

Mercers' Company Housing Association



Trustees' Annual Report & Financial Statements 2024

Charity Commission Number 1172263

Company Number 10255806

CONTENTS

Trustees' Annual Report for the year ended 31 March 2024	4
Introduction, objects and activities for public benefit	4
Provision of Housing Overview	5
Financial Review	6
Funding Sources	6
Investments	6
Results for the year	7
Investment policy	7
Reserves Policy	8
Fundraising Policy	8
Risk Management and internal control	9
Structure, governance and management	10
Our volunteers	10
Related Parties	11
Statement of Trustees' responsibilities	11
Independent Auditor's Report	13
Statement of Financial Activities for the year ended 31 March 2024	18
Statement of Financial Activities for the year ended 31 March 2023	19
Balance Sheet as at 31 March 2024	20
Statement of Cash Flows for the year ended 31 March 2024	21
Notes to the financial statements	22
1 Accounting Policies	22
2 Investments	25
3 Charitable Activities	25

4 Expenditure	26
5 Tangible Assets	27
6 Investment Properties	28
7 Quoted Investments	28
8 Debtors	29
9 Creditors: Amounts Falling Due Within One Year	29
10 Analysis of Funds	30
11 Reconciliation of Net (Expenditure)/Income To Net Cash Flow From Operating Activities	31
12 Contingent Liabilities and Contractual Commitments	31
13 Related Parties and Connected Charities	32
Legal & Administrative Information	33

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.

Introduction, objects and activities for public benefit

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.

Provision of Housing Overview

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.

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
Cyclical Maintenance Fund	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.

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:

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

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:

Risk	Mitigation
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.

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 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.

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.



Mr John Roderick Graham

Chairman Trustee

24 October 2024



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.

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.

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

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)

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

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
Fixed Assets					
Tangible assets	5	1,687		1,740	
Investment property	6	1,280		1,650	
Quoted Investments	7	742		696	
			3,709		4,086
Current assets					
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)
Net current assets			431		345
Total net assets			4,140		4,431
The funds of the charity					
Unrestricted funds:					
General funds	10		494		328
Tangible fixed asset funds	10		2,967		3,390
Designated funds	10		679		713
Total Charity funds	10		4,140		4,431

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:



Mr John Roderick Graham
Chairman

The Company Number is 10255806.
24 October 2024



Mr Adam Sedgwick
Trustee

Statement of Cash Flows for the year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	11	18	126
Cash flows from investing activities:			
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
Cash and cash equivalents at the end of the financial year	11	459	422

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

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 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.

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.

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 Investments

Investment income was generated as follows:

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

3 Charitable Activities

Income and expenditure is analysed as follows:

	2024				2023			
	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	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	(387)	(298)	(11)	(696)	(376)	(277)	(10)	(663)
Net (expenditure) / income	(28)	11	(11)	(28)	(46)	12	(10)	(44)

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
Charitable activities					
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
Charitable activities				
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.

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

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:

	1 April 2023	Revaluation losses	31 March 2024
Freehold property	£'000	£'000	£'000
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:

	1 April 2023	Purchases	Sales	Movement in cash	Revaluation gains	31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000
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:

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

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

8 Debtors

Debtors are made up as follows:

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

9 Creditors: Amounts Falling Due Within One Year

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

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

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:

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

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

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

	2024 £'000	2023 £'000
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

	2024 £'000	2023 £'000
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).

13 Related Parties and Connected Charities

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).

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