

# MERCERS' COMPANY HOUSING ASSOCIATION

England & Wales · Charity number 1172263

## Details

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Status Registered

Legal form Charitable company

Company number [10255806](#)

Registered 2017-03-27

Register [View on the Charity Commission register](#)

## Contact

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Website [mercercs.co.uk](http://mercercs.co.uk)

## Activities

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**Objects:** THE OBJECTS OF THE CHARITY ARE FOR THE PUBLIC BENEFIT:A. THE PROVISION OF HOUSING AND ANY ASSOCIATED AMENITIES FOR PERSONS IN NECESSITOUS CIRCUMSTANCES UPON TERMS APPROPRIATE TO THEIR MEANS; ANDB. THE PROVISION FOR AGED PERSONS IN NEED THEREOF HOUSING AND ANY ASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIES AND REQUIREMENTS OF SUCH PERSONS.

**Activities:** THE MERCERS' COMPANY HOUSING ASSOCIATION:1. PROVIDES HOUSING AND ANY ASSOCIATED AMENITIES FOR PERSONS IN NECESSITOUS CIRCUMSTANCES UPON TERMS APPROPRIATE TO THEIR MEANS; AND2. PROVIDES FOR AGED PERSONS IN NEED THEREOF HOUSING AND ANY ASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIES AND REQUIREMENTS OF SUCH PERSONS.

## Classification

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- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** The Prevention Or Relief Of Poverty
- **Who:** Elderly/old People, People With Disabilities, The General Public/mankind

## Geography

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- Islington

## Finances

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Period end	Income	Expenditure	Assets	Employees
2025-03-31	£861,000	£665,000	£4,336,000	0
2024-03-31	£761,000	£707,000	£4,140,000	0
2023-03-31	£691,000	£667,000	£4,431,000	0
2022-03-31	£629,000	£677,000	£4,419,000	0
2021-03-31	£631,000	£488,000	£2,996,000	0

## Trustees

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Name	Role	Appointed
ANTHONY BEVERLEY TOTTON		2016-06-28
Adam Sedgwick		2015-09-01
JOHN RODERICK GRAHAM		2019-09-01
Josephine Clair Downie		2025-10-13

**MERCERS' COMPANY HOUSING ASSOCIATION**

England & Wales - Charity number 1172263

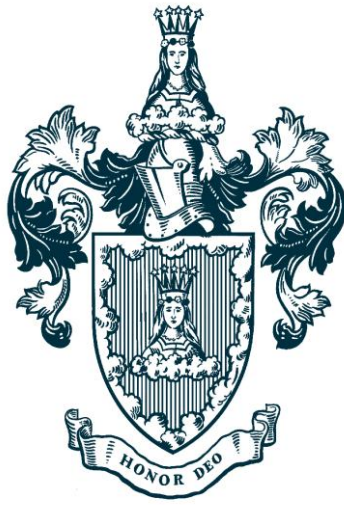
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# Accounts

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# **Mercers' Company Housing Association**

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## **Trustees' Annual Report & Financial Statements 2025**

Charity Commission Number 1172263

Company Number 10255806

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# Trustees' Annual Report for the year ended 31 March 2025

The Trustees of the Charity present their annual report together with the financial statements of the Charity for the year ended 31 March 2025. These also meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the relevant Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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## Introduction, objects and activities for public benefit

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Mercers' Company Housing Association (the Charity) provides sheltered housing at Mercers' House and Priory House, both in Islington, London.

Accommodation provided is one- and two-bedroom self-contained units with access to a communal lounge, garden, laundry, and hairdressers. Each site has a Scheme Manager.

The objects of the Charity are the provision of housing and any associated amenities for persons in necessitous circumstance upon terms appropriate to their means; and, the provision for aged persons in need of housing and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons.

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## Provision of Housing Overview

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The Charity is one of three charities whose housing provision is managed by the Mercers' Company. The Charity operates two sites, as follows:

### Mercers' House, Islington, London



### Priory House, Islington, London



The housing provision continues to be accredited by EROSH with reviews taking place each autumn. The accreditation was maintained at the 2024 review against the EROSH Independent Living Standards (previously known as the EROSH Code of Practice). Points of good practice identified included staff management, recruitment and retention, service description and standards and resident involvement. The next full EROSH accreditation of the Mercers' Company as a housing provider will take place in late 2025.

A new Scheme Manager was appointed to Priory House during 2024 and has settled in well bringing new leadership and energy to the scheme.

Ongoing maintenance work is carried out at both sites to ensure the quality of housing units and their environs remains high. Work has been undertaken on boiler repairs and window replacements at Priory House and on the lifts at Mercers' House.

The Housing Management team continue to keep abreast of changes of legislation relevant to the provision of housing and in particular have undertaken a formal review of the assured tenancy issued to new residents during the year. We have recently had an independent fire door professional complete a survey, carry out the checks on all doors within the scheme, and provide a report. We have recently completed the BSI 45001 audit which checks we are following the correct procedures. All relevant training in relation to safeguarding has been completed; policy and procedures are in place with regular report to the Board. There have been no reportable incidents in 2024/25.

Regular activities for residents (such as coffee mornings, wellbeing classes, darts and bingo) take place at both schemes, alongside planned events, trips or celebrations which are undertaken jointly. The Trustees regularly visit the schemes together with members of the Mercers' Company's Older People & Housing Committee. A Residents' Forum meets twice a year with two residents representing each scheme. It is chaired by the Chairman of Older People & Housing Committee. Rotation of residents allows other residents the opportunity to be involved.

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## Financial Review

### Funding Sources

Income from sheltered housing rents and utilities amounted to £751,000 in 2025 (2024: £668,000). Investment income from investment properties amounted to £53,000 during the year (2024: £53,000) and investment income from the Cyclical Maintenance Fund was £28,000 (2024: £22,000). Interest of £27,000 was received on cash deposits during the year (2024: £18,000).

### Investments

#### *Investment property*

As there have been no significant changes in market conditions or the condition of the properties that would indicate a material change in fair value, the trustees have concluded that a revaluation is not required in the current financial year. Revaluation losses of £370,000 were recognised last year.

#### *Listed investments*

There were no net gains or losses on stock market investments were experienced in the year (2025: £25,000). The portfolio produced a total return, after fees, of +4.2% over the year to 31 March 2025, ahead of the CPI +1% target return of +3.8%. The portfolio experienced strong headline returns from the major asset classes, particularly within the fixed income held via the Sarasin Income & Reserves Fund. Markets experienced a pullback in the first quarter of 2025, largely due to rising geopolitical tensions and the re-emergence of protectionist trade policies.

The Trustee continues to monitor the performance of the portfolios and the market.

<b>Investment Fund</b>	<b>12 months to 31 March 2025</b>	<b>Since inception August 2023</b>
Cyclical Maintenance Fund	4.2%	10.7%
Primary Comparator: CPI + 1%	3.8%	5.1%
Secondary Comparator: Sarasin Income & Reserves Fund	4.2%	12.4%

## Results for the year

Total income for the year was £861,000 (2024: £761,000); total expenditure for the year was £665,000 (2024: £707,000) and net gains on investments were nil (2024: £345,000 net losses) resulting in net income for the year of £196,000 (2024: £291,000 net expenditure).

## Investment policy

In accordance with the Scheme, the Trustees have the power to invest in such stocks, shares, and property as appropriate to meet the objectives of the Charity.

The investment policies were reviewed during the year. The policies reflect the need to generate a sufficient financial return for the charity to fulfil its objectives, with an appropriate time horizon, while managing risk and reflecting the charities' stance on ethical investments.

The portfolio is managed on a balanced risk approach for growth.

The investment performance of the investments is compared against relevant benchmarks (see Financial Review above).

The Charity has a policy of responsible investment, positively screening to invest in companies that can demonstrate socially responsible values and sustainable growth, and negatively screening companies or sectors that are not in line with the charitable objects of the Charity. As such, the following areas are excluded from our investments:

- tobacco
- gambling
- pornography
- high interest lending

The Trustees are satisfied that the policy and objectives are being met.

## Reserves Policy

The reserves policy was reviewed by the Trustees during the year and the policy was developed further to build upon the objectives, responsibilities, risk management, liquidity, and reporting and monitoring processes for managing the reserves. The primary reason for holding the reserves for the Charity is to ensure the prudent management of the housing services provided to beneficiaries in the event of a fall in income or other adverse occurrence.

The free reserves of the Charity comprise the unrestricted funds less the unavailable assets and comprise the following:

	<b>2025</b> <b>£000s</b>	<b>2024</b> <b>£000s</b>
Total unrestricted funds	3,605	3,461
Less unavailable assets	<u>2,913</u>	<u>2,967</u>
Free reserves	692	494
<b>Reserves:</b>		
Six months operating costs of sheltered housing	201	192
2025/26 transfer to the Cyclical Maintenance Fund	215	215
Total allocated reserves	<b>416</b>	<b>407</b>
Excess free reserves	<b>276</b>	<b>87</b>

The Trustees are planning the utilisation of the free reserves in coming years to underpin the programme of cyclical repairs at the two schemes and support the provision of housing for the elderly.

The Trustees review the level of reserves annually.

### Fundraising Policy

The Charity does not participate in any fundraising.

### Risk Management and internal control

The Board of Trustees acknowledges its responsibility for the management of risks faced by the Charity. The Charity's Risk Register is reviewed at each meeting by the Trustees and more frequently by the Mercers Company's housing management team.

The Trustees in considering the governance, management, operational, financial and environmental risks, are satisfied, at this stage, that there is no material exposure and that there are appropriate procedures in place to mitigate such risks.

The Trustees have agreed clear lines of delegation and authority and the Trustees, the Mercers' Company's Older People & Housing Committee and housing management team are involved in the recognition of risk in the Charity's housing operations.

The principal risk faced by the Charity is:

Risk	Mitigation
Incident causing personal injury or death to resident, contractor, employee or visitor at a Housing Scheme	Health & Safety Policy. Safeguarding policy. Internal Audit. Annual EROSH accreditation. Annual BSI Audit. Out of hours Warden Call service. Staff Training. Management Reporting to Older People & Housing Committee and trustees. Employer liability insurance – limit of indemnity £10m. Public and product liability insurance – limit of indemnity £2m

## Structure, governance and management

As set out in the Articles of Association, the Member of the Charity, the Mercers' Company, appoints the Trustees. Each year one third, or the number nearest to one third of the Trustees, being those who have been longest in office since their last appointment or reappointment, must retire from office. Retiring Trustees may be reappointed. At the meeting in September 2024, Mr J R Graham retired by rotation and was reappointed for a further term.

The Board of Trustees is responsible for the business of the Charity and meets regularly. The Board has delegated certain matters to a number of the sole Member's specialist committees:

Function	Delegated Body
Oversight of housing operations/ operational property	Older People & Housing Committee Property Committee
Overview of risk management process and external audit process	Audit Committee
Oversight of cash and investments	Investment Committee

The Board of Trustees is supported by the staff of the Mercers' Company, who are appropriately trained and qualified. These administrative services are provided under a service agreement. The following members of the Mercers' Company's senior management are involved in the provision of services:

Mr RM Abernethy (Clerk to the Mercers' Company)

Ms SMA Hedley-Dent (Deputy Clerk to The Mercers' Company)

Mr JRA Christie (Finance Director)

The Board intends to apply the principles of the Charity Governance Code so far as is possible. The Board last undertook a self-assessment against the Charity Governance Code in 2023/24 and has identified areas in which it can further improve its practice.

During the year, the trustees reviewed the provision of services to the Charity by the Mercers' Company and together with the other charities who receive services from the Company, commissioned an external benchmarking report to establish value for money.

### **Our volunteers**

The Charity relies on members of The Mercers' Company volunteering their time to sit on committees, and attend events involving beneficiaries. In keeping with recommended practice, an estimate of the numbers of hours that Committee members give to the Charity free of charge during the year has been undertaken resulting in approximately 27 hours of voluntary time.

### **Related Parties**

Details of related parties and connected charities are given in note 13 of the financial statements. The Charity works closely with The Mercers' Company as well as with The Charity of Sir Richard Whittington and the Earl of Northampton's Charity, both of which also provide housing and associated services.

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### **Future Plans**

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The Charity intends to continue to provide good quality housing at the two housing schemes. Over the next few years, there is a particular focus on cyclical maintenance – further lift work and window replacement at Mercer House.

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## Statement of Trustees' responsibilities

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The Trustees (who are also directors of Mercers' Company Housing Association for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charity and of the income and expenditure of the Charity for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 Charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity's 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
  - each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.
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This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the Charity's financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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**Mr John Roderick Graham**

**Chairman Trustee**

13 October 2025



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**Mr Adam Sedgwick**

**Trustee**

# Independent Auditor's Report

TO THE MEMBER OF MERCERS' COMPANY HOUSING ASSOCIATION

## Opinion

We have audited the financial statements of The Mercers' Company Housing Association (the 'Charitable Company') for the year ended 31 March 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements which include the principal 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 Charitable Company's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

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**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the Trustees' report, which is also the Directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the Directors' report for the purposes of company law, has 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 Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
  - ◆ the financial statements are not in agreement with the accounting records and returns; or
  - ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
  - ◆ we have not received all the information and explanations we require for our audit; or
  - ◆ the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.
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## Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable 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 Trustees either intend to liquidate the Charitable 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 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
  - ◆ we identified the laws and regulations applicable to the Charitable Company through discussions with those charged with governance and management, and from our knowledge and experience of the sector;
  - ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charitable Company, including the Companies Act 2006, the Charities Act 2011 and the financial reporting framework referred to above; and
  - ◆ we understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of meetings of those charged with governance.
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We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected financial relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ performed substantive testing of expenditure including testing the authorisation thereof; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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**Use of our report**

This report is made solely to the Charitable Company's member, 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 Charitable Company's member those matters we are required to state to it 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 Charitable Company and the Charitable Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

**Edward Finch (Senior Statutory Auditor)**

**For and on behalf of Buzzacott Audit LLP, Statutory Auditor**

**130 Wood Street**

**London**

**EC2V 6DL**

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# Statement of Financial Activities for the year ended 31 March 2025

(Incorporating an Income and Expenditure Account)

	Note	Year ended 31 March 2025			Year ended
		Unrestricted	Designated	Total Funds	31 March
		Funds	Funds	Total Funds	2024
		£'000	£'000	£'000	£'000
<b>Income</b>					
Donations	2	2	-	2	-
Investments	2	80	28	108	93
Charitable activities:					
Rents	3	751	-	751	668
<b>Total income</b>		<b>833</b>	<b>28</b>	<b>861</b>	<b>761</b>
<b>Expenditure</b>					
Raising funds	4	(2)	4	2	(11)
Charitable activities	3, 4	(504)	(163)	(667)	(696)
<b>Total expenditure</b>		<b>(506)</b>	<b>(159)</b>	<b>(665)</b>	<b>(707)</b>
(Losses) on investments	6, 7	-	-	-	(345)
<b>Net income/(expenditure)</b>		<b>327</b>	<b>(131)</b>	<b>196</b>	<b>(291)</b>
Transfers between funds	10	(183)	183	-	-
<b>Net movement in funds</b>		<b>144</b>	<b>52</b>	<b>196</b>	<b>(291)</b>
Fund balances brought forward at 1 April		3,461	679	4,140	4,431
<b>Fund balances carried forward at 31 March</b>		<b>3,605</b>	<b>731</b>	<b>4,336</b>	<b>4,140</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses other than those disclosed above.

# Statement of Financial Activities for the year ended 31 March 2024

(Incorporating an Income and Expenditure Account)

	Note	Year ended 31 March 2024		
		Unrestricted	Designated	Total Funds
		Funds	Funds	
		£'000	£'000	£'000
<b>Income</b>				
Investments	2	71	22	93
Charitable activities:				
Rents	3	668	-	668
<b>Total income</b>		<b>739</b>	<b>22</b>	<b>761</b>
<b>Expenditure</b>				
Raising funds	4	(10)	(1)	(11)
Charitable activities	3, 4	(422)	(274)	(696)
<b>Total expenditure</b>		<b>(432)</b>	<b>(275)</b>	<b>(707)</b>
(Losses)/gains on investments	6, 7	(370)	25	(345)
<b>Net expenditure</b>		<b>(63)</b>	<b>(228)</b>	<b>(291)</b>
Transfers between funds	10	(194)	194	-
<b>Net movement in funds</b>		<b>(257)</b>	<b>(34)</b>	<b>(291)</b>
Fund balances brought forward at 1 April		3,718	713	4,431
<b>Fund balances carried forward at 31 March</b>		<b>3,461</b>	<b>679</b>	<b>4,140</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses.

# Balance Sheet as at 31 March 2025

	Note	31 March 2025		31 March 2024	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	5	1,633		1,687	
Investment property	6	1,280		1,280	
Quoted Investments	7	<u>667</u>		<u>742</u>	
			3,580		3,709
<b>Current assets</b>					
Debtors	8	53		31	
Cash at bank and in hand		<u>811</u>		<u>459</u>	
Total current assets		<u>864</u>		<u>490</u>	
Creditors: amounts falling due within one year	9	<u>(108)</u>		<u>(59)</u>	
<b>Net current assets</b>			756		431
<b>Total net assets</b>			<b>4,336</b>		<b>4,140</b>
<b>The funds of the charity</b>					
Unrestricted funds:					
General funds	10		692		494
Tangible fixed asset funds	10		2,913		2,967
Designated funds	10		731		679
<b>Total Charity funds</b>	10		<b>4,336</b>		<b>4,140</b>

The attached notes on pages 22 to 33 form an integral part of these financial statements. The financial statements on pages 18 to 33 were approved by the Trustees on 13 October 2025 and are signed on their behalf by:

-----  
 Mr John Roderick Graham  
 Chairman  
 The Company Number is 10255806.  
 13 October 2025

-----  
 Mr Adam Sedgwick  
 Trustee

# Statement of Cash Flows for the year ended 31 March 2025

	Note	2025 £'000	2024 £'000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	11	220	18
<b>Cash flows from investing activities:</b>			
Dividends received		28	22
Interest received		29	18
Purchase of investments		(38)	(765)
Decrease in cash held by investment managers		7	229
Proceeds from the sale of investments		106	515
<b>Net cash provided by investing activities</b>		<b>132</b>	<b>19</b>
Change in cash and cash equivalents in the financial year		352	37
Cash and cash equivalents at the beginning of the financial year		459	422
<b>Cash and cash equivalents at the end of the financial year</b>	<b>11</b>	<b>811</b>	<b>459</b>

No separate statement of changes in net debt has been prepared as there is no difference between the movement in cash and cash equivalents and movements in net cash (debt).

# Notes to the financial statements

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## 1 Accounting Policies

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### ACCOUNTING BASIS

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these financial statements.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('SORP (FRS 102)').

The Charity constitutes a public benefit entity as defined by FRS 102.

### GOING CONCERN

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern and the financial statements of the Charity have been prepared on that basis as they do not intend to liquidate the Charity or to cease its operations and have concluded that the charity's financial position means that this is realistic.

In making this assessment, the Trustees have considered the Charity's financial position, the value of investment assets held, future income and investment return levels, expenditure requirements and the liquidity of the charity, considering the cost-of-living crisis, inflationary pressures and changing economic environment, and the risks faced by the Charity.

The Trustees are satisfied that the Charity could absorb significant changes in investment value with no impact on its ability to continue as a going concern.

They have also concluded that there are no material uncertainties that could cast significant doubt over the ability to continue as a going concern. A rolling annual review of the Charity's detailed forecast financial position over a 5-year period is carried out, alongside 15-year modelling of funds held to confirm that sufficient funds will be generated to finance required expenditure on the sheltered housing.

For these reasons, the Trustees continue to adopt a going concern basis for the preparation of the financial statements.

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#### CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances prevailing. The main estimates and judgements relate to the investment property valuations and the estimated useful lives of tangible fixed assets.

#### INCOME

All income, comprising rents and service charges from the housing operations, interest on bank accounts, dividends from investments, and rents from investment properties, is stated gross and is included on an accruals basis when the Charity has entitlement, receipt is probable and the amount can be measured with sufficient reliability. Income relating to a subsequent financial year is carried forward as a creditor in the balance sheet and shown as deferred income.

#### EXPENDITURE

All expenditure is included on an accruals basis and is recognised as soon as there is a legal or constructive obligation committing the Charity to it, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is included with the underlying expense and charged to the Statement of Financial Activities (SOFA) as incurred. Overhead costs are allocated from The Mercers' Company under a service level agreement. This allocation has been estimated by The Mercers' Company based on the proportion of time spent on the Charity by staff.

#### TAXATION

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Accordingly, no provision is made for current or deferred taxation.

#### INVESTMENT GAINS AND LOSSES

Unrealised gains and losses for the period reflect the movement in market values. Realised gains and losses represent the difference between proceeds on disposal and the market value brought forward (or cost if acquired in the year). Unrealised and realised investment gains or losses are shown net on the SOFA.

#### INVESTMENTS

Investments are stated at their fair value at the balance sheet date. Investment properties are re-valued externally every five years and internally by the Trustee in intervening years. The Trustees are of the opinion that this valuation is appropriate for the purpose of these financial statements. Cash held by investment managers is recognised as part of investments.

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#### TANGIBLE FIXED ASSETS

All assets costing more than £10,000 are capitalised at cost and depreciated over their useful economic lives. Subsequent expenditure on a capitalised asset will also be capitalised where it is regarded that there has been an enhancement to the asset or a depreciated asset has been replaced.

#### DEPRECIATION

The Trustees consider the useful life of the property to be not less than 50 years. Accordingly, a depreciation rate of 2% has been applied to the historical cost (after eliminating the original cost of the land) over the expected economic useful life of the property. Land is not depreciated. The useful economic life and any impairment of the property is reviewed annually. Where there is impairment, the property is written down to the recoverable amount.

#### FUNDS

The Charity has the following types of unrestricted funds:

- General funds – where the funds are not restricted as to use other than in furthering the objects of the Charity.
- Designated reserve: cyclical maintenance reserve – where the reserve is for repairs of the properties.
- Fixed asset reserve – comprises the book value of tangible fixed assets and investment properties.

#### SHARE CAPITAL

The Charitable Company is limited by guarantee and has no share capital. The member of the Charitable Company, The Mercers' Company, guarantees to undertake to contribute one pound in the event of the winding up of the Charitable Company.

#### FINANCIAL INSTRUMENTS

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, except for investments which are measured at fair value.

## 2 Donations and Investments

£2,150 was donated to the charity during the year.

Investment income was generated as follows:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Rents from investment properties	53	53
Dividend income from Cyclical Maintenance Fund	28	22
Interest	27	18
	<b>108</b>	<b>93</b>

## 3 Charitable Activities

Income and expenditure is analysed as follows:

	<b>2025</b>				<b>2024</b>			
	<b>Mercers' House</b>	<b>Priory House</b>	<b>Head Office</b>	<b>Total</b>	<b>Mercers' House</b>	<b>Priory House</b>	<b>Head Office</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rents & service charge income	392	359	-	751	359	309	-	668
Property operating costs	(146)	(190)	-	(336)	(125)	(127)	-	(252)
Major repairs & projects	(69)	(94)	-	(163)	(193)	(81)	-	(274)
Depreciation	-	(54)	-	(54)	-	(53)	-	(54)
Bad debt	4	5	-	9	(17)	-	-	(17)
Administration & governance	(61)	(44)	(12)	(117)	(52)	(37)	(6)	(95)
Auditor's remuneration	-	-	(6)	(6)	-	-	(5)	(5)
Total expenditure	(272)	(377)	(18)	(667)	(387)	(298)	(11)	(696)
Net income/(expenditure)	120	(18)	(18)	84	(28)	11	(11)	(28)

Major repairs and projects are funded by the Cyclical Maintenance Fund.

## 4 Expenditure

	<b>Further notes</b>	<b>Governance &amp; support costs £'000</b>	<b>Other direct costs £'000</b>	<b>Total 2025 £'000</b>	<b>Total 2024 £'000</b>
Investment management rebate/(fees)		-	2	2	(11)
<i>Charitable activities</i>					
Housing for the elderly	3	(18)	(649)	(667)	(696)
		(18)	(647)	(665)	(707)

	<b>Further notes</b>	<b>Governance &amp; support costs £'000</b>	<b>Other direct costs £'000</b>	<b>Total 2024 £'000</b>
Investment management fees			-	(11)
<i>Charitable activities</i>				
Housing for the elderly	3	(11)	(685)	(696)
		(11)	(696)	(707)

The Charity has no employees (2024: nil). The Mercers' Company, by way of a service agreement, provides housing management services to the Charity. The Trustees have not received any emoluments or reimbursements during the year for acting as Trustees (2024: nil). Governance costs comprise audit fees of £5,150 (excluding irrecoverable VAT) (2024: £4,975).

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## 5 Tangible Assets

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The operating properties are shown at their historical cost less depreciation.

	<b>Land &amp; Buildings £'000</b>
<b><u>Cost</u></b>	
Balance at 1 April 2024	3,036
<b><u>Depreciation</u></b>	
Balance brought forward at 1 April 2024	(1,349)
Charge for the year	(54)
Balance carried forward 31 March 2025	(1,403)
<b>Net book value at 31 March 2025</b>	<b>1,633</b>
<b>Net book value at 31 March 2024</b>	<b>1,687</b>

Land and buildings comprise the freehold historical cost of Priory House. A further property, Mercers' House is a leasehold interest at nil historical cost and at a peppercorn rent. Mercers' House is leased from The Mercers' Charitable Foundation, a connected charity.

The net book values shown do not represent current open market valuations.

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## 6 Investment Properties

The Charity's investment properties are as follows:

<b>Freehold property</b>	<b>1 April 2024</b>	<b>Revaluation losses</b>	<b>31 March 2025</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Market value	1,280	-	1,280
Historical cost	179		179

A full external valuation was done on 31 March 2024 by Cluttons LLP, which is an independent firm of qualified surveyors. The revaluation loss in the year ended 31 March 2024 was £370,000. As there have been no significant changes in market conditions or the condition of the properties that would indicate a material change in fair value, the Trustees have concluded that a revaluation is not required in the current financial year .

## 7 Quoted Investments

The changes during the year are as follows:

	<b>1 April</b>			<b>Movement</b>	<b>Revaluation</b>	<b>31 March</b>
	<b>2024</b>	<b>Purchases</b>	<b>Sales</b>	<b>in cash</b>	<b>gains</b>	<b>2025</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cyclical Maintenance Fund	742	38	(106)	(7)	-	667
Historical cost	709					638

The investment fund comprised unit holdings of the Sarasin Income and Reserves Fund that has the following asset allocation:

	<b>2025</b>	
	<b>£'000</b>	<b>%</b>
Equities	130	19.5
Fixed Income	376	56.3
Alternatives	74	11.2
Cash	87	13.0
<b>Total</b>	<b>667</b>	<b>100.0</b>

There were no investment gains or losses during the year on quoted investments (2024: £25,000).

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## 8 Debtors

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Debtors are made up as follows:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Rent receivable	34	15
Prepayments and accrued income	19	16
	53	31

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## 9 Creditors: Amounts Falling Due Within One Year

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Creditors are amounts falling due within one year and are made up as follows:

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Rent received in advance	26	42
Accruals	20	5
Amount due to The Mercers' Company	42	-
Other creditors	20	12
	108	59

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## 10 Analysis of Funds

The designated funds comprise the Cyclical Maintenance Reserve which provides for repairs of the properties. £183,000 (2024: £194,000) was transferred into the fund from Unrestricted Funds during the year to provide for future repairs and maintenance of the sheltered housing properties. £163,000 (2024: £274,000) was used during the year for cyclical and extraordinary repairs at the properties.

The fixed assets funds comprise the Charity's operating properties and investment properties. These funds are not readily realisable to meet charitable expenditure.

The net assets by funds are as follows:

	<b>General Funds £000</b>	<b>Fixed Assets Funds £'000</b>	<b>Designated Fund £'000</b>	<b>2025 Total Funds £'000</b>
Tangible assets	-	1,633	-	1,633
Investment properties	-	1,280	-	1,280
Quoted Investments	-	-	667	667
Net current assets	692	-	64	756
<b>Total Funds</b>	<b>692</b>	<b>2,913</b>	<b>731</b>	<b>4,336</b>

	<b>General Funds £000</b>	<b>Fixed Assets Funds £'000</b>	<b>Designated Fund £'000</b>	<b>2024 Total Funds £'000</b>
Tangible assets	-	1,687	-	1,687
Investment properties	-	1,280	-	1,280
Quoted Investments	-	-	742	742
Net current assets/(liabilities)	494	-	(63)	431
<b>Total Funds</b>	<b>494</b>	<b>2,967</b>	<b>679</b>	<b>4,140</b>

## 11 Reconciliation of Net Income / (Expenditure) To Net Cash Flow From Operating Activities

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Net income / (expenditure) for the reporting year (as per statement of activities)	196	(291)
Adjustments for:		
Losses on investments	-	345
Depreciation	54	53
Dividends receivable	(28)	(22)
Interest receivable	(27)	(18)
(Increase)/decrease in debtors	(24)	82
Increase/(decrease) in creditors	49	(131)
Net cash provided by operating activities	220	18

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2025</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	811	459

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## 12 Related Parties and Connected Charities

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The following related parties and charities have common management and are therefore regarded as connected:

Becket House Limited (dormant)  
Charter 600 Charity  
Earl of Northampton's Charity  
Longacre Estates Limited (dormant)  
Longmartin Investments Limited  
Longmartin Properties Limited  
Maiden Trading Limited (dormant)  
Mercers' School Memorial Trust (incorporating The Merrett Bequest)  
St Paul's Schools Foundation  
The Charity of Sir Richard Whittington  
The Mercers' Charitable Foundation  
The Mercers' Company

The principal address of the above entities is:

The Mercers' Company  
6 Frederick's Place  
London EC2R 8AB

The Mercers' Company allocated costs amounting to £155,000 (2024: £123,000) in relation to the Service Agreement and directly attributable costs. £42,000 was outstanding at the year end (2024: Nil). No emoluments or expenses were paid by the Charity to the Trustees during the year (2024: nil). Mercers' House is leased from The Mercers' Charitable Foundation at a peppercorn rent.

There are no other related party transactions requiring disclosure (2024: none).

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# Legal & Administrative Information

## LEGAL STATUS

The Mercers' Company Housing Association ("the Charity") was originally formed in 1983 to develop housing for the elderly primarily in Inner London. The Charity is established as a charitable company limited by guarantee and registered with the Charity Commission. The Charity is governed by its Memorandum and Articles of Association dated 28 June 2016.

Its registered company number is 10255806 and its Charity Commission registration number is 1172263.

There is one member of the Charity, The Wardens and Commonalty of the Mystery of Mercers of the City of London ("The Mercers' Company"). The directors of the Charity are its Trustees for the purpose of charity law.

The Charity is not a registered Social Landlord.

## PRINCIPAL ADDRESS

6 Frederick's Place  
London EC2R 8AB

## INDEPENDENT AUDITOR

Buzzacott Audit LLP  
130 Wood Street  
London EC2V 6DL

## TRUSTEES

Mr John Roderick Graham (Chairman)  
Mr Adam Sedgwick  
Mr Anthony Beverley Totton  
Mrs Lucy Walsh Waring (resigned 13 October 2025)  
Mrs Josephine Downie (appointed 13 October 2025)

## KEY STAFF OF THE MERCERS' COMPANY

Mr Robert Abernethy (Clerk to The Mercers' Company)  
Ms Serena Hedley-Dent (Deputy Clerk to The Mercers' Company)  
Mr James Christie (Chief Financial Officer)  
Miss Sarah Oliver (Housing Manager)

## BANKERS

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

## INVESTMENT MANAGERS

Sarasin & Partners  
Juxon House  
100 St Paul's Churchyard  
London EC4 8BU

**MERCERS' COMPANY HOUSING ASSOCIATION**

England & Wales - Charity number 1172263

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# Accounts

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# **Mercers' Company Housing Association**

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## **Trustees' Annual Report & Financial Statements 2024**

Charity Commission Number 1172263

Company Number 10255806

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# Trustees' Annual Report for the year ended 31 March 2024

The Trustees of the Charity present their annual report together with the financial statements of the Charity for the year ended 31 March 2024. These also meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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## Introduction, objects and activities for public benefit

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Mercers' Company Housing Association (the Charity) provides sheltered housing at Mercers' House and Priory House, both in Islington, London.

Accommodation provided is one- and two-bedroom self-contained units with access to a communal lounge, garden, laundry, and hairdressers. Each site has a Scheme Manager.

The objects of the Charity are the provision of housing and any associated amenities for persons in necessitous circumstance upon terms appropriate to their means; and, the provision for aged persons in need of housing and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons.

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## Provision of Housing Overview

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The Charity is one of three charities whose housing provision is managed by the Mercers' Company. The Charity operates two sites, as follows:

### Mercers' House, Islington, London



### Priory House, Islington, London



The housing provision is accredited by EROSH and is regularly reviewed against the Code of Practice. The most recent review took place in October 2023 and accreditation was maintained. The assessor commented that the actions from the previous review (in 2022) had been satisfactorily addressed as in previous years.

During 2023, the management and processes at MCHA were reviewed closely following the departure of a member of staff which had necessitated a Serious Incident Report being filed (as reported last year). As a result of that review, changes to our management systems and processes have been implemented with increased collaboration across the management team and also between scheme managers at the two sites.

The Trustees regularly visit the schemes together with members of the Mercers' Company's Older People & Housing Committee. For the visit in March 2024 the Master and his wife joined the Older People & Housing Committee members.

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## Financial Review

### Funding Sources

Income from sheltered housing rents and utilities amounted to £668,000 in 2024 (2023: £619,000). Investment income from investment properties amounted to £53,000 during the year (2023: £53,000) and investment income from the Cyclical Maintenance Fund was £22,000 (2023: £12,000). Interest of £18,000 was received on cash deposits during the year (2023: £7,000).

### Investments

#### *Investment property*

An external valuation of the properties was undertaken on 31 March 2024 and revaluation losses of £370,000 have been recognised this year.

#### *Listed investments*

Total net gains of £25,000 on stock market investments were experienced in the year (2023: £12,000 losses). The gains experienced during the year were due to market improvements and asset allocation changes following the appointment of new investment managers, Sarasin & Partners, who took over the management of the funds in August 2023.

With the change in investment managers, the new comparators for the funds are only available since August 2023. The portfolio produced a total return, after fees, of 6.3% since inception to 31 March 2024, ahead of the CPI +1% target return of 2.3%. During the period, there has been strong headline returns from the major asset classes, particularly within the fixed income held via the Sarasin Income & Reserves Fund, as it benefited from the bond rally in December. Global inflation continues to fall back towards target levels and there is an expectation to see interest rate cuts in both the UK and the US later in 2024. The Trustee continues to monitor the performance of the portfolios and the market.

Investment Fund	Since inception August 2023
<b>Cyclical Maintenance Fund</b>	6.3%
Primary Comparator: CPI + 1%	2.3%
Secondary Comparator: Sarasin Income & Reserves Fund	7.8%

## Results for the year

Total income for the year was £761,000 (2023: £691,000); total expenditure for the year was £707,000 (2023: £667,000) and net losses on investments were £345,000 (2023: £12,000) resulting in net expenditure for the year of £291,000 (2023: £12,000 net income).

## Investment policy

In accordance with the Scheme, the Trustees have the power to invest in such stocks, shares, and property as appropriate to meet the objectives of the Charity.

The investment policies were fully reviewed during the year, alongside the appointment of the new investment advisor. The policies reflect the need to generate a sufficient financial return for the charity to fulfil its objectives, with an appropriate time horizon, while managing risk and reflecting the charities' stance on ethical investments.

The portfolio is managed on a balanced risk approach for growth.

The investment performance of the investments is compared against relevant benchmarks (see Financial Review above).

The Charity has a policy of responsible investment, positively screening to invest in companies that can demonstrate socially responsible values and sustainable growth, and negatively screening companies or sectors that are not in line with the charitable objects of the Charity. As such, the following areas are excluded from our investments:

- tobacco
- gambling
- pornography
- high interest lending

The Trustees are satisfied that the policy and objectives are being met.

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### Reserves Policy

The reserves policy was reviewed by the Trustees during the year and the policy was developed further to build upon the objectives, responsibilities, risk management, liquidity, and reporting and monitoring processes for managing the reserves.

The primary reason for holding the reserves for the Charity is to ensure the prudent management of the housing services provided to beneficiaries in the event of a fall in income or other adverse occurrence.

The free reserves of the Charity comprise the unrestricted funds less the unavailable assets and comprise the following:

	<b>2024</b>	<b>2023</b>
	<b>£000s</b>	<b>£000s</b>
Total unrestricted funds	3,461	3,718
Less unavailable assets	<u>2,967</u>	<u>3,390</u>
Free reserves	494	328
<b>Reserves:</b>		
Six months operating costs of sheltered housing	192	180
2024/25 transfer to the Cyclical Maintenance Fund	215	215
Total allocated reserves	<b>407</b>	<b>395</b>
Excess free reserves / (shortfall of reserves)	<b>87</b>	<b>(67)</b>

From 2023, there was a change in allocated reserves policy to include the transfer to the Cyclical Maintenance Fund. 2023/24 is the first year that the charity has been able to achieve its full objective and generated a small surplus in free reserves. The Trustees are planning the utilisation of the free reserves in coming years to support housing for the elderly provision.

The Trustees review the level of reserves annually.

### Fundraising Policy

The Charity does not participate in any fundraising.

## Risk Management and internal control

The Board of Trustees acknowledges its responsibility for the management of risks faced by the Charity. A review is undertaken regularly by the Trustees to identify, assess and mitigate the associated risks. The Trustees in considering the governance, management, operational, financial and environmental risks, are satisfied, at this stage, that there is no material exposure and that there are procedures in place to mitigate such risks.

The Trustees have agreed clear lines of delegation and authority and both the Trustees, the Older People & Housing Committee and staff of the Mercers' Company (which provides management services) are involved in the recognition of risk in all their activities.

The principal risks faced by the Charity are:

<b>Risk</b>	<b>Mitigation</b>
Operational Risk – business interruption due to absence of key members of staff	Each Scheme has a dedicated member of staff and there is floating support covering annual leave/sickness absence. Succession planning review carried out annually.
Operational Risk – risk of fire, flood etc or injury to residents	EROSH certification. Complaints procedures. Benchmarking against other providers (EROSH and Acuity). Periodic BSI Audit of both schemes (every 3 years). Establishment of Residents' Communication Forum.

## Structure, governance and management

As set out in the Articles of Association, the Member of the Charity, the Mercers' Company, appoints the Trustees. Each year one third, or the number nearest to one third of the Trustees, being those who have been longest in office since their last appointment or reappointment, must retire from office. Retiring Trustees may be reappointed. At the meeting in September 2023, Mr A Totton retired by rotation and was reappointed for a further term.

The Board of Trustees is responsible for the business of the Charity and meets regularly. The Board has delegated certain matters to a number of the sole Member's specialist committees:

Function	Delegated Body
Oversight of housing operations/ operational property	Older People & Housing Committee Property Committee
Overview of risk management process and external audit process	Audit Committee
Oversight of cash and investments	Investment Committee

The Board of Trustees is supported by the staff of the Mercers' Company, who are appropriately trained and qualified. These administrative services are provided under a service agreement. The following members of the Mercers' Company's senior management are involved in the provision of services:

Mr RM Abernethy (Clerk to the Mercers' Company)

Ms SMA Hedley-Dent (Deputy Clerk to The Mercers' Company)

Mr JRA Christie (Finance Director)

The Board intends to apply the principles of the Charity Governance Code so far as is possible. The Board has undertaken a self-assessment against the Charity Governance Code in 2023/24 and has identified areas in which it can further improve its practice to reflect the Governance Code principles.

### Our volunteers

The Charity relies on members of The Mercers' Company volunteering their time to sit on committees, and attend events involving beneficiaries. In keeping with recommended practice, an estimate of the numbers of hours that Committee members give to the Charity free of charge during the year has been undertaken resulting in approximately 25 hours of voluntary time.

## Related Parties

Details of related parties and connected charities are given in note 13 of the financial statements. The Charity works closely with The Mercers' Company as well as with The Charity of Sir Richard Whittington and the Earl of Northampton's Charity both of which also provide housing and associated services.

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## Statement of Trustees' responsibilities

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The Trustees (who are also directors of Mercers' Company Housing Association for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charity and of the income and expenditure of the Charity for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and 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 Charitable Company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity's 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Each of the Trustees confirms that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the Charity's financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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**Mr John Roderick Graham**

**Chairman Trustee**

24 October 2024



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**Mr Adam Sedgwick**

**Trustee**

# Independent Auditor's Report

TO THE MEMBER OF MERCERS' COMPANY HOUSING ASSOCIATION

## Opinion

We have audited the financial statements of The Mercers' Company Housing Association (the 'Charitable Company') for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements which include the principal 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 Charitable Company's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

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## Other information

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

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the Trustees' report, which is also the Directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the Directors' report for the purposes of company law, has 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 Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
  - ◆ the financial statements are not in agreement with the accounting records and returns; or
  - ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
  - ◆ we have not received all the information and explanations we require for our audit; or
  - ◆ the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.
-

## Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable 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 Trustees either intend to liquidate the Charitable 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 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
  - ◆ we identified the laws and regulations applicable to the Charitable Company through discussions with those charged with governance and management, and from our knowledge and experience of the sector;
  - ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charitable Company, including the Companies Act 2006, the Charities Act 2011 and the financial reporting framework referred to above; and
  - ◆ we understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of meetings of those charged with governance.
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We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected financial relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ performed substantive testing of expenditure including testing the authorisation thereof; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**Use of our report**

This report is made solely to the Charitable Company's member, 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 Charitable Company's member those matters we are required to state to it 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 Charitable Company and the Charitable Company's member as a body, for our audit work, for this report, or for the opinions we have formed.



28 October 2024

**Edward Finch (Senior Statutory Auditor)**  
**For and on behalf of Buzzacott LLP, Statutory Auditor**  
**130 Wood Street**  
**London**  
**EC2V 6DL**

# Statement of Financial Activities for the year ended 31 March 2024

(Incorporating an Income and Expenditure Account)

		Year ended 31 March 2024			Year ended 31 March 2023
	Note	Unrestricted Funds £'000	Designated Funds £'000	Total Funds £'000	Total Funds £'000
<b>Income</b>					
Investments	2	71	22	93	72
Charitable activities:					
Rents	3	668	-	668	619
<b>Total income</b>		<b>739</b>	<b>22</b>	<b>761</b>	<b>691</b>
<b>Expenditure</b>					
Raising funds	4	(10)	(1)	(11)	(4)
Charitable activities	3, 4	(422)	(274)	(696)	(663)
<b>Total expenditure</b>		<b>(432)</b>	<b>(275)</b>	<b>(707)</b>	<b>(667)</b>
(Losses)/gains on investments	6, 7	(370)	25	(345)	(12)
<b>Net (expenditure)/income</b>		<b>(63)</b>	<b>(228)</b>	<b>(291)</b>	<b>12</b>
Transfers between funds	10	(194)	194	-	-
<b>Net movement in funds</b>		<b>(257)</b>	<b>(34)</b>	<b>(291)</b>	<b>12</b>
Fund balances brought forward at 1 April		3,718	713	4,431	4,419
<b>Fund balances carried forward at 31 March</b>		<b>3,461</b>	<b>679</b>	<b>4,140</b>	<b>4,431</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses other than those disclosed above.

# Statement of Financial Activities for the year ended 31 March 2023

(Incorporating an Income and Expenditure Account)

	Note	Year ended 31 March 2023		
		Unrestricted Funds £'000	Designated Funds £'000	Total Funds £'000
<b>Income</b>				
Investments	2	60	12	72
Charitable activities:				
Rents	3	619	-	619
<b>Total income</b>		<b>679</b>	<b>12</b>	<b>691</b>
<b>Expenditure</b>				
Raising funds	4	-	(4)	(4)
Charitable activities	3, 4	(372)	(291)	(663)
<b>Total expenditure</b>		<b>(372)</b>	<b>(295)</b>	<b>(667)</b>
(Losses)/gains on investments	6, 7	-	(12)	(12)
<b>Net income/(expenditure)</b>		<b>307</b>	<b>(295)</b>	<b>12</b>
Transfers between funds	10	(215)	215	-
<b>Net movement in funds</b>		<b>92</b>	<b>(80)</b>	<b>12</b>
Fund balances brought forward at 1 April		3,626	793	4,419
<b>Fund balances carried forward at 31 March</b>		<b>3,718</b>	<b>713</b>	<b>4,431</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses.

# Balance Sheet as at 31 March 2024

	Note	31 March 2024		31 March 2023	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	5	1,687		1,740	
Investment property	6	1,280		1,650	
Quoted Investments	7	742		696	
			3,709		4,086
<b>Current assets</b>					
Debtors	8	31		113	
Cash at bank and in hand		459		422	
Total current assets			490		535
Creditors: amounts falling due within one year	9		(59)		(190)
<b>Net current assets</b>			431		345
<b>Total net assets</b>			<b>4,140</b>		<b>4,431</b>
<b>The funds of the charity</b>					
Unrestricted funds:					
General funds	10		494		328
Tangible fixed asset funds	10		2,967		3,390
Designated funds	10		679		713
<b>Total Charity funds</b>	10		<b>4,140</b>		<b>4,431</b>

The attached notes on pages 22 to 33 form an integral part of these financial statements. The financial statements on pages 18 to 33 were approved by the Trustees on 24 October 2024 and are signed on their behalf by:



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Mr John Roderick Graham  
Chairman

The Company Number is 10255806.  
24 October 2024



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Mr Adam Sedgwick  
Trustee

# Statement of Cash Flows for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	11	18	126
<b>Cash flows from investing activities:</b>			
Dividends received		22	11
Interest received		18	6
Purchase of investments		(765)	(482)
Decrease/(increase) in cash held by investment managers		229	(236)
Proceeds from the sale of investments		515	10
Net cash provided by/(used in) investing activities		19	(691)
Change in cash and cash equivalents in the financial year		37	(565)
Cash and cash equivalents at the beginning of the financial year		422	987
<b>Cash and cash equivalents at the end of the financial year</b>	<b>11</b>	<b>459</b>	<b>422</b>

No separate statement of changes in net debt has been prepared as there is no difference between the movement in cash and cash equivalents and movements in net cash (debt).

# Notes to the financial statements

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## I Accounting Policies

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### ACCOUNTING BASIS

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these financial statements.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('SORP (FRS 102)').

The Charity constitutes a public benefit entity as defined by FRS 102.

### GOING CONCERN

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern and the financial statements of the Charity have been prepared on that basis as they do not intend to liquidate the Charity or to cease its operations and have concluded that the charity's financial position means that this is realistic.

In making this assessment, the Trustees have considered the Charity's financial position, the value of investment assets held, future income and investment return levels, expenditure requirements and the liquidity of the charity, considering the cost-of-living crisis, inflationary pressures and changing economic environment, and the risks faced by the Charity.

The Trustees are satisfied that the Charity could absorb significant changes in investment value with no impact on its ability to continue as a going concern.

They have also concluded that there are no material uncertainties that could cast significant doubt over the ability to continue as a going concern. A rolling annual review of the Charity's detailed forecast financial position over a 5-year period is carried out, alongside 15-year modelling of funds held to confirm that sufficient funds will be generated to finance required expenditure on the sheltered housing.

For these reasons, the Trustees continue to adopt a going concern basis for the preparation of the financial statements.

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## CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances prevailing. The main estimates and judgements relate to the investment property valuations and the estimated useful lives of tangible fixed assets.

## INCOME

All income, comprising rents and service charges from the housing operations, interest on bank accounts, dividends from investments, and rents from investment properties, is stated gross and is included on an accruals basis when the Charity has entitlement, receipt is probable and the amount can be measured with sufficient reliability. Income relating to a subsequent financial year is carried forward as a creditor in the balance sheet and shown as deferred income.

## EXPENDITURE

All expenditure is included on an accruals basis and is recognised as soon as there is a legal or constructive obligation committing the Charity to it, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is included with the underlying expense and charged to the Statement of Financial Activities (SOFA) as incurred. Overhead costs are allocated from The Mercers' Company under a service level agreement. This allocation has been estimated by The Mercers' Company based on the proportion of time spent on the Charity by staff.

## TAXATION

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Accordingly, no provision is made for current or deferred taxation.

## INVESTMENT GAINS AND LOSSES

Unrealised gains and losses for the period reflect the movement in market values. Realised gains and losses represent the difference between proceeds on disposal and the market value brought forward (or cost if acquired in the year). Unrealised and realised investment gains or losses are shown net on the SOFA.

## INVESTMENTS

Investments are stated at their fair value at the balance sheet date. Investment properties are re-valued externally every five years and internally by the Trustee in intervening years. The Trustees are of the opinion that this valuation is appropriate for the purpose of these financial statements. Cash held by investment managers is recognised as part of investments.

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#### TANGIBLE FIXED ASSETS

All assets costing more than £10,000 are capitalised at cost and depreciated over their useful economic lives. Subsequent expenditure on a capitalised asset will also be capitalised where it is regarded that there has been an enhancement to the asset or a depreciated asset has been replaced.

#### DEPRECIATION

The Trustees consider the useful life of the property to be not less than 50 years. Accordingly, a depreciation rate of 2% has been applied to the historical cost (after eliminating the original cost of the land) over the expected economic useful life of the property. Land is not depreciated. The useful economic life and any impairment of the property is reviewed annually. Where there is impairment, the property is written down to the recoverable amount.

#### FUNDS

The Charity has the following types of unrestricted funds:

- General funds – where the funds are not restricted as to use other than in furthering the objects of the Charity.
- Designated reserve: cyclical maintenance reserve – where the reserve is for repairs of the properties.
- Fixed asset reserve – comprises the book value of tangible fixed assets and investment properties.

#### SHARE CAPITAL

The Charitable Company is limited by guarantee and has no share capital. The member of the Charitable Company, The Mercers' Company, guarantees to undertake to contribute one pound in the event of the winding up of the Charitable Company.

#### FINANCIAL INSTRUMENTS

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, except for investments which are measured at fair value.

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## 2 Investments

Investment income was generated as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Rents from investment properties	53	53
Dividend income from Cyclical Maintenance Fund	22	12
Interest	18	7
	<b>93</b>	<b>72</b>

## 3 Charitable Activities

Income and expenditure is analysed as follows:

	<b>2024</b>				<b>2023</b>			
	<b>Mercers' House</b>	<b>Priory House</b>	<b>Head Office</b>	<b>Total</b>	<b>Mercers' House</b>	<b>Priory House</b>	<b>Head Office</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Rents & service charge income	359	309	-	668	330	289	-	619
Property operating costs	(125)	(127)	-	(252)	(114)	(118)	-	(232)
Major repairs & projects	(193)	(81)	-	(274)	(214)	(77)	-	(291)
Depreciation	-	(53)	-	(53)	-	(53)	-	(53)
Bad debt	(17)	-	-	(17)	(9)	-	-	(9)
Administration & governance	(52)	(37)	(6)	(95)	(39)	(29)	(3)	(71)
Auditor's remuneration	-	-	(5)	(5)	-	-	(7)	(7)
Total expenditure	<b>(387)</b>	<b>(298)</b>	<b>(11)</b>	<b>(696)</b>	<b>(376)</b>	<b>(277)</b>	<b>(10)</b>	<b>(663)</b>
Net (expenditure) / income	<b>(28)</b>	<b>11</b>	<b>(11)</b>	<b>(28)</b>	<b>(46)</b>	<b>12</b>	<b>(10)</b>	<b>(44)</b>

Major repairs and projects are funded by the Cyclical Maintenance Fund.

## 4 Expenditure

Analysis of total expenditure:

	Further notes	Governance & support costs £'000	Other direct costs £'000	Total 2024 £'000	Total 2023 £'000
Raising funds		-	11	11	4
<i>Charitable activities</i>					
Housing for the elderly	3	11	685	696	663
		11	696	707	667

	Further notes	Governance & support costs £'000	Other direct costs £'000	Total 2023 £'000
Raising funds		-	4	4
<i>Charitable activities</i>				
Housing for the elderly	3	10	653	663
		10	657	667

The Charity has no employees (2023: nil). The Mercers' Company, by way of a service agreement, provides housing management services to the Charity. The Trustees have not received any emoluments or reimbursements during the year for acting as Trustees (2023: nil). Governance costs comprise audit fees of £4,975 (excluding irrecoverable VAT) (2023: £4,575).

## 5 Tangible Assets

The operating properties are shown at their historical cost less depreciation.

	<b>Land &amp; Buildings £'000</b>
<b>Cost</b>	
Balance at 1 April 2023	3,036
<b>Depreciation</b>	
Balance brought forward at 1 April 2023	(1,296)
Charge for the year	(53)
Balance carried forward 31 March 2024	(1,349)
<b>Net book value at 31 March 2024</b>	<b>1,687</b>
<b>Net book value at 31 March 2023</b>	<b>1,740</b>

Land and buildings comprise the freehold historical cost of Priory House. A further property, Mercers' House is a leasehold interest at nil historical cost and at a peppercorn rent. Mercers' House is leased from The Mercers' Charitable Foundation, a connected charity.

The net book values shown do not represent current open market valuations.

## 6 Investment Properties

The Charity's investment properties are as follows:

	<b>1 April 2023</b>	<b>Revaluation losses</b>	<b>31 March 2024</b>
<b>Freehold property</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Market value	1,650	(370)	1,280
Historical cost	179		179

A full external valuation was done on 31 March 2024 by Cluttons LLP, which is an independent firm of qualified surveyors. The revaluation loss in the year ended 31 March 2024 was £370,000 (2023: nil).

## 7 Quoted Investments

The changes during the year are as follows:

	<b>1 April</b>			<b>Movement</b>	<b>Revaluation</b>	<b>31 March</b>
	<b>2023</b>	<b>Purchases</b>	<b>Sales</b>	<b>in cash</b>	<b>gains</b>	<b>2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cyclical Maintenance Fund	696	765	(523)	(229)	33	742
Historical cost	708					709

The investment fund comprised unit holdings of the Sarasin Income and Reserves Fund that has the following asset allocation:

	<b>2024</b>	
	<b>£'000</b>	<b>%</b>
Equities	174	23.4
Fixed Income	483	65.1
Alternatives	55	7.4
Cash	30	4.1
<b>Total</b>	<b>742</b>	<b>100.0</b>

Net investment gains during the year on quoted investments totalled £25,000 (2023: £12,000 losses).

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## 8 Debtors

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Debtors are made up as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Rent receivable	15	19
Prepayments and accrued income	16	94
	31	113

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## 9 Creditors: Amounts Falling Due Within One Year

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Creditors are amounts falling due within one year and are made up as follows:

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Rent received in advance	42	37
Accruals	5	14
Amount due to The Mercers' Company	-	34
Other creditors	12	105
	59	190

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## 10 Analysis of Funds

The designated funds comprise the Cyclical Maintenance Reserve which provides for repairs of the properties. £194,000 (2023: £215,000) was transferred into the fund from Unrestricted Funds during the year to provide for future repairs and maintenance of the sheltered housing properties. £274,000 (2023: £291,000) was used during the year for cyclical and extraordinary repairs at the properties.

The fixed assets funds comprise the Charity's operating properties and investment properties. These funds are not readily realisable to meet charitable expenditure.

The net assets by funds are as follows:

	<b>General Funds £000</b>	<b>Fixed Assets Funds £'000</b>	<b>Designated Fund £'000</b>	<b>2024 Total Funds £'000</b>
Tangible assets	-	1,687	-	1,687
Investment properties	-	1,280	-	1,280
Quoted Investments	-	-	742	742
Net current assets	494	-	(63)	431
<b>Total Funds</b>	<b>494</b>	<b>2,967</b>	<b>679</b>	<b>4,140</b>

	<b>General Funds £000</b>	<b>Fixed Assets Funds £'000</b>	<b>Designated Fund £'000</b>	<b>2023 Total Funds £'000</b>
Tangible assets	-	1,740	-	1,740
Investment properties	-	1,650	-	1,650
Quoted Investments	-	-	696	696
Net current assets	328	-	17	345
<b>Total Funds</b>	<b>328</b>	<b>3,390</b>	<b>713</b>	<b>4,431</b>

## 11 Reconciliation of Net (Expenditure)/Income To Net Cash Flow From Operating Activities

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Net (expenditure)/income for the reporting year (as per statement of activities)	(291)	12
Adjustments for:		
Losses on investments	345	12
Depreciation	53	53
Dividends receivable	(22)	(12)
Interest receivable	(18)	(7)
Decrease/(increase) in debtors	82	(54)
(Decrease)/increase in creditors	(131)	122
Net cash provided by operating activities	18	126

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	459	422

## 12 Contingent Liabilities and Contractual Commitments

The Charity has no contingent liabilities and no contractual commitments at the end of the year (2023: none).

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## 13 Related Parties and Connected Charities

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The following related parties and charities have common management and are therefore regarded as connected:

Becket House Limited (dormant)  
Charter 600 Charity  
Earl of Northampton's Charity  
Longacre Estates Limited (dormant)  
Maiden Trading Limited (dormant)  
Mercers' School Memorial Trust (incorporating The Merrett Bequest)  
St Paul's Schools Foundation  
The Charity of Sir Richard Whittington  
The Mercers' Charitable Foundation  
The Mercers' Company

The principal address of the above entities is:

The Mercers' Company  
6 Frederick's Place  
London EC2R 8AB

The Mercers' Company allocated costs amounting to £123,000 (2023: £124,000) in relation to the Service Agreement and directly attributable costs. Nil was outstanding at the year end (2023: £34,000). No emoluments or expenses were paid by the Charity to the Trustees during the year (2023: nil). Mercers' House is leased from The Mercers' Charitable Foundation at a peppercorn rent.

There are no other related party transactions requiring disclosure (2023: none).

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# Legal & Administrative Information

## LEGAL STATUS

The Mercers' Company Housing Association ("the Charity") was originally formed in 1983 to develop housing for the elderly primarily in Inner London. The Charity is established as a charitable company limited by guarantee and registered with the Charity Commission. The Charity is governed by its Memorandum and Articles of Association dated 28 June 2016.

Its registered company number is 10255806 and its Charity Commission registration number is 1172263.

There is one member of the Charity, The Wardens and Commonalty of the Mystery of Mercers of the City of London ("The Mercers' Company"). The directors of the Charity are its Trustees for the purpose of charity law.

The Charity is not a registered Social Landlord.

## PRINCIPAL ADDRESS

6 Frederick's Place  
London EC2R 8AB

## INDEPENDENT AUDITOR

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

## TRUSTEES

Mr John Roderick Graham (Chairman)  
Mr Adam Sedgwick  
Mr Anthony Beverley Totton  
Mrs Lucy Walsh Waring

## KEY STAFF OF THE MERCERS' COMPANY

Mr Robert Abernethy (Clerk to The Mercers' Company)  
Ms Serena Hedley-Dent (Deputy Clerk to The Mercers' Company)  
Mr James Christie (Chief Financial Officer)  
Miss Sarah Oliver (Housing Manager)

## BANKERS

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

## INVESTMENT MANAGERS

Sarasin & Partners  
Juxon House  
100 St Paul's Churchyard  
London EC4 8BU

**MERCERS' COMPANY HOUSING ASSOCIATION**

England & Wales - Charity number 1172263

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# Accounts

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# **Mercers' Company Housing Association**

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## **Trustees' Annual Report & Financial Statements 2023**

Charity Commission Number 1172263

Company Number 10255806

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# Foreword

Mercers' Company Housing Association (the Charity) provides sheltered housing at Mercers' House and Priory House, both in Islington, London.

Accommodation provided is one- and two-bedroom self-contained units with access to a communal lounge, garden, laundry, and hairdressers. Each site has a Scheme Manager.

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# Trustees' Annual Report for the year ended 31 March 2023

The Trustees of the Charity present their annual report together with the financial statements of the Charity for the year ended 31 March 2023. These also meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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## Objects and activities for public benefit

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The objects of the Charity are the provision of housing and any associated amenities for persons in necessitous circumstance upon terms appropriate to their means; and, the provision for aged persons in need thereof of housing and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons.

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## Provision of Housing Overview

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The Charity is one of three charities whose housing provision is managed by the Mercers' Company. The Charity operates two sites, as follows:

### Mercers' House, Islington, London



### Priory House, Islington, London



The housing provision is accredited by EROSH and is regularly reviewed against the Code of Practice. The most recent review took place in September 2022 and accreditation was maintained. The assessor commented that that the actions from the previous review (in 2021) had been satisfactorily addressed and the introduction of the Residents' Consultation Forum was a significant improvement in communication and transparency. Building on this, the residents also now receive a half yearly news update informing them of joint activities with the other

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schemes managed by the Mercers' Company and also information on planned works, achievements and promote the Wellbeing Plan. The next EROSH review will take place in October 2023.

Activities and events across the sites are now being extremely well attended and are back to pre-covid levels. The Trustees regularly visit the schemes together with members of the Mercers' Company's Older People & Housing Committee. Trustee meetings are now regularly held at the sites, which has provided greater visibility of the trustees to the residents as well as ensuring the trustees are familiar with the sites and the residents.

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## Financial Review

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### Funding Sources

Income from sheltered housing rents and utilities amounted to £619,000 in 2023 (2022: £629,000). Investment income from investment properties amounted to £53,000 during the year (2022: nil due to reclassification in 2022) and investment income from the Cyclical Maintenance Fund was £12,000 (2022: nil). Interest of £7,000 was received on cash deposits during the year (2022: nil).

### Investments

#### *Investment property*

An external valuation of the properties was undertaken in 2022 and revaluation gains of £1,471,000 were recognised in that year. No external revaluation was undertaken this year.

#### *Listed investments*

During the year, an investment portfolio was established for the Cyclical Maintenance Fund. Losses of £12,000 were experienced during the year (2022: nil). The losses experienced during the year were due to a continuation of the Ukrainian conflict, the energy crisis, global contraction in growth, and high UK inflation. The primary comparator for investment performance is linked to inflation. With inflation increasing, the portfolio performed below the primary comparator during the year. The Trustees continues to monitor the performance of the portfolio and the market.

	<b>6 months</b>
Cyclical Maintenance Fund	1.5%
Primary Comparator: CPI + 3%	5.6%
Secondary Comparator: Composite Index	8.0%

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## Results for the year

Total income for the year was £691,000 (2022: £629,000); total expenditure for the year was £667,000 (2022: £677,000) and net losses on investments were £12,000 (2022: £1,471,000 gains) resulting in net income for the year of £12,000 (2022: £1,423,000).

## Investment policy

In accordance with the Scheme, the Trustees have the power to invest in such stocks, shares, and property as needed to meet the objectives of the Charity. The Trustees reviewed the investment policy during the year and a revised policy was implemented from 1 July 2023. The investment objective is for a rising level of income together with preserving the long-term real value of the investments. The investment performance of stock market investments is compared against relevant benchmarks.

The Charity has a policy of responsible investment, positively screening to ensure that it invests in companies that can demonstrate socially responsible values and sustainable growth, and negatively screening companies or sectors that are not in line with the charitable objects of the Charity to relieve those in poverty. The following areas are excluded from our investments:

- High interest lending
- Tobacco
- Gambling
- Pornography

From July 2023, the investment policy includes objectives to move towards net zero investments and actively engage and encourage organisations in climate change adaptation.

The Trustees are satisfied that its policy and objective is being met.

## Reserves Policy

The free reserves of the Charity comprise the unrestricted funds not otherwise designated to the Cyclical Maintenance Fund or held as property. The Charity aims to retain six months of normal operating costs as a reserve in the event of a fall in income or other adverse occurrence. This target reserve amounts to £180,000, and the balance as at 31 March 2023 was £328,000, exceeding the target reserve. Free reserves above the target are earmarked for the transfer to the Cyclical Maintenance Fund for 2023/24.

## Fundraising Policy

The Charity does not participate in any fundraising.

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## Risk Management and internal control

The Board of Trustees acknowledges its responsibility for the management of risks faced by the Charity. A review is undertaken regularly by the Trustees to identify, assess and mitigate the associated risks. The Trustees in considering the governance, management, operational, financial and environmental risks, are satisfied, at this stage, that there is no material exposure and that there are procedures in place to mitigate such risks.

The Trustees have agreed clear lines of delegation and authority and both the Trustees, the Older People & Housing Committee and staff of the Mercers Company (which provides management services) are involved in the recognition of risk in all their activities.

Following discovery (after the year end) of unusual transactions on one of the Charity's bank accounts during the year, an investigation was undertaken in respect of donations made for residents' benefit at one of the housing schemes. Although no adjustments were required to the financial statements for the year, a Serious Incident Report was filed with the Charity Commission and an internal review undertaken of financial and non-financial processes. The review has led to improvements in practice being identified for the future.

## Structure, governance and management

As set out in the Articles of Association, the Member of the Charity, the Mercers' Company, appoints the Trustees. Each year one third, or the number nearest to one third of the Trustees, being those who have been longest in office since their last appointment or reappointment, must retire from office. Retiring Trustees may be reappointed. At the meeting in September 2022, Mr A Sedgwick retired by rotation and was reappointed for a further term.

The Board of Trustees is responsible for the business of the Charity and meets regularly.

The Board has delegated certain matters to a number of the sole Member's specialist committees:

Function	Delegated Body
Oversight of housing operations/ operational property	Older People & Housing Committee
	Property Committee
Overview of risk management process and external audit process	Audit Committee
Oversight of cash and investments	Investment Committee

The Board of Trustees is supported by the staff of the Mercers' Company, who are appropriately trained and qualified. These administrative services are provided under a service agreement. The following members of the Mercers' Company's senior management are involved in the provision of services:

Mr RM Abernethy (Clerk to the Mercers' Company)

Ms SMA Hedley-Dent (Deputy Clerk to The Mercers' Company)

Mr JRA Christie (Finance Director)

The Board applies the principles of the Charity Governance Code so far as is possible. The Board has undertaken a self-assessment against the Charity Governance Code in 2022/23 and has identified areas in which it can further improve its practice to reflect the Governance Code principles. In addition, the Board has completed the checklist for a charity working with a non-charity and has concluded that the relationship between the Charity and the sole Member is in the Charity's best interests.

### Our volunteers

The Charity relies on members of The Mercers' Company volunteering their time to sit on committees, and attend events involving beneficiaries. In keeping with recommended practice, an estimate of the numbers of hours that Committee members give to the Charity free of charge during the year has been undertaken resulting in approximately 50 hours of voluntary time.

### Related Parties

Details of related parties and connected charities are given in note 13 of the financial statements. The Charity works closely with The Mercers' Company as well as with The Charity of Sir Richard Whittington and the Earl of Northampton's Charity both of which also provide housing and associated services.

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## Statement of Trustees' responsibilities

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The Trustees (who are also directors of Mercers' Company Housing Association for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the income and expenditure of the Charitable Company for that year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
-

- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and 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 Charitable Company will continue in operation.

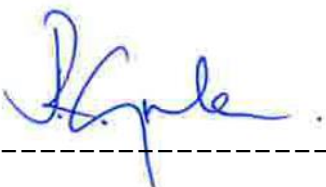
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements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

Each of the Trustees confirms that:

- so far as each Trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

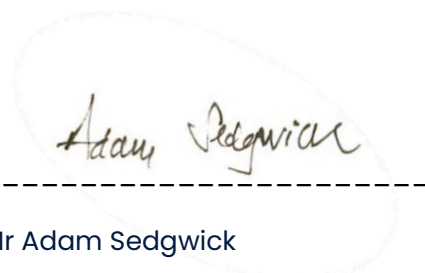
The Trustees are responsible for the maintenance and integrity of the Charity's financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Mr John Roderick Graham

Chairman Trustee

23 October 2023



Mr Adam Sedgwick

Trustee

# Independent Auditor's Report

TO THE MEMBER OF MERCERS' COMPANY HOUSING ASSOCIATION

## Opinion

We have audited the financial statements of The Mercers' Company Housing Association (the 'Charitable Company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements which include the principal 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 Charitable Company's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

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**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the Trustees' report, which is also the Directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the Directors' report for the purposes of company law, has 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 Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
  - ◆ the financial statements are not in agreement with the accounting records and returns; or
  - ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
  - ◆ we have not received all the information and explanations we require for our audit; or
  - ◆ the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.
-

## Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable 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 Trustees either intend to liquidate the Charitable 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 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
  - ◆ we identified the laws and regulations applicable to the Charitable Company through discussions with those charged with governance and management, and from our knowledge and experience of the sector;
  - ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charitable Company, including the Companies Act 2006, the Charities Act 2011 and the financial reporting framework referred to above; and
  - ◆ we understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of meetings of those charged with governance.
-

We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected financial relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ performed substantive testing of expenditure including testing the authorisation thereof; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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**Use of our report**

This report is made solely to the Charitable Company's member, 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 Charitable Company's member those matters we are required to state to it 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 Charitable Company and the Charitable Company's member as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Finch (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

**Date: 27 October 2023**

# Statement of Financial Activities for the year ended 31 March 2023

(Incorporating an Income and Expenditure Account)

		Year ended 31 March 2023			Year ended 31 March 2022
		Unrestricted Funds	Designated Funds	Total Funds	Total Funds
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Investments	2	60	12	72	-
Charitable activities:					
Rents	3	619	-	619	629
<b>Total income</b>		<b>679</b>	<b>12</b>	<b>691</b>	<b>629</b>
<b>Expenditure</b>					
Raising funds	4	-	(4)	(4)	(2)
Charitable activities	3, 4	(372)	(291)	(663)	(675)
<b>Total expenditure</b>		<b>(372)</b>	<b>(295)</b>	<b>(667)</b>	<b>(677)</b>
(Losses)/gains on investments	6, 7	-	(12)	(12)	1,471
<b>Net income/(expenditure)</b>		<b>307</b>	<b>(295)</b>	<b>12</b>	<b>1,423</b>
Transfers between funds	10	(215)	215	-	-
<b>Net movement in funds</b>		<b>92</b>	<b>(80)</b>	<b>12</b>	<b>1,423</b>
Fund balances brought forward at 1 April		<b>3,626</b>	<b>793</b>	<b>4,419</b>	<b>2,996</b>
<b>Fund balances carried forward at 31 March</b>		<b>3,718</b>	<b>713</b>	<b>4,431</b>	<b>4,419</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses other than those disclosed above.

# Statement of Financial Activities for the year ended 31 March 2022

(Incorporating an Income and Expenditure Account)

	Note	Year ended 31 March 2022		
		Unrestricted	Designated	Total Funds
		Funds	Funds	Total Funds
		£'000	£'000	£'000
<b>Income</b>				
Charitable activities:				
Rents	3	629	-	629
<b>Total income</b>		629	-	629
<b>Expenditure</b>				
Raising funds	4	(2)	-	(2)
Charitable activities	3, 4	(367)	(308)	(675)
<b>Total expenditure</b>		(369)	(308)	(677)
Gains on investments	6	1,471	-	1,471
<b>Net income/(expenditure)</b>		<b>1,731</b>	<b>(308)</b>	<b>1,423</b>
Transfers between funds	10	(215)	215	-
<b>Net movement in funds</b>		<b>1,516</b>	<b>(93)</b>	<b>1,423</b>
Fund balances brought forward at 1 April		<b>2,110</b>	<b>886</b>	<b>2,996</b>
<b>Fund balances carried forward at 31 March</b>		<b>3,626</b>	<b>793</b>	<b>4,419</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses.

## Balance Sheet as at 31 March 2023

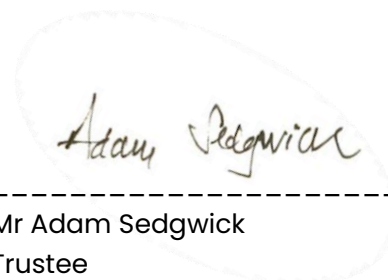
	Note	31 March 2023		31 March 2022	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	5	1,740		1,793	
Investment property	6	1,650		1,650	
Quoted Investments	7	696		-	
			4,086		3,443
<b>Current assets</b>					
Debtors	8	113		57	
Cash at bank and in hand		422		987	
Total current assets			535		1,044
Creditors: amounts falling due within one year	9		(190)		(68)
<b>Net current assets</b>			345		976
<b>Total net assets</b>			<b>4,431</b>		<b>4,419</b>
<b>The funds of the charity</b>					
Unrestricted funds:					
General funds	10		328		183
Tangible fixed asset funds	10		3,390		3,443
Designated funds	10		713		793
<b>Total Charity funds</b>	10		<b>4,431</b>		<b>4,419</b>

The attached notes on pages 20 to 31 form an integral part of these financial statements. The financial statements on pages 16 to 31 were approved by the Trustees on 23 October 2023 and are signed on their behalf by:



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Mr John Roderick Graham  
Chairman

The Company Number is 10255806.  
23 October 2023



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Mr Adam Sedgwick  
Trustee

# Statement of Cash Flows for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	11	126	5
<b>Cash flows from investing activities:</b>			
Dividends received		11	-
Interest received		6	-
Purchase of investments		(482)	-
Decrease in cash held by investment managers		(236)	-
Proceeds from the sale of investments		10	-
Net cash used in by investing activities		(691)	-
Change in cash and cash equivalents in the financial year		(565)	5
Cash and cash equivalents at the beginning of the financial year		987	982
Cash and cash equivalents at the end of the financial year	11	422	987

No separate statement of changes in net debt has been prepared as there is no difference between the movement in cash and cash equivalents and movements in net cash (debt).

# Notes to the financial statements

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## 1 Accounting Policies

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### ACCOUNTING BASIS

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these financial statements.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('SORP (FRS 102)').

The Charity constitutes a public benefit entity as defined by FRS 102.

### GOING CONCERN

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The financial statements have been prepared on a going concern basis.

### CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances prevailing. The main estimates and judgements relate to the investment property valuations and the estimated useful lives of tangible fixed assets.

### INCOME

All income, comprising rents and service charges from the housing operations, interest on bank accounts, dividends from investments, and rents from investment properties, is stated gross and is included on an accruals basis when the Charity has entitlement, receipt is probable and the amount can be measured with sufficient reliability. Income relating to a subsequent financial year is carried forward as a creditor in the balance sheet and shown as deferred income.

### EXPENDITURE

All expenditure is included on an accruals basis and is recognised as soon as there is a legal or constructive obligation committing the Charity to it, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is included with the underlying expense and charged to the Statement of Financial Activities (SOFA) as incurred. Overhead costs are allocated from The Mercers' Company under a service level agreement. This

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allocation has been estimated by The Mercers' Company based on the proportion of time spent on the Charity by staff.

#### TAXATION

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Accordingly, no provision is made for current or deferred taxation.

#### INVESTMENT GAINS AND LOSSES

Unrealised gains and losses for the period reflect the movement in market values. Realised gains and losses represent the difference between proceeds on disposal and the market value brought forward (or cost if acquired in the year). Unrealised and realised investment gains or losses are shown net on the SOFA.

#### INVESTMENTS

Investments are stated at their fair value at the balance sheet date. Investment properties are re-valued externally every five years and internally by the Trustee in intervening years. The Trustees are of the opinion that this valuation is appropriate for the purpose of these financial statements. Cash held by investment managers is recognised as part of investments.

#### TANGIBLE FIXED ASSETS

All assets costing more than £10,000 are capitalised at cost and depreciated over their useful economic lives. Subsequent expenditure on a capitalised asset will also be capitalised where it is regarded that there has been an enhancement to the asset or a depreciated asset has been replaced.

#### DEPRECIATION

The Trustees consider the useful life of the property to be not less than 50 years. Accordingly, a depreciation rate of 2% has been applied to the historical cost (after eliminating the original cost of the land) over the expected economic useful life of the property. Land is not depreciated. The useful economic life and any impairment of the property is reviewed annually. Where there is impairment, the property is written down to the recoverable amount.

#### RESERVES

The Charity has the following types of unrestricted reserve:

- General funds – where the funds are not restricted as to use other than in furthering the objects of the Charity.
  - Designated reserve: cyclical maintenance reserve – where the reserve is for repairs of the properties. The surplus / (deficit), excluding depreciation, at the year end is transferred to / (from) this reserve.
  - Fixed asset reserve – comprises the book value of tangible fixed assets and investment properties.
-

#### SHARE CAPITAL

The Company is limited by guarantee and has no share capital. The member of the Charitable Company, The Mercers' Company, guarantees to undertake to contribute one pound in the event of the winding up of the Charitable Company.

#### FINANCIAL INSTRUMENTS

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value, except for investments which are measured at fair value.

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## 2 Investments

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Investment income was generated as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Rents from investment properties	53	-
Dividend income from Cyclical Maintenance Fund	12	-
Interest	7	-
	72	-

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### 3 Charitable Activities

Income and expenditure is analysed as follows:

	2023				2022			
	Mercers' House £'000	Priory House £'000	Head Office £'000	Total £'000	Mercers' House £'000	Priory House £'000	Head Office £'000	Total £'000
Rents & service charge income	330	289	-	619	315	314	-	629
Property operating costs	(114)	(118)	-	(232)	(103)	(127)	-	(230)
Major repairs & projects	(214)	(77)	-	(291)	(147)	(161)	-	(308)
Depreciation	-	(53)	-	(53)	-	(59)	-	(59)
Bad debt	(9)	-	-	(9)	-	3	-	3
Administration & governance	(39)	(29)	(3)	(71)	(39)	(32)	(5)	(76)
Auditor's remuneration	-	-	(7)	(7)	-	-	(5)	(5)
<b>Total expenditure</b>	<b>(376)</b>	<b>(277)</b>	<b>(10)</b>	<b>(663)</b>	<b>(289)</b>	<b>(376)</b>	<b>(10)</b>	<b>(675)</b>
<b>Net income / (expenditure)</b>	<b>(46)</b>	<b>12</b>	<b>(10)</b>	<b>(44)</b>	<b>26</b>	<b>(62)</b>	<b>(10)</b>	<b>(46)</b>

Major repairs and projects are funded by the Cyclical Maintenance Fund.

## 4 Expenditure

Analysis of total expenditure:

	Further notes	Governance & support costs £'000	Other direct costs £'000	Total 2023 £'000	Total 2022 £'000
Raising funds		-	4	4	2
<i>Charitable activities</i>					
Housing for the elderly	3	10	653	663	675
		10	657	667	677

	Further notes	Governance & support costs £'000	Other direct costs £'000	Total 2022 £'000
Raising funds		-	2	2
<i>Charitable activities</i>				
Housing for the elderly	3	10	665	675
		10	667	677

The Charity has no employees (2022: nil). The Mercers' Company, by way of a service agreement, provides housing management services to the Charity. The Trustees have not received any emoluments or reimbursements during the year for services as Trustees (2022: nil). Governance costs comprise audit fees of £4,575 (excluding irrecoverable VAT) (2022: £4,225).

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## 5 Tangible Assets

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The operating properties are shown at their historical cost less depreciation.

	<b>Land &amp; Buildings £'000</b>
<b><u>Cost</u></b>	
Balance at 1 April 2022	3,036
<b><u>Depreciation</u></b>	
Balance brought forward at 1 April 2022	(1,243)
Charge for the year	(53)
Balance carried forward 31 March 2023	(1,296)
<b>Net book value at 31 March 2023</b>	<b>1,740</b>
<b>Net book value at 31 March 2022</b>	<b>1,793</b>

Land and buildings comprise the freehold historical cost of Priory House. A further property, Mercers' House is a leasehold interest at nil historical cost and at a peppercorn rent. Mercers' House is leased from The Mercers' Charitable Foundation, a connected charity.

The net book values shown do not represent current open market valuations.

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## 6 Investment Properties

The Charity's investment properties are as follows:

	<b>At 1 April 2022 and 31 March 2023</b>
	<b>£'000</b>
<b>Freehold property</b>	
Market value	1,650
Historical cost	179

A full external valuation was done on 31 March 2022 by Cluttons LLP, which is an independent firm of qualified surveyors. No external valuation was carried out this year; the Trustees undertook an internal valuation and consider that these values continue to be fair and reasonable. The revaluation gain in the year ended 31 March 2022 was £1,471,000.

## 7 Quoted Investments

An investment portfolio was established during the year. The changes during the year are as follows:

	<b>1 April 2022</b>	<b>Purchases</b>	<b>Sales</b>	<b>Movement in cash</b>	<b>Revaluation losses</b>	<b>31 March 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cyclical Maintenance Fund	-	482	(11)	236	(11)	696
Historical cost	-					708

The investment allocation at the year end was as follows:

	<b>2023</b>	
	<b>£'000</b>	<b>%</b>
UK Equities	223	32.0
Overseas Equities	111	16.0
Fixed Income	62	8.9
Alternatives	64	9.2
Cash	236	33.9
<b>Total</b>	<b>696</b>	<b>100.0</b>

No individual holding was more than 5% of total investments.

Net investment losses during the year on quoted investments totalled £12,000 (2022: nil).

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## 8 Debtors

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Debtors are made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Rent receivable	19	47
Prepayments and accrued income	94	10
	113	57

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## 9 Creditors: Amounts Falling Due Within One Year

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Creditors are amounts falling due within one year and are made up as follows:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Rent received in advance	37	18
Accruals	14	13
Amount due to The Mercers' Company	34	6
Other creditors	105	31
	190	68

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## 10 Analysis of Funds

The designated funds comprise the Cyclical Maintenance Reserve which provides for repairs of the properties. £215,000 (2022: £215,000) was transferred into the fund from Unrestricted Funds during the year to provide for future repairs and maintenance of the sheltered housing properties. £291,000 (2022: £308,000) was used during the year for cyclical and extraordinary repairs at the properties.

The fixed assets funds comprise the Charity's operating properties and investment properties. These funds are not readily realisable to meet charitable expenditure.

The net assets by funds are as follows:

	<b>General Funds £000</b>	<b>Fixed Assets Funds £'000</b>	<b>Designated Fund £'000</b>	<b>2023 Total Funds £'000</b>
Tangible assets	-	1,740	-	1,740
Investment properties	-	1,650	-	1,650
Quoted Investments	-	-	696	696
Net current assets	328	-	17	345
<b>Total Funds</b>	<b>328</b>	<b>3,390</b>	<b>713</b>	<b>4,431</b>

	<b>General Funds £000</b>	<b>Fixed Assets Funds £'000</b>	<b>Designated Fund £'000</b>	<b>2022 Total Funds £'000</b>
Tangible assets	-	1,793	-	1,793
Investment properties	-	1,650	-	1,650
Net current assets	183	-	793	976
<b>Total Funds</b>	<b>183</b>	<b>3,443</b>	<b>793</b>	<b>4,419</b>

## 11 Reconciliation of Net Income To Net Cash Flow From Operating Activities

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Net income for the reporting year (as per statement of activities)	12	1,423
Adjustments for:		
Losses/(gains) on investments	12	(1,471)
Depreciation	53	59
Dividends receivable	(12)	-
Interest receivable	(7)	-
Increase in debtors	(54)	(3)
Increase/(decrease) in creditors	122	(3)
Net cash provided by operating activities	126	5

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	422	987

## 12 Contingent Liabilities and Contractual Commitments

The Charity has no contingent liabilities and no contractual commitments at the end of the year (2022: none).

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## 13 Related Parties and Connected Charities

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The following related parties and charities have common management and are therefore regarded as connected:

Becket House Limited (dormant)  
Charter 600 Charity  
Earl of Northampton's Charity  
Longacre Estates Limited (dormant)  
Longmartin Properties Limited  
Maiden Trading Limited (dormant)  
Mercers' School Memorial Trust (incorporating The Merrett Bequest)  
St Paul's Schools Foundation  
The Charity of Sir Richard Whittington  
The Mercers' Charitable Foundation  
The Mercers' Company

The principal address of the above entities is:

The Mercers' Company  
6 Frederick's Place  
London EC2R 8AB

The Mercers' Company allocated costs amounting to £123,712 (2022: £127,320) in relation to the Service Agreement and directly attributable costs. £33,964 was outstanding at the year end (2022: £5,570). No emoluments or expenses were paid by the Charity to the Trustees during the year (2022: nil). Mercers' House is leased from The Mercers' Charitable Foundation at a peppercorn rent.

There are no other related party transactions requiring disclosure (2022: none).

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# Legal & Administrative Information

## LEGAL STATUS

The Mercers' Company Housing Association ("the Charity") was originally formed in 1983 to develop housing for the elderly primarily in Inner London. The Charity is established as a charitable company limited by guarantee and registered with the Charity Commission. The Charity is governed by its Memorandum and Articles of Association dated 28 June 2016.

Its registered company number is 10255806 and its Charity Commission registration number is 1172263.

There is one member of the Charity, The Wardens and Commonalty of the Mystery of Mercers of the City of London ("The Mercers' Company"). The directors of the Charity are its Trustees for the purpose of charity law.

The Charity is not a registered Social Landlord.

## PRINCIPAL ADDRESS

6 Frederick's Place  
London EC2R 8AB

## INDEPENDENT AUDITOR

Buzzacott LLP  
130 Wood Street  
London EC2V 6DL

## TRUSTEES

Mr John Roderick Graham (Chairman)  
Mr Adam Sedgwick  
Mr Anthony Beverley Totton  
Mrs Lucy Walsh Waring

## KEY STAFF OF THE MERCERS' COMPANY

Mr Robert Abernethy (Clerk to The Mercers' Company)  
Ms Serena Hedley-Dent (Deputy Clerk to The Mercers' Company)  
Mr James Christie (Chief Financial Officer)  
Miss Sarah Oliver (Housing Manager)

## BANKERS

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

## INVESTMENT MANAGERS

Rathbone Brothers Plc  
8 Finsbury Circus  
London EC2M 7AZ

**MERCERS' COMPANY HOUSING ASSOCIATION**

England & Wales - Charity number 1172263

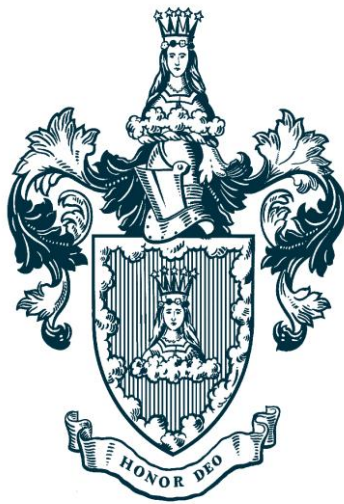
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# Accounts

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# **Mercers' Company Housing Association**

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## **Trustees' Annual Report & Financial Statements 2022**

Charity Commission Number 1172263

Company Number 10255806

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## Foreword

The Mercers' Company Housing Association (the Charity) provides sheltered housing at Mercers' House (28 units) and Priory House (20 units), both in Islington, London. Accommodation provided is one- and two-bedroom self-contained units with access to a communal lounge, garden, laundry, and hairdressers. Each site has a Scheme Manager. There are a total of 56 residents in 48 units across the two sites.

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# Trustees' Annual Report for the year ended 31 March 2022

The Trustees of the Charity present their annual report together with the financial statements of the Charity for the year ended 31 March 2022. These also meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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## Objectives and activities for public benefit

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The objects of the Charity are the provision of housing and any associated amenities for persons in necessitous circumstance upon terms appropriate to their means; and, the provision for aged persons in need thereof of housing and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons.

### Achievements, Impact and Future Plans

Following the lifting of Covid-19 restrictions, the housing management team is supporting and encouraging the reintroduction of events and activities for residents at each of the two housing schemes. It has been a more challenging process than anticipated as some residents have been reluctant to join in, but gradually this is changing and they are once again enjoying being part of the community. As at 31 March 2022, there were 56 residents occupying 48 units across the two sites.

Even though all Covid restrictions have been removed, it was agreed to retain some of the good practices adopted during the pandemic, such as sanitizing stations, sign-in books and increased cleaning across the sites. Following the external reviews from EROSH on the 'Code of Practice' positive feedback was received stating that the Charity was an excellent housing provider within the sector. The review suggested some improvements and those are being actioned before the EROSH renewal process starts in September 2022.

The first Residents' Consultation Forum was held in March 2022, where residents representing the two housing schemes and four almshouses managed by the Mercers' Company met to discuss

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what is working well and what less well. The forum was a success and will be repeated in six months. The Health and Wellbeing programmes are also being reintroduced.

The Charity is one of three charities whose housing provision is managed by the Mercers' Company. The future strategy for the almshouses and housing schemes managed by the Mercers' Company is under review, including discussion of increasing the provision. The review is expected to be completed later in 2022.

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## Financial Review

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Income from rents amounted to £629,000 in 2022 (2021: £631,000). Expenditure amounted to £677,000 (2021: £488,000), including £308,000 of cyclical repairs. This resulted in net expenditure before investment gains for the year of £48,000 (2021: net income of £143,000). At the year end, two operating properties were re-classified as investment property and were valued at market value, resulting in an unrealised gain of £1.471m.

### Reserves Policy

The free reserves of the Charity comprise the unrestricted funds not otherwise designated to the Cyclical Maintenance Fund or held as property. The Charity aims to retain six months of normal operating costs as a reserve in the event of a fall in income or other adverse occurrence. This target reserve amounts to £174,000, and the balance as at 31 March 2022 was £182,000, reaching the target reserve.

The Board of Trustees decided during the year to invest £700,000 of the designated reserves held by the Charity to meet future maintenance requirements and an investment fund will be established with Rathbones in 2022.

### Fundraising Policy

The Charity does not participate in any fundraising.

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## Risk Management and internal control

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The Board of Trustees acknowledges its responsibility for the management of risks faced by the Charity. A review is undertaken regularly by the Older People & Housing Committee of The Mercers' Company to identify, assess and mitigate the associated risks. The Board of Trustees in considering the governance, management, operational, financial and environmental risks, is satisfied, at this stage, that there is no material exposure and that there are procedures in place to mitigate such risks.

The Board of Trustees has agreed clear lines of delegation and authority and both the Older People & Housing Committee and executive staff are involved in the recognition of risk in all their activities.

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## Structure, governance and management

As set out in the Articles of Association, the Member of the Charity, the Mercers' Company, appoints the Trustees. Each year one third, or the number nearest to one third of the Trustees, being those who have been longest in office since their last appointment or reappointment, must retire from office. Retiring Trustees may be reappointed. At the meeting in September 2021, Mrs Walsh-Waring retired by rotation and was reappointed for a further term.

The Board of Trustees is responsible for the business of the Charity and meets regularly.

The Board has delegated certain matters to a number of the sole Member's specialist committees:

Function	Delegated Body
Oversight of housing operations/ operational property	Older People & Housing Committee
	Property Committee
Overview of risk management process and external audit process	Audit Committee
Oversight of cash and investments	Investment Sub Committee

The Board of Trustees is supported by the staff of the Mercers' Company, who are appropriately trained and qualified. These administrative services are provided under a service agreement. The following members of the Mercers' Company's senior management are involved in the provision of services:

Mr RM Abernethy (Clerk to the Mercers' Company)

Ms SMA Hedley-Dent (Deputy Clerk to The Mercers' Company)

Mr JRA Christie (Finance Director)

The Board intends to apply the principles of the Charity Governance Code so far as is possible. The Board has undertaken a self-assessment against the Charity Governance Code in 2021 and has identified areas in which it can further improve its practice to reflect the Governance Code principles. In addition, the Board has completed the checklist for a charity working with a non-charity and has concluded that the relationship between the Charity and the sole Member is in the Charity's best interests.

## Our volunteers

The Charity relies on members of The Mercers' Company volunteering their time to sit on committees, and attend events involving beneficiaries. In keeping with recommended practice, an estimate of the numbers of hours that Committee members give to the Charity free of charge during the year has been undertaken resulting in approximately 50 hours of voluntary time.

## Related Parties

Details of related parties and connected charities are given in note 12 of the financial statements. The Charity works closely with The Mercers' Company as well as with The Charity of Sir Richard Whittington and the Earl of Northampton's Charity both of which also provide housing and associated services.

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## Statement of Trustees' responsibilities

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The Trustees (who are also directors of Mercers' Company Housing Association for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the income and expenditure of the Charitable Company for that year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
  - observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
  - make judgments and 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 Charitable Company will continue in operation.
-

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable 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 Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- so far as each trustee is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- each trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the Charity's financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

-----  
Mr John Roderick Graham

-----  
Mrs Lucy Walsh Waring

Chairman Trustee

Trustee

29 September 2022

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# Independent Auditor's Report

TO THE MEMBER OF MERCERS' COMPANY HOUSING ASSOCIATION

## Opinion

We have audited the financial statements of The Mercers' Company Housing Association (the 'Charitable Company') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements which include the principal 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 Charitable Company's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

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**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the Trustees' report, which is also the Directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the Directors' report for the purposes of company law, has 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 Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
  - ◆ the financial statements are not in agreement with the accounting records and returns; or
  - ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
  - ◆ we have not received all the information and explanations we require for our audit; or
  - ◆ the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.
-

## Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable 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 Trustees either intend to liquidate the Charitable 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 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
  - ◆ we identified the laws and regulations applicable to the Charitable Company through discussions with those charged with governance and management, and from our knowledge and experience of the sector;
  - ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charitable Company, including the Companies Act 2006, the Charities Act 2011 and the financial reporting framework referred to above; and
  - ◆ we understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of meetings of those charged with governance.
-

We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected financial relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ performed substantive testing of expenditure including testing the authorisation thereof; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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### **Use of our report**

This report is made solely to the Charitable Company's member, 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 Charitable Company's member those matters we are required to state to it 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 Charitable Company and the Charitable Company's member as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Finch (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

30 September 2022

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# Statement of Financial Activities for the year ended 31 March 2022

(Incorporating an Income and Expenditure Account)

	Note	Year ended 31 March 2022			Year ended
		Unrestricted	Designated	Total Funds	31 March
		Funds	Funds	Total Funds	2021
		£'000	£'000	£'000	£'000
<b>Income</b>					
Charitable activities:					
Rents	3	629	-	629	631
<b>Total income</b>		<b>629</b>	<b>-</b>	<b>629</b>	<b>631</b>
<b>Expenditure</b>					
Raising funds	4	(2)	-	(2)	-
Charitable activities	3	(367)	(308)	(675)	(488)
<b>Total expenditure</b>		<b>(369)</b>	<b>(308)</b>	<b>(677)</b>	<b>(488)</b>
Gains on investments	6	1,471	-	1,471	-
<b>Net income/(expenditure)</b>		<b>1,731</b>	<b>(308)</b>	<b>1,423</b>	<b>143</b>
Transfers between funds	8	(215)	215	-	-
<b>Net movement in funds</b>		<b>1,516</b>	<b>(93)</b>	<b>1,423</b>	<b>143</b>
Fund balances brought forward at 1 April		<b>2,110</b>	<b>886</b>	<b>2,996</b>	<b>2,853</b>
<b>Fund balances carried forward at 31 March</b>		<b>3,626</b>	<b>793</b>	<b>4,419</b>	<b>2,996</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses other than those disclosed above.

# Statement of Financial Activities for the year ended 31 March 2021

(Incorporating an Income and Expenditure Account)

	Note	Year ended 31 March 2021		
		Unrestricted	Designated	Total Funds
		Funds	Funds	Total Funds
		£'000	£'000	£'000
<b>Income</b>				
Charitable activities:				
Rents	3	631	-	631
<b>Total income</b>		<b>631</b>	<b>-</b>	<b>631</b>
<b>Expenditure</b>				
Charitable activities	3	(396)	(92)	(488)
<b>Total expenditure</b>		<b>(396)</b>	<b>(92)</b>	<b>(488)</b>
Transfers between funds	8	(215)	215	-
<b>Net income and net movement in funds</b>		<b>20</b>	<b>123</b>	<b>143</b>
Fund balances brought forward at 1				
April		<b>2,090</b>	<b>763</b>	<b>2,853</b>
<b>Fund balances carried forward at 31</b>				
<b>March</b>		<b>2,110</b>	<b>886</b>	<b>2,996</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses.

# Balance Sheet as at 31 March 2022

	Note	31 March 2022		31 March 2021	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	5	1,793		2,032	
Investment property	6	1,650		-	
			3,443		2,032
<b>Current assets</b>					
Debtors	7	57		53	
Cash at bank and in hand		987		982	
Total current assets			1,044		1,035
Creditors: amounts falling due within one year	8		(68)		(71)
<b>Net current assets</b>			976		964
<b>Total net assets</b>			<b>4,419</b>		<b>2,996</b>
<b>The funds of the charity</b>					
Unrestricted funds:					
General funds	9		183		78
Tangible fixed asset funds	9		3,443		2,032
Designated funds	9		793		886
<b>Total Charity funds</b>	9		<b>4,419</b>		<b>2,996</b>

The attached notes on pages 20 to 30 form an integral part of these financial statements. The financial statements on pages 16 to 30 were approved by the Trustees on 29 September 2022 and are signed on their behalf by:

-----  
Mr John Roderick Graham  
Chairman  
The Company Number is 10255806.  
29 September 2022

-----  
Mrs Lucy Walsh Waring  
Trustee

# Statement of Cash Flows for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	10	5	195
Change in cash and cash equivalents in the financial year		5	195
Cash and cash equivalents at the beginning of the financial year		982	787
Cash and cash equivalents at the end of the financial year	10	<b>987</b>	<b>982</b>

No separate statement of changes in net debt has been prepared as there is no difference between the movement in cash and cash equivalents and movements in net cash (debt).

# Notes to the financial statements

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## 1 Accounting Policies

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### ACCOUNTING BASIS

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these financial statements.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('SORP (FRS 102)').

The Charity constitutes a public benefit entity as defined by FRS 102.

### GOING CONCERN

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees have considered the continuing impacts of the Coronavirus pandemic on the Charity's operations, with a particular focus on its effect on its beneficiaries and suppliers and on the Charity's income and expenditure. The Trustees do not consider this to be cause for material uncertainty in respect of the Charity's ability to continue as a going concern. The Trustees consider that it has sufficient financial resources for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

### CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances prevailing. The main estimates and judgements relate to the investment property valuations and the estimated useful lives of tangible fixed assets.

### INCOME

All income, comprising rents and service charges from the housing operations, interest on bank accounts, and rents from investment properties, is stated gross and is included on an accruals basis when the Charity has entitlement, receipt is probable and the amount can be measured with sufficient reliability. Income relating to a subsequent financial year is carried forward as a creditor in the balance sheet and shown as deferred income.

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## EXPENDITURE

All expenditure is included on an accruals basis and is recognised as soon as there is a legal or constructive obligation committing the Charity to it, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is included with the underlying expense and charged to the Statement of Financial Activities (SOFA) as incurred. Overhead costs are allocated from The Mercers' Company under a service level agreement. This allocation has been estimated by The Mercers' Company based on the proportion of time spent on the Charity by staff.

## TAXATION

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Accordingly, no provision is made for current or deferred taxation.

## INVESTMENT GAINS AND LOSSES

Unrealised gains and losses for the period reflect the movement in market values. Realised gains and losses represent the difference between proceeds on disposal and the market value brought forward (or cost if acquired in the year). Unrealised and realised investment gains or losses are shown net on the SOFA.

## INVESTMENTS

Investment properties are re-valued externally every five years and internally by the Trustee in intervening years. The Trustees are of the opinion that this valuation is appropriate for the purpose of these financial statements.

## TANGIBLE FIXED ASSETS

All assets costing more than £10,000 are capitalised at cost and depreciated over their useful economic lives. Subsequent expenditure on a capitalised asset will also be capitalised where it is regarded that there has been an enhancement to the asset or a depreciated asset has been replaced.

## DEPRECIATION

The Trustees consider the useful life of the property to be not less than 50 years. Accordingly, a depreciation rate of 2% has been applied to the historical cost (after eliminating the original cost of the land) over the expected economic useful life of the property. Land is not depreciated. The useful economic life and any impairment of the property is reviewed annually. Where there is impairment, the property is written down to the recoverable amount.

## RESERVES

The Charity has the following types of unrestricted reserve:

- General funds – where the funds are not restricted as to use other than in furthering the objects of the Charity.
-

- Designated reserve: cyclical maintenance reserve - where the reserve is for repairs of the properties. The surplus / (deficit), excluding depreciation, at the year end is transferred to / (from) this reserve.
- Fixed asset reserve - comprises the book value of tangible fixed assets and investment properties.

#### SHARE CAPITAL

The Company is limited by guarantee and has no share capital. The member of the Charitable Company, The Mercers' Company, guarantees to undertake to contribute one pound in the event of the winding up of the Charitable Company.

#### FINANCIAL INSTRUMENTS

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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## 2 Donations and Legacies

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During the year, the charity did not receive any donations (2021: nil).

### 3 Charitable Activities

Income and expenditure is analysed as follows:

	2022				2021			
	Mercers' House £'000	Priory House £'000	Head Office £'000	Total £'000	Mercers' House £'000	Priory House £'000	Head Office £'000	Total £'000
Rents & service charge income	315	314	-	629	313	318	-	631
Property operating costs	(103)	(127)	-	(230)	(116)	(139)	-	(255)
Major repairs & projects	(147)	(161)	-	(308)	(23)	(69)	-	(92)
Depreciation	-	(59)	-	(59)	-	(58)	-	(58)
Bad debt	-	3	-	3	1	-	-	1
Administration & governance	(39)	(32)	(5)	(76)	(42)	(33)	(4)	(79)
Auditor's remuneration	-	-	(5)	(5)	-	-	(5)	(5)
<b>Total expenditure</b>	<b>(289)</b>	<b>(376)</b>	<b>(10)</b>	<b>(675)</b>	<b>(180)</b>	<b>(299)</b>	<b>(9)</b>	<b>(488)</b>
<b>Net income / (expenditure)</b>	<b>26</b>	<b>(62)</b>	<b>(10)</b>	<b>(46)</b>	<b>133</b>	<b>19</b>	<b>(9)</b>	<b>143</b>

Major repairs and projects are funded by the Cyclical Maintenance Fund.

## 4 Expenditure

Analysis of total expenditure:

	Further notes	Governance & support costs £'000	Other direct costs £'000	Total 2022 £'000	Total 2021 £'000
<i>Charitable activities</i>					
Housing for the elderly	3	10	665	675	488
Raising funds		-	2	2	-
		10	667	677	488

	Further notes	Governance & support costs £'000	Other direct costs £'000	Total 2021 £'000
<i>Charitable activities</i>				
Housing for the elderly	3	9	479	488

The Charity has no employees (2021: nil). The Mercers' Company, by way of a service agreement, provides housing management services to the Charity. The Trustees have not received any emoluments or reimbursements during the year for services as Trustees (2021: nil). Governance costs comprise audit fees of £4,225 (excluding irrecoverable VAT) (2021: £4,100).

## 5 Tangible Assets

The operating properties are shown at their historical cost less depreciation.

	<b>Land &amp; Buildings £'000</b>
<b>Cost</b>	
Balance at 1 April 2021	3,340
Less transfers to investment properties (see note 6)	(304)
Balance at 31 March 2022	3,036
<b>Depreciation</b>	
Balance brought forward at 1 April 2021	(1,308)
Charge for the year	(59)
Less transfers to investment properties	124
Balance carried forward 31 March 2022	(1,243)
<b>Net book value at 31 March 2022</b>	<b>1,793</b>
<b>Net book value at 31 March 2021</b>	<b>2,032</b>

Land and buildings comprise the freehold historical cost of Priory House. A further property, Mercers' House is a leasehold interest at nil historical cost and at a peppercorn rent. Mercers' House is leased from The Mercers' Charitable Foundation, a connected charity.

The net book values shown do not represent current open market valuations.

At the year end, two units at Priory House were reclassified as Investment Properties, as they are held for generating income for the Charity.

## 6 Investment Properties

The movements in the Charity's investment properties in the year are as follows:

<b>Freehold property</b>	<b>1 April 2021</b>	<b>Transfers</b>	<b>Revaluation</b>	<b>31 March 2022</b>
	<b>£'000</b>	<b>(note 5)</b>	<b>gains</b>	<b>£'000</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Market value	-	179	1,471	1,650
Historical cost	-			179

A full external valuation was done on 31 March 2022 by Cluttons LLP, which is an independent firm of qualified surveyors.

## 7 Debtors

Debtors are made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Rent receivable	47	43
Prepayments and accrued income	10	10
	57	53

## 8 Creditors: Amounts Falling Due Within One Year

Creditors are amounts falling due within one year and are made up as follows:

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Rent received in advance	18	20
Accruals	13	5
Amount due to The Mercers' Company	6	18
Other creditors	31	28
	68	71

## 9 Analysis of Funds

The designated funds comprise the Cyclical Maintenance Reserve which provides for repairs of the properties. £215,000 (2021: £215,000) was transferred into the fund from Unrestricted Funds during the year to provide for future repairs and maintenance of the sheltered housing properties. £308,000 (2021: £92,000) was used during the year for cyclical and extraordinary repairs at the properties.

The tangible fixed assets funds comprise the Charity's operating properties and investment properties. These funds are not readily realisable to meet charitable expenditure.

The net assets by funds are as follows:

	<b>General funds</b>	<b>Fixed assets funds</b>	<b>Designated fund</b>	<b>2022 Total funds</b>
	<b>£000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Tangible assets	-	1,793	-	1,793
Investment properties	-	1,650	-	1,650
Net current assets	183	-	793	976
<b>Total Funds</b>	<b>183</b>	<b>3,443</b>	<b>793</b>	<b>4,419</b>

	<b>General funds</b>	<b>Fixed assets funds</b>	<b>Designated fund</b>	<b>2021 Total funds</b>
	<b>£000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Tangible assets	-	2,032	-	2,032
Net current assets	78	-	886	964
<b>Total Funds</b>	<b>78</b>	<b>2,032</b>	<b>886</b>	<b>2,996</b>

## 10 Reconciliation of Net Income To Net Cash Flow From Operating Activities

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Net income for the reporting year (as per statement of activities)	1,423	143
Adjustments for:		
Gains on investments	(1,471)	-
Depreciation	59	58
Increase in debtors	(3)	(15)
(Decrease)/increase in creditors	(3)	9
Net cash provided by operating activities	5	195

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	987	982

## 11 Contingent Liabilities and Contractual Commitments

The Charity has no contingent liabilities and no contractual commitments at the end of the year (2021: none).

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## 12 Related Parties and Connected Charities

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The following related parties and charities have common management and are therefore regarded as connected:

Becket House Limited (dormant)  
Charter 600 Charity  
Earl of Northampton's Charity  
Longacre Estates Limited (dormant)  
Longmartin Properties Limited  
Maiden Trading Limited (dormant)  
Mercers' School Memorial Trust (incorporating The Merrett Bequest)  
St Paul's Schools Foundation  
The Charity of Sir Richard Whittington  
The Mercers' Charitable Foundation  
The Mercers' Company

The principal address of the above entities is:

The Mercers' Company  
6 Frederick's Place  
London EC2R 8AB

The Mercers' Company allocated costs amounting to £127,320 (2021: £135,644) in relation to the Service Agreement and directly attributable costs. £5,570 was outstanding at the year end (2021: £17,627). No emoluments or expenses were paid by the Charity to the Trustees during the year (2021: nil). Mercers' House is leased from The Mercers' Charitable Foundation at a peppercorn rent.

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# Legal & Administrative Information

## LEGAL STATUS

The Mercers' Company Housing Association ("the Charity") was originally formed in 1983 to develop housing for the elderly primarily in Inner London. The Charity is established as a charitable company limited by guarantee and registered with the Charity Commission. The Charity is governed by its Memorandum and Articles of Association dated 28 June 2016.

Its registered company number is 10255806 and its Charity Commission registration number is 1172263.

There is one member of the Charity, The Wardens and Commonalty of the Mystery of Mercers of the City of London ("The Mercers' Company"). The directors of the Charity are its Trustees for the purpose of charity law.

The Charity is not a registered Social Landlord.

## PRINCIPAL ADDRESS

6 Frederick's Place  
London EC2R 8AB

## INDEPENDENT AUDITOR

Buzzacott LLP  
130 Wood Street, London, EC2V 6DL

## TRUSTEES

Mr John Roderick Graham (Chairman)  
Mr Adam Sedgwick  
Mr Anthony Beverley Totton  
Mrs Lucy Walsh Waring

## KEY STAFF OF THE MERCERS' COMPANY

Mr Robert Abernethy (Clerk to The Mercers' Company)  
Ms Serena Hedley-Dent (Deputy Clerk to The Mercers' Company)  
Mr James Christie (Chief Financial Officer)  
Miss Sarah Oliver (Housing Manager)

## BANKERS

Barclays Bank PLC,  
1 Churchill Place, London E14 5HP

**MERCERS' COMPANY HOUSING ASSOCIATION**

England & Wales - Charity number 1172263

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# Accounts

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# **Mercers' Company Housing Association**

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## **Trustees' Annual Report & Financial Statements 2021**

Charity Commission Number 1172263

Company Number 10255806

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## Foreword

The Mercers' Company Housing Association (the Charity) provides sheltered housing at Mercers' House (28 units) and Priory House (20 units), both in Islington, London. Accommodation provided is one- and two-bedroom self-contained units with access to a communal lounge, garden, laundry, and hairdressers. Each site has a Scheme Manager. There are a total of 57 residents in 48 units across the two sites

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# Trustees' Annual Report for the year ended 31 March 2021

The Trustees of the Charity present their annual report together with the financial statements of the charity for the year ended 31 March 2021. These also meet the requirements for a directors' report and financial statements for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

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## Objectives and activities for public benefit

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The objects of the Charity are the provision of housing and any associated amenities for persons in necessitous circumstance upon terms appropriate to their means; and, the provision for aged persons in need thereof of housing and any associated amenities specially designed or adapted to meet the disabilities and requirements of such persons.

## Achievements, Impact and Future Plans

- a. *Response to Covid-19:* The greatest achievement during the year is to have continued to operate the two sheltered housing sites with minimal disruption to service provision. The residents were kept safe with increased communication and support from the Trustee's Housing Team. Sadly, many of the events and activities normally planned for residents had to be cancelled due to restrictions. However, a positive approach was taken and where possible activities were adapted (within government guidelines). This ensured that there was still an element of social engagement for the residents..
-

- b. Planned building and maintenance works have been undertaken safely and all contractors have followed government guidance in order to keep up to date with maintenance on sites. Since the year end, both sites have been audited by BSI and no issues have been found. In addition the Trustee continues to be accredited as a good provider under the EROSH Code of Practice.
  - c. *Health & Wellbeing Programme.* External evaluators Wavehill evaluated the Health & Wellbeing programme for residents and recommendations have been made as to how this can be improved. The programme will be relaunched in a new format, taking account of residents' feedback, once Covid restrictions have been eased.
  - d. *Staff Impact:* the impact of the sudden illness in late 2020 and subsequent death of the long serving Scheme Manager at Priory House was felt by residents and staff alike. The Trustee's housing team, including the Scheme Manager from Mercer House, provided cover to ensure the continuation of delivery of service provision with minimal disruption. A successful recruitment process was undertaken and the new Scheme Manager started in June 2021.
  - e. *Future plans:* The Charity is one of three charities whose housing provision is managed by the Trustee. The future strategy for the Mercer managed almshouse and housing is under review, including discussion of increasing the provision. The review is expected to be completed in 2022.
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## Financial Review

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Income from rents amounted to £631,000 in 2021 (2020: £630,000). Expenditure amounted to £488,000 (2020: £457,000), including £92,000 of cyclical repairs. This resulted in net income for the year of £143,000 (2020: £173,000).

### Reserves Policy

The free reserves of the Charity comprise the unrestricted funds not otherwise designated to the Cyclical Maintenance Fund or held as charitable property. The Charity aims to retain six month's of normal operating costs as a reserve in the event of a fall in income or other adverse occurrence. This target reserve amounts to £172,000, and the balance as at 31 March 2021 was £78,000. It is planned that the charity will reach its target reserve level in the next financial year.

### Fundraising Policy

The Charity does not participate in any fundraising.

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## Risk Management and internal control

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The Board of Trustees acknowledges its responsibility for the management of risks faced by the Charity. A review is undertaken regularly by the Older People and Housing Committee to identify, assess and mitigate the associated risks. The Board of Trustees in considering the governance, management, operational, financial and environmental risks, is satisfied, at this stage, that there is no material exposure and that there are procedures in place to mitigate such risks.

Consideration is being given to investing the funds held by the Charity to meet future maintenance requirements.

The Board of Trustees has agreed clear lines of delegation and authority and both the Older People and Housing Committee and executive staff are involved in the recognition of risk in all their activities.

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## Structure, governance and management

As set out in the Articles of Association, the member of the Charity appoints the Trustees. At the Annual General Meeting each year one third, or the number nearest to one third of the Trustees, being those who have been longest in office since their last appointment or reappointment, must retire from office. Retiring Trustees may be reappointed. The Board of Trustees is responsible for the business of the Charity and meets regularly.

The Board also delegated certain matters to a number of the sole Member's specialist committees:

Function	Delegated Body
Oversight of housing operations	Older People & Housing Committee
	Property Committee
Overview of risks and financial management	Audit Committee

The Board of Trustees is supported by the staff of the Mercers' Company, who are appropriately trained and qualified. These administrative services are provided under a service agreement.

The following members of the Mercers' Company's senior management are involved in the provision of services:

Mr RM Abernethy (Clerk to the Mercers' Company)

Ms SMA Hedley-Dent (Deputy Clerk to The Mercers' Company)

Mr JRA Christie (Finance Director)

The Trustee intends to apply the principles of the Charity Governance Code so far as is possible given that it is sole corporate trustee. The Trustee has undertaken a self-assessment against the Charity Governance Code in 2021 and has identified areas in which it can further improve its practice to reflect the Governance Code principles. In addition, the trustee has completed the checklist for a charity working with a non charity and has concluded that the relationship between the Charity and the Trustee is in the Charity's best interests.

## Related Parties

Details of related parties and connected charities are given in note 11 of the financial statements. The Charity works closely with The Mercers' Company as well as with The Charity of Sir Richard Whittington and the Earl of Northampton's Charity both of which also provide housing and associated services.

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## Statement of Trustees' responsibilities

The Trustees (who are also directors of Mercers' Company Housing Association for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Charitable Company and of the income and expenditure of the Charitable Company for that year. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
  - observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
  - make judgments and 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 charitable company will continue in operation.
-


The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable 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 Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

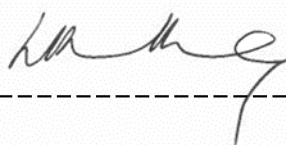
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the Charity's financial information included on the Trustee's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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Mr John Roderick Graham

Chairman Trustee



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Mrs Lucy Walsh Waring

Trustee

20 September 2021

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# Independent Auditor's Report

TO THE MEMBER OF MERCERS' COMPANY HOUSING ASSOCIATION

## Opinion

We have audited the financial statements of The Mercers' Company Housing Association (the 'Charitable Company') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements which include the principal 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 Charitable Company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable 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 Trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- ◆ the information given in the Trustees' report, which is also the Directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
  - ◆ the Trustees' report, which is also the Directors' report for the purposes of company law has been prepared in accordance with applicable legal requirements.
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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the Trustees were not entitled to take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

**Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable 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 Trustees either intend to liquidate the Charitable 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 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the Charitable Company through discussions with those charged with governance and other management, and from our knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Charitable Company, including the Companies Act 2006, the Charities Act 2011 and the financial reporting framework referred to above; and
- ◆ we understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of meetings of those charged with governance.

We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged

fraud; and

- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ performed substantive testing of expenditure including testing the authorisation thereof; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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**Use of our report**

This report is made solely to the Charitable Company's member, 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 Charitable Company's member 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 Charitable Company and the Charitable Company's member as a body, for our audit work, for this report, or for the opinions we have formed.



Edward Finch (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

20 September 2021

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# Statement of Financial Activities for the year ended 31 March 2021

(Incorporating an Income and Expenditure Account)

		Year ended 31 March 2021			Year ended 31 March 2020
		Unrestricted Funds	Designated Funds	Total Funds	Total Funds
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Charitable activities:					
Rents	3	631	-	631	630
<b>Total income</b>		<b>631</b>	<b>-</b>	<b>631</b>	<b>630</b>
<b>Expenditure</b>					
Charitable activities	3	(396)	(92)	(488)	(457)
<b>Total expenditure</b>		<b>(396)</b>	<b>(92)</b>	<b>(488)</b>	<b>(457)</b>
Transfers between funds	8	(215)	215	-	-
<b>Net income and net movement in funds</b>					
		<b>20</b>	<b>123</b>	<b>143</b>	<b>173</b>
Fund balances brought forward at 1 April					
		<b>2,090</b>	<b>763</b>	<b>2,853</b>	<b>2,680</b>
<b>Fund balances carried forward at 31 March</b>					
		<b>2,110</b>	<b>886</b>	<b>2,996</b>	<b>2,853</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses.

# Statement of Financial Activities for the year ended 31 March 2020

(Incorporating an Income and Expenditure Account)

	Note	Year ended 31 March 2020		
		Unrestricted	Designated	Total Funds
		Funds	Funds	
		£'000	£'000	£'000
<b>Income</b>				
Charitable activities:				
Rents	3	630	-	630
<b>Total income</b>		<b>630</b>	<b>-</b>	<b>630</b>
<b>Expenditure</b>				
Charitable activities	3	(384)	(73)	(457)
<b>Total expenditure</b>		<b>(384)</b>	<b>(73)</b>	<b>(457)</b>
Transfers between funds	8	(305)	305	-
<b>Net (expenditure)/income and net movement in funds</b>		<b>(59)</b>	<b>232</b>	<b>173</b>
Fund balances brought forward at 1 April		<b>2,149</b>	<b>531</b>	<b>2,680</b>
<b>Fund balances carried forward at 31 March</b>		<b>2,090</b>	<b>763</b>	<b>2,853</b>

All of the Charity's activities are derived from continuing operations. There are no recognised gains or losses.

# Balance Sheet as at 31 March 2021

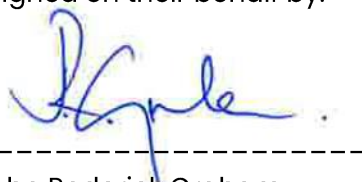
	Note	31 March 2021		31 March 2020	
		£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	5		2,032		2,090
<b>Current assets</b>					
Debtors	6	53		38	
Cash at bank and in hand		982		787	
<b>Total current assets</b>		<b>1,035</b>		<b>825</b>	
Creditors: amounts falling due within one year	7	(71)		(62)	
<b>Net current assets</b>			<b>964</b>		<b>763</b>
<b>Total net assets</b>			<b>2,996</b>		<b>2,853</b>

## The funds of the charity

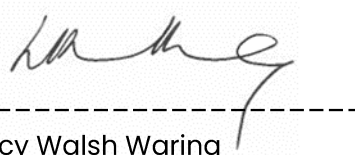
### Unrestricted funds:

General funds	8	78		-
Tangible fixed asset funds	8	2,032		2,090
Designated funds	8	886		763
<b>Total Charity funds</b>	<b>8</b>	<b>2,996</b>		<b>2,853</b>

The attached notes on pages 21 to 30 form an integral part of these financial statements. The financial statements on pages 17 to 30 were approved by the Trustees on 20 September 2021 and are signed on their behalf by:



Mr John Roderick Graham  
Chairman



Mrs Lucy Walsh Waring  
Trustee

The Company Number is 10255806.  
20 September 2021

# Statement of Cash Flows for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	9	195	194
<hr/>			
Change in cash and cash equivalents in the financial year		195	194
Cash and cash equivalents at the beginning of the financial year		787	593
<hr/>			
Cash and cash equivalents at the end of the financial year	9	982	787

# Notes to the financial statements

## 1 Accounting Policies

### ACCOUNTING BASIS

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these financial statements.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice for charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('SORP (FRS 102)').

The Charity constitutes a public benefit entity as defined by FRS 102.

### GOING CONCERN

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees have considered the impact of the ongoing Coronavirus pandemic on the Charity's operations, with a particular focus on its effect on its beneficiaries and suppliers and on the Charity's income and expenditure. The Trustees do not consider this to be cause for material uncertainty in respect of the Charity's ability to continue as a going concern. The Trustees consider that it has sufficient financial resources for the foreseeable future, despite the ongoing pandemic. Therefore, the financial statements have been prepared on a going concern basis.

### CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances prevailing. The main estimates and judgements relate to the estimated useful lives of tangible fixed assets.

## INCOME

All income, comprising rents and service charges, is stated gross and is included on an accruals basis when the Charity has entitlement, receipt is probable and the amount can be measured with sufficient reliability. Income relating to a subsequent financial year is carried forward as a creditor in the balance sheet and shown as deferred income.

## EXPENDITURE

All expenditure is included on an accruals basis and is recognised as soon as there is a legal or constructive obligation committing the Charity to it, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Irrecoverable VAT is included with the underlying expense and charged to the Statement of Financial Activities (SOFA) as incurred. Overhead costs are allocated from The Mercers' Company under a service level agreement. This allocation has been estimated by The Mercers' Company based on the proportion of time spent on the Charity by staff.

## TAXATION

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. Accordingly, no provision is made for current or deferred taxation.

## TANGIBLE FIXED ASSETS

All assets costing more than £10,000 are capitalised at cost and depreciated over their useful economic lives. Subsequent expenditure on a capitalised asset will also be capitalised where it is regarded that there has been an enhancement to the asset or a depreciated asset has been replaced.

## DEPRECIATION

The Trustees consider the useful life of the property to be not less than 50 years. Accordingly, a depreciation rate of 2% has been applied to the historical cost (after eliminating the original cost of the land) over the expected economic useful life of the property. Land is not depreciated. The useful economic life and any impairment of the property is reviewed annually. Where there is impairment, the property is written down to the recoverable amount.

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## RESERVES

The Charity has the following types of unrestricted reserve:

- General funds – where the funds are not restricted as to use other than in furthering the objects of the Charity.
- Designated reserve: cyclical maintenance reserve – where the reserve is for repairs of the properties. The surplus / (deficit), excluding depreciation, at the year end is transferred to / (from) this.
- Tangible fixed asset reserve – comprises the net book value of tangible fixed assets.

## SHARE CAPITAL

The Company is limited by guarantee and has no share capital. The member of the Charitable Company, The Mercers' Company, guarantees to undertake to contribute one pound in the event of the winding up of the Charitable Company.

## FINANCIAL INSTRUMENTS

The Charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

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## 2 Donations and Legacies

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During the year, the charity did not receive any donations (2020: nil).

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### 3 Charitable Activities

Income and expenditure is analysed as follows:

	2021				2020			
	Mercers' House £'000	Priory House £'000	Head Office £'000	Total £'000	Mercers' House £'000	Priory House £'000	Head Office £'000	Total £'000
Rents & service charge income	313	318	-	631	310	319	1	630
Property operating costs	(116)	(139)	-	(255)	(106)	(151)	-	(257)
Major repairs & projects	(23)	(69)	-	(92)	(52)	(21)	-	(73)
Depreciation	-	(58)	-	(58)	-	(59)	-	(59)
Bad debt	1	-	-	1	1	4	-	5
Administration & governance	(42)	(33)	(4)	(79)	(38)	(26)	(4)	(68)
Auditor's remuneration	-	-	(5)	(5)	-	-	(5)	(5)
Total expenditure	(180)	(299)	(9)	(488)	(195)	(253)	(9)	(457)
Net income / (expenditure)	133	19	(9)	143	115	66	(8)	173

Major repairs and projects are funded by the Cyclical Maintenance Fund.

## 4 Expenditure

*Analysis of total expenditure:*

	<b>Further notes</b>	<b>Governance &amp; support costs £'000</b>	<b>Other direct costs £'000</b>	<b>Total 2021 £'000</b>	<b>Total 2020 £'000</b>
<i>Charitable activities</i>					
Housing for the elderly	<b>3</b>	9	479	488	457

	<b>Further notes</b>	<b>Governance &amp; support costs £'000</b>	<b>Other direct costs £'000</b>	<b>Total 2020 £'000</b>
<i>Charitable activities</i>				
Housing for the elderly	<b>3</b>	9	448	457

The Charity has no employees (2020: nil). The Mercers' Company, by way of a service agreement, provides staff to the Charity. The Trustees have not received any emoluments or reimbursements during the year for services as Trustees (2020: nil). Governance costs comprise audit fees of £4,100 (excluding irrecoverable VAT) (2020: £4,000).

## 5 Tangible Assets

The operating properties are shown at their historical cost less depreciation.

	<b>Land &amp; Buildings £'000</b>
<b>Cost</b>	
Balance at 1 April 2020 and 31 March 2021	3,340
<b>Depreciation</b>	
Balance brought forward at 1 April 2020	(1,250)
Charge for the year	(58)
Balance carried forward 31 March 2021	(1,308)
<b>Net book value at 31 March 2021</b>	<b>2,032</b>
<b>Net book value at 31 March 2020</b>	<b>2,090</b>

Land and buildings comprise the freehold historical cost of Priory House. A further property, Mercers' House is a leasehold interest at nil historical cost and at a peppercorn rent. Mercers' House is leased from The Mercers' Charitable Foundation, a connected charity.

The net book values shown do not represent current open market valuations.

## 6 Debtors

Debtors are made up as follows:

	<b>2021 £'000</b>	<b>2020 £'000</b>
Rent receivable	43	29
Prepayments and accrued income	10	9
	53	38

## 7 Creditors: Amounts Falling Due Within One Year

Creditors are amounts falling due within one year and are made up as follows:

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Rent received in advance	20	17
Accruals	5	14
Amount due to The Mercers' Company	18	4
Other creditors	28	27
	<b>71</b>	<b>62</b>

## 8 Analysis of Funds

The designated funds comprise the Cyclical Maintenance Reserve which provides for repairs of the properties. £215,000 (2020: £305,000) was transferred into the fund from Unrestricted Funds during the year to provide for future repairs and maintenance of the sheltered housing properties. £92,000 (2020: £73,000) was used during the year for repairs at the properties.

The tangible fixed assets funds comprise the Charity's operating properties. These funds are not readily realisable to meet charitable expenditure.

The net assets by funds are as follows:

	<b>General funds</b>	<b>Tangible fixed assets</b>		<b>2021 Total funds</b>
	<b>£000</b>	<b>£'000</b>	<b>Designated funds £'000</b>	<b>£'000</b>
Tangible assets	-	2,032	-	2,032
Net current assets	78	-	886	964
<b>Total Funds</b>	<b>78</b>	<b>2,032</b>	<b>886</b>	<b>2,996</b>

	<b>Tangible fixed assets funds £'000</b>	<b>Designated funds £'000</b>	<b>2020 Total funds £'000</b>
Tangible assets	2,090	-	2,090
Net current assets	-	763	763
<b>Total Funds</b>	<b>2,090</b>	<b>763</b>	<b>2,853</b>

## 9 Reconciliation of Net Income To Net Cash Flow From Operating Activities

	<b>2021 £'000</b>	<b>2020 £'000</b>
Net income for the reporting year (as per statement of activities)	143	173
Adjustments for:		
Depreciation	58	59
(Increase)/decrease in debtors	(15)	7
Increase/(decrease) in creditors	9	(45)
Net cash provided by operating activities	195	194

### ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>2021 £'000</b>	<b>2020 £'000</b>
Cash at bank and in hand	982	787

## 10 Contingent Liabilities and Contractual Commitments

The Charity has no contingent liabilities and no contractual commitments at the end of the year (2020: none).

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## 11 Related Parties and Connected Charities

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The following related parties and charities have common management and are therefore regarded as connected:

Becket House Limited (dormant)

Charter 600 Charity

Earl of Northampton's Charity

Lady Campden's Money Legacy for Loans

Longacre Estates Limited (dormant)

Longmartin Properties Limited

Maiden Trading Limited (dormant)

Mercers' Company Educational Trust Fund (dormant)

Mercers' School Memorial Trust (incorporating The Merrett Bequest)

MSM Trust (dormant)

Old Mercers' Benevolent Fund

St Paul's Schools Foundation

The Charity of Sir Richard Whittington

The Mercers' Charitable Foundation

The Mercers' Company

The principal address of the above entities is:

The Mercers' Company

6 Frederick's Place

London EC2R 8AB

The Mercers' Company allocated costs amounting to £135,644 (2020: £137,996) in relation to the Service Agreement and directly attributable costs. £17,627 was outstanding at the year end (2020: £4,284). No emoluments or expenses were paid by the Charity to the Trustees during the year (2020: nil). Mercers' House is leased from The Mercers' Charitable Foundation at a peppercorn rent.

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## Legal & Administrative Information

### LEGAL STATUS

The Mercers' Company Housing Association ("the Charity") was originally formed in 1983 to develop housing for the elderly primarily in Inner London. The Charity is established as a charitable company limited by guarantee and registered with the Charity Commission. The Charity is governed by its Memorandum and Articles of Association dated 28 June 2016.

Its registered company number is 10255806 and its Charity Commission registration number is 1172263.

There is one member of the Charity, The Wardens and Commonalty of the Mystery of Mercers of the City of London ("The Mercers' Company"). The directors of the Charity are its Trustees for the purpose of charity law.

The Charity is not a registered Social Landlord.

### PRINCIPAL ADDRESS

6 Frederick's Place  
London EC2R 8AB

### INDEPENDENT AUDITOR

Buzzacott LLP  
130 Wood Street, London, EC2V 6DL

### TRUSTEES

Mr John Roderick Graham (Chairman)  
Mr Adam Sedgwick  
Mr Anthony Beverley Totton  
Mrs Lucy Walsh Waring

### KEY STAFF OF THE MERCERS' COMPANY

Mr Robert Abernethy (Clerk to The Mercers' Company)  
Ms Serena Hedley-Dent (Deputy Clerk to The Mercers' Company)  
Mr James Christie (Chief Financial Officer)  
Miss Sarah Oliver (Housing Manager)

### BANKERS

Barclays Bank PLC,  
1 Churchill Place, London E14 5HP