were reclassified from tangible assets to intangible assets. This relates mainly to the Company's banking software.

Notes to the Financial Statements continued

14 Tangible Assets

	Freehold Property £	Freehold Improve- ments £	Office Equipment £	Computer Equipment £	Total £
Cost					
At 1 January 2025	249,802	26,421	14,588	115,728	406,539
Reclassification to intangible assets	-	-	-	(60,849)	(60,849)
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
At 30 September 2025	249,802	26,421	14,588	54,879	345,690
Depreciation					
At 1 January 2025	-	2,642	7,772	95,166	105,580
Reclassification to intangible assets	-	-	-	(55,433)	(55,433)
Charge for the period	-	1,982	1,251	4,943	8,176
Eliminated on disposals	-	-	-	-	-
At 30 September 2025	-	4,624	9,023	44,676	58,323
Net book value					
At 30 September 2025	249,802	21,797	5,565	10,203	287,367
At 31 December 2024	249,802	21,797	6,816	20,562	300,959

In August 2023, the Company purchased a building (53, Walmgate, York) for use as its office premises for a total cost of £249,802. The building purchased was originally constructed in around 1840 and the Company's policy is for the purchase cost (less residual value) to be depreciated over a 50-year period from the date of acquisition. However, given the nature, location, age and condition of the building, the residual value is expected to be at least equal to the purchase cost, as such no depreciation is charged on the asset.

15 Investments held for short term purposes

	30 Sep 2025 £	31 Dec 2024 £
Funds held short term by Sarasin & Partners LLP for investment	227,208	517,884
Cash at bank in 90+ days' notice accounts	521,480	1,313,916
	748,688	1,831,800

Notes to the Financial Statements continued

16 Prepayments, accrued income and other assets

	30 Sep 2025 £	31 Dec 2024 £
Prepayments and accrued income	219,743	127,040

17 Liabilities

Customer Accounts

	30 Sep 2025 £	31 Dec 2024 £
Customer accounts	21,227,564	22,043,458

Amounts standing to the credit of depositors:

	30 Sep 2025 £	31 Dec 2024 £
At 1 January	22,043,458	22,687,021
Received	2,483,662	2,827,888
Withdrawn	(3,299,556)	(3,471,451)
At 30 September (31 December)	21,227,564	22,043,458

Analysis of maturity of customer accounts

Deposits are repayable from the date of the balance sheet in the ordinary course of business as follows:

	30 Sep 2025 £	31 Dec 2024 £
In one year or less or repayable on demand	19,076,404	19,449,013
In more than one year but not more than two years	1,449,541	1,480,613
In more than two years	701,619	1,113,832
	21,227,564	22,043,458

Notes to the Financial Statements continued

17 Liabilities continued

Other Liabilities

	30 Sep 2025 £	31 Dec 2024 £
Corporation tax	22,459	26,836
Other taxation and social security	12,243	10,510
Accruals and deferred income	335,609	130,126
	370,311	167,472

18 Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	30 Sep 2025 £	31 Dec 2024 £
Included in provisions (note 19)	241,076	188,844

The deferred tax account consists of the tax effect of timing differences in respect of:

	30 Sep 2025 £	31 Dec 2024 £
Excess of taxation allowances over depreciation of fixed assets	4,634	4,572
Provision for fair value adjustments to investments	236,442	184,272
	241,076	188,844

19 Provisions

	Deferred tax (note 18) £
At 1 January 2025	188,844
Provided	52,232
At 30 September 2025	241,076

Notes to the Financial Statements continued

20 Financial Instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets:

	30 Sep 2025 £	31 Dec 2024 £
Financial assets measured at fair value through income or expenditure		
– Investments	12,074,027	12,185,288
Financial assets that are debt instruments measured at amortised cost		
– Investments	4,941,874	4,208,030
– Cash and balances at central banks	9,417,754	8,355,272
– Cash held in investment portfolio	227,209	517,884
– Cash at bank in 90+ days notice accounts	521,480	1,313,916
– Loans and advances to customers:		
– Property loans	8,258,483	9,132,617
– Car loans	4,250	6,250
	23,371,050	23,533,969

Financial liabilities:

	30 Sep 2025 £	31 Dec 2024 £
Financial liabilities measured at amortised cost		
– Customer deposit accounts	21,227,564	22,043,458

For all financial instruments measured at fair value, the basis for determining the fair value is the quoted market price in an active market.

The following risks arise from the financial instruments held by the Company:

Credit Risk

This is the risk of a reduction in earnings and/or value, as a result of the failure of a party with whom the Company has contracted to meet its obligations as they fall due i.e. loan repayments, investments or bank deposits.

Notes to the Financial Statements continued

20 Financial Instruments continued

Credit Risk continued

For each of the Company's holdings in financial instruments, i.e. loans, investments and bank deposits, the Company's maximum exposure to credit risk is the carrying value as shown in the statement of financial position, plus the committed undrawn loans of £3.1 million (31 December 2024: £0.8 million). This maximum exposure is before taking into account any underlying security and the Company has no exposure to derivatives or similar instruments.

Customer default risk

In total, £6.9 million (31 December 2024: £7.5 million) of the Company's £8.3 million (31 December 2024: £9.1 million) property loans were secured by legal charge (or equivalent) on church buildings or manses. In addition, for unsecured bridging loans (30 September 2025: £0.7 million, 31 December 2024: £1.0 million), the Company has obtained undertakings from the appropriate solicitors to repay the proceeds from sale of properties currently being marketed for sale. The remaining loans of £0.7 million (31 December 2024: £0.6 million) are generally smaller unsecured loans.

As at 30 September 2025 the Company had no secured bridging loans (31 December 2024: one loan) and one unsecured bridging loans (31 December 2024: no loans) which were neither past due nor impaired but for which capital repayment extensions had been agreed. The capital balance of these loans was £0.4 million (31 December 2024: total £0.4 million). The extended loan as at 31 December 2024 were repaid in full in 2025 following the completion of the sale of property.

The Company's loans past due but not impaired are summarised below:

	As at 30 September 2025		As at 31 December 2024	
	Balance overdue £	Balance of loans £	Balance overdue £	Balance of loans £
Up to 1 month overdue	—	—	—	—
Over 1 month overdue	—	—	—	—

The Company's property term loans are repayable in semi-annual instalments on 30 June and 31 December each year.

Loans and advances to customers are reviewed regularly to determine whether there is any objective evidence of impairment. The Company has no concerns about the credit quality of its loans and no specific impairment provisions have been included.

Notes to the Financial Statements continued

20 Financial Instruments continued

Credit Risk continued

Customer default risk continued

The Company has never suffered any bad debts on property loans in its history and therefore no collective impairment provision has been included in respect of these. However, a collective provision of £106 (31 December 2024: £156) has been included in respect of the £4,250 (31 December 2024: £6,250) balance of unsecured car loans.

The Company has not taken possession of any collateral it holds as security for loans during the 9 months ended 30 September 2025 (year ended 31 December 2024: none).

Treasury credit risk

The credit risk of treasury assets is considered to be relatively low. No assets are actively traded. Certain liquid assets are held as part of the Company's liquidity buffer.

The Company does not engage in wholesale deposit lending other than with interbank counterparties with strong long-term credit ratings (minimum Moody's rating of Baa3 for UK banks / building societies and A3 for overseas banks / building societies), or allow placements exceeding the Company's large exposures capital base (subject to the PRA notification rules). The amount of deposits placed with any one bank is limited to 25% of the Company's regulatory capital. The maximum term of any deposit as at 30 September 2025 was 95 days (31 December 2024: 6 months).

As at 30 September 2025 and at 31 December 2024 none of the treasury assets were past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its current and future obligations as they fall due, or is only able to do so at excessive cost.

The Company's policy is to ensure that it maintains a minimum liquidity position, consisting of bank deposits, UK gilts and other readily-realizable investments, sufficient to meet a demand for payment of all retail deposits repayable within 8 days, even under stressed scenarios.

The maturity of the Company's financial liabilities is shown on the next page.

Notes to the Financial Statements continued

20 Financial Instruments continued

Liquidity Risk continued

	Total £	Less than 1 month (*) £	1 - 3 months £	3 months to 1 year £	1 to 5 years £	More than 5 years £
At 30 September 2025						
Customer deposits	21,227,564	11,325,450	9,098,651	-	803,463	-
Other liabilities	370,311	370,311	-	-	-	-
	21,597,875	11,695,761	9,098,651	-	803,463	-
At 31 December 2024						
Customer deposits	22,043,458	11,728,909	9,511,086	-	803,463	-
Other liabilities	167,472	167,472	-	-	-	-
	22,210,930	11,896,381	9,511,086	-	803,463	-

(*) Child Trust Funds have been included in the 'Less than 1 month' column as they can be transferred to other providers, at the request of the registered contact, within this period. However, the child is not entitled to the funds until they become 18 years of age and this will occur gradually over the period until 2029.

Market Risk

Market risk is the risk that the value of, or income arising from, the Company's assets and liabilities change as a result of changes in market prices or interest rates.

The Company has a Board-approved Treasury Policy Statement which includes limits for all aspects of applicable market risks.

Interest Rate Risk

The Company is exposed to the risk of loss from fluctuations in the future cash flows because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps between assets and liabilities based upon the next interest rate re-pricing dates as against the contractual maturity dates of the instruments.

The customer deposits placed with the Company are all variable rate and rates can be adjusted as necessary dependent on market conditions, subject to a 3-month notice period where not in the depositors' favour.

The Company's property loans are also all variable rate, although the Company's policy has been to maintain stability in loan rates wherever possible.

Notes to the Financial Statements continued

20 Financial Instruments continued

Market Risk continued

Interest Rate Risk continued

The Company's deposits placed with other financial institutions are also variable rate with no fixed rate or fixed term deposits held as at 30 September 2025 (31 December 2024: none) and no deposits linked to other benchmarks.

The Company holds no options or other derivative instruments and has no multi-currency interest rate exposures.

Therefore, the Company's interest rate risk arises primarily as a result of its investment portfolio. The bond and gilt investments are fixed rate, fixed term investments and so changes in market interest rates will have the following effects:

- In the event of rising market interest rates, no additional income will be generated from these investments to fund the possible interest rate rises for the Company's depositors.
- The market value of the fixed rate investments will decrease in the event of market rate rises (which have not already been priced into the current market value).

The Senior Officers monitor the interest rate risk on a monthly basis and this is reported to the Audit and Risk Committee. The impact of a potential 2% parallel shift in the yield curve against the Company's interest-bearing assets is computed back to a net present value.

The reported interest rate sensitivity on the year-end statement of financial position (measured as the effect of a 2% parallel shift in Sterling interest rates) was as follows:

	30 Sep 2025 £'000	31 Dec 2024 £'000
Net present Value Sensitivity to:		
Positive Shift (+2%)	(333)	(273)
Negative Shift (-2%)	381	316

The interest rate sensitivities above are illustrative only and are based on simplified scenarios. The figures represent the effect on net interest income and fixed interest security values arising from a parallel fall or rise in the yield curve and do not take into account the effect of any further actions taken to mitigate the effect.

Notes to the Financial Statements continued

20 Financial Instruments continued

Market Risk continued

Interest Rate Risk continued

A 2% rise in market rates would also have the following effect on the Company's ongoing operating surplus, assuming that it was passed on in full to both borrowers and depositors and was reflected in rates available on the Company's bank deposits:

	30 Sep 2025 £'000	31 Dec 2024 £'000
Reduction in surplus	61	65

In reality, the Company would carefully and quickly manage the extent to which the rate increase was passed on to depositors and borrowers to minimise this risk further. In addition, the Company can make transfers to/from its investment portfolio which gives a further tool to manage its net surplus.

Foreign Exchange Risk

The Company has no significant direct exposure to foreign exchange rate movements as almost all of its assets and liabilities are Sterling denominated.

Market Price Risk

The Company has a significant investment portfolio of long-term investments which are held primarily in order to:

- provide income to cover the Company's fixed costs and enable it to fulfil its primary purpose, i.e. providing loans for building schemes to Christian churches and associated organisations at the lowest practicable rate of interest throughout the duration of each loan;
- provide readily realisable assets (primarily the government gilts part of the portfolio) to enable the Company to meet its liquidity requirements; and
- generate long term capital growth to further strengthen the Company's capital base.

The investment portfolio is managed by Sarasin & Partners LLP within an investment mandate including benchmarks, limits and other parameters agreed by the Board within the Company's risk appetite.

Notes to the Financial Statements continued

20 Financial Instruments continued

Market Risk continued

Market Price Risk continued

The main market risk relates to the volatility of the investments, particularly the equities and equity funds in response to market or investment-specific events. A 25% decrease in the market value of equity investments would result in a negative movement in the unrealised gain/loss on these investments totalling £2.0 million (31 December 2024: £2.0 million). The Company's capital would decrease by the same amount but would remain well above the regulatory minimum.

Capital Risk

Capital risk is defined as the risk that the Company has insufficient capital to provide a resource large enough to absorb losses or that the capital structure is insufficient to meet regulatory requirements.

The Company is obliged to maintain regulatory capital above the €5 million base capital requirement applicable to banks or the amount calculated under the Pillar 1 plus Pillar 2A requirements, whichever is the higher.

In addition, the Company's internal policy is to maintain an internally-calculated buffer to cover potential stresses.

The Company's actual regulatory capital, all of the highest quality 'Common Equity Tier 1', remained above that required by the regulatory limit and internal policy during the 9 months ended 30 September 2025 (and the year ended 31 December 2024).

21 Called Up Share Capital

Issued, called up and fully paid:

	30 September 2025		31 December 2024	
	Number	£	Number	£
Ordinary A shares of £0.25 each	4,108	1,027	4,108	1,027
Ordinary B Shares of £10 each	17	170	17	170
	4,125	1,197	4,125	1,197

Notes to the Financial Statements continued

22 Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	30 Sep 2025 £	31 Dec 2024 £
Not later than 1 year	2,531	2,531
Later than 1 year and not later than 5 years	6,269	8,161
Later than 5 years	-	-
	8,800	10,692

23 Analysis of Changes in Net Debt

	At 1 Jan 2025 £	Cash flows £	At 30 Sep 2025 £
Cash and cash equivalents			
Cash at bank and in hand	8,355,272	1,062,482	9,417,754
Short term liquid investments	1,831,800	(1,083,112)	748,688
	10,187,072	(20,630)	10,166,442
Borrowings			
Debt due within one year	-	-	-
Total	10,187,072	(20,630)	10,166,442

£521,480 (31 December 2024: £1,313,916) held within bank accounts requiring more than 90 days' notice of withdrawal has been included within investments held for short term.

24 Related Party Transactions

Anne Goodman (Director) is the Chief Executive of the Trustees for Methodist Church Purposes. The Trustees for Methodist Church Purposes hold, as full trustee of the MCA Charitable Trust, 30% (31 December 2024: 30%) of the share capital of the Company. It holds these shares for the charitable purposes of the Methodist Church generally.

The Directors are considered to be the key management personnel of the Company and their remuneration has been disclosed in note 8.

Notes to the Financial Statements continued

25 Winding up

The Articles of Association of the Company require that in the event of the Company being wound up, any surplus of funds remaining after the settling of all liabilities and repayment of the share capital shall be distributed in accordance with the directions of the Methodist Conference.

Officers and Professional Advisers

The Board of Directors

As at 30 September 2025

Richard J Price MA (Chair)

Andrew C Slim BA FCIB (Deputy Chair from 15 April 2025)

Helen E Ashley Taylor BMus FCCA (retired 15 April 2025)

D Jeremy M Burchill LLB BL

J Paul Casey BA FCMA

Anne F Goodman BSc (Econ)

Peter Green MBA

A Christopher Jarratt BSc FCA

Steven R Jones BA FCCA (appointed 15 April 2025)

Ruth Manning BSc FCA (appointed 1 June 2025) EC4N 4TR

Peter A Mills FCA (retired 15 April 2025)

Guy Priestley ACIB

Chief Executive

A Christopher Jarratt BSc FCA

Finance Director and Company Secretary

Steven R Jones BA FCCA

Registered Office

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Registered in England and Wales No. 30546

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Authority and regulated by the Financial

Conduct Authority and the Prudential

Regulation Authority

Firm Reference No: 204508

Auditor

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Chartered Accountants & Registered Auditors

The Copper Room

Deva City Office Park

Trinity Way

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City of London Branch

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Solicitor

Harrowells Limited

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Investment Manager

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