



from disabilities to possibilities

Medical Engineering Resource Unit

Financial Statements

**For the year ended
31 March 2021**

CHARITY NO. 269804

COMPANY REGISTRATION NO. 1214125



QEF
queen elizabeth's
foundation for
disabled people

achieving
goals for life
qef.org.uk

LEGAL AND ADMINISTRATIVE INFORMATION

YEAR ENDED 31 MARCH 2021

PATRONS	LAURENCE LLEWELLYN BOWEN SIR RICHARD STILGOE OBE DL
BOARD OF TRUSTEES	MOIRA BOWIE GORDON BOWSER ALICE COLLINS MICHAEL CONNAUGHTON TIMOTHY JASON DAVIES JOHN DENNING PETER GORDON (resigned 31 May 2021) ABIGAIL PRICE LYNN SCOTCHER (resigned 10 December 2020) ELIZABETH SHARP
DIRECTORS	MOIRA BOWIE GORDON BOWSER (appointed 15 June 2021) TIMOTHY JASON DAVIES PETER GORDON (resigned 31 May 2021)
COMPANY SECRETARY	PHILIP KIRK
REGISTERED OFFICE	LEATHERHEAD COURT WOODLANDS ROAD LEATHERHEAD, SURREY, KT22 0BN
BANKERS	CAF BANK LTD 25 KINGS HILL AVENUE KINGS HILL WEST MALLING KENT ME19
INDEPENDENT AUDITORS	MOORE KINGSTON SMITH LLP DEVONSHIRE HOUSE 60 GOSWELL ROAD LONDON EC1M 7A

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TRUSTEES' REPORT

The Trustees are pleased to present their Report and Financial Statements for the year ended 31st March 2021. The accounts have been prepared in accordance with the Statement of Recommended Practice applicable to charities preparing accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in July 2014. The report and statements also comply with the Companies Act 2006.

History

On 1st April 2012 Medical Engineering Resource Unit (MERU) became a member of the Queen Elizabeth's Foundation for Disabled People (QEF) family of charities and QEF is the sole trustee of MERU. In this report, reference to 'Trustees' means the Board of Trustees of QEF.

The aim of the merger was to be able to enhance the range of services on offer from both charities.

QEF is a national charity working with people living with physical and learning disabilities or acquired brain injuries, to gain new skills and increase independence. MERU has continued its work of providing innovative equipment which started at Queen Mary's Hospital for Children 40 years ago. QEF and MERU both support disabled people to achieve goals for life and realize their full potential.

Vision and Strategic Direction

- MERU care deeply about helping young people with disabilities who are striving to enhance their ability to grow and achieve personal fulfilment.
- MERU's core solutions are aimed at serving the unique needs of individuals for whom standard equipment solutions are inadequate.
- MERU foster an environment of innovation and creativity to deliver both the quality and efficacy of solutions in a timely manner.
- All equipment is manufactured to the highest possible standards and compliant with the latest legislation in this field.
- MERU draw on the widest possible range of expertise in engineering, design and disability, bringing new skills and experience into the organisation whenever possible.
- No child will be denied help on the grounds of cost, but where appropriate, statutory agencies will be expected to make a contribution.
- All employees, volunteers and clients of MERU are ambassadors for the organisation.

MAIN ACTIVITIES

All charitable activities focus on enabling children and young people with disabilities to take a more active, independent role in society through the provision of innovative aids. They are undertaken to further MERU's charitable

purposes for the public benefit. This objective falls within the guidance contained in the Charity Commission's general guidance on public benefit and this guidance has been taken into account when planning MERU's future.

MERU offers a free loan scheme for our children's mini powered wheelchairs known as Bugzis. Following an assessment, Bugzis are available for the family to take home and use for as long as the child need it. It is then returned, refurbished and reloaned to another child.

A wide range of bespoke, assistive products are available to purchase as well as adaptations to toys. MERU stopped providing engineering services during the year and these are no longer available.

Due to the COVID-19 pandemic, the centre was closed between March 2020 and August 2020 and staff were furloughed. The team returned full time in October 2020.

Between April 2020 and March 2021, MERU helped over 3,700 disabled people through the provision of its innovative products and services.

Bugzi loan scheme

26 children received a Bugzi through the Bugzi Loan Scheme between April 2020 and March 2021. The school based Bugzi Club was not in operation during the year due to the COVID-19 pandemic.

We provided 10 new Bugzis this year; 6 for the loan scheme and 4 were sold. A total of 26 Bugzis were refurbished throughout the year. There were 26 Bugzi assessments carried out during the year – 14 of which were at QEF with the remaining 12 taking place at our partner centres.

Outreach and partnerships

MERU's outreach work is carefully targeted to increase referrals and to support fundraising activities. MERU has continued to foster partnerships with charities and organisations who work directly with disabled children to ensure every child who needs MERU's services knows how to access them. There are now partnerships with organisations in Glasgow, Leeds, Birmingham, Truro, Thetford, London, Northern Ireland, St Helens, Newcastle, Aylesbury and Derby.

MERU is also a member of the BHTA Paediatric Equipment Section with other manufacturers and providers of Medical Devices.

Fundraising and Marketing

Despite the challenging fundraising environment, overall funds raised totalled £334k (2020: £336k) of which £88k was raised specifically to build Bugzis. New appointments and a new strategy in the Engagements and Partnerships team

will further develop relationships with corporate and community partners in the coming year, which is expected to increase support.

Volunteers and Support

MERU's charitable activity is undertaken by our dedicated engineers and support staff. Volunteers are also a key part of the MERU story, in the workshop, in the office, in fundraising activities and as ambassadors for the charity.

By opening the workshops to volunteers we have been able to recruit highly skilled engineers and designers who work for local engineering companies. This team is now responsible for much of our commercial output and have been instrumental in providing the toy adaptation service.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

The Charity is a company limited by guarantee. The governing documents are the Memorandum and Articles of Association. MERU is registered as a charity with the Charity Commission. The Trustees oversee the governance, management and administration of MERU.

Trustees

Trustees are elected by Members of QEF or co-opted by the Trustees, based on how their skill set and experience can benefit QEF and further improve the knowledge of the Board. A formal recruitment and selection process is agreed by the Board in advance of all appointments and is in line with best practice guidance.

As stated in the Memorandum and Articles of Association, one third (or the number nearest one third) of the Trustees must retire at each AGM, those longest in office retiring first and the choice between any equal service being made by drawing lots. A retiring Trustee who is eligible may be re-elected. If at the date of the AGM a Trustee has held office for nine consecutive years, since first election, they may not be re-elected, except in exceptional circumstance of there being no other person eligible to be a Trustee and acceptable to the Members as such.

The Trustees delegate day to day management and administration of MERU to the Chief Executive and Senior Management Team of QEF and the staff of MERU.

Risk Management

The Trustees regularly examine the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that the necessary steps can be taken to lessen these risks.

Risk	How this is expected to be managed
MERU remain heavily reliant on charitable donations to fund operations. There is diminishing availability and increasing competition for these funds.	MERU are increasing the proportion of income that is self-generated year on year and work closely with QEF Engagements and Partnerships team to support fundraising initiatives.

FINANCIAL REVIEW

Income and Expenditure

Income from charitable activities (Engineering Services, Ready-made Products, Bugzis and Travel Chairs) decreased to £174k in 2021 (2020 - £265k) as the centre was closed for part of the year due to the COVID-19 pandemic. The reduction was offset by government coronavirus support grant income of £92k. Despite the challenging environment, income from donations was broadly consistent with prior year at £334k (2020 - £336k).

Overall, MERU managed to maintain total income at £600k (2020 £601k). This, coupled with a decrease in operating expenditure from £630k to £592k, resulted in an improvement in net operating income from a deficit of £28k in 2020 to a surplus of £8k in 2021.

Balance Sheet

The net book value of fixed assets reduced from £268k to £196k, a decrease of £72k. This reflects the disposal of equipment following the closure of the engineering services during the year, coupled with a reduced requirement for new equipment following the relocation of MERU to a smaller site within QEF property.

Stock has also decreased slightly due to tighter stock controls; there is less space available at the new premises to hold large quantities of stock.

The cash balance increased from £22k to £158k reflecting the sale proceeds from fixed assets, coupled with a reduction in capex and lower levels of working capital.

Reserves policy

The Board of Trustees reviews the reserves policy of MERU on an annual basis. The reserves include unrestricted and restricted reserves. An analysis of the reserves is shown in note 9 of the financial statements.

The reserves policy is determined after assessing the capital requirements, considering the nature and timing of income and expenditure streams and by reviewing the specific business risks identified through the risk management process. The Board of Trustees aims to maintain a level of unrestricted reserves

not tied up in fixed assets or free reserves which it believes will be sufficient to ensure the operational efficiency of the charity.

The Board of Trustees has concluded that, given the current economic situation, the level of free reserves at the year-end should be three months' worth of operating expenditure. The actual level of free reserves is defined as the unrestricted net current assets (-£195k see note 9) divided by the average monthly operating expenditure (£44k see SOFA).

However, the parent company, QEF, calculates the resources required for the whole QEF Group, which includes its subsidiaries and specifically MERU. QEF will ensure that MERU has adequate reserves at all times.

Investment policy

Any cash reserves have been deposited in a current account for ease of access. No reserves have been available for investment.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are required to prepare financial statements for each financial period which give a true and fair view of the financial activities of the charity and of its financial position at the end of that period.

In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the policies adopted are in accordance with the Companies Act 2006 and with applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in existence.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

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

Auditors

The auditors, Moore Kingston Smith LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the next Annual General Meeting.

Small Company Rules

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the Trustees on 24 November 2021 and signed on its behalf.

A handwritten signature in black ink. It consists of a stylized 'T' inside a circle, followed by the name 'Davies' written in a cursive script.

T J Davies
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDICAL ENGINEERING RESOURCE UNIT

Opinion

We have audited the financial statements of Medical Engineering Resource Unit for the year ended 31st March 2021 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2021 and of its incoming resources and application of resources, including 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 annual report, 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.

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

We have nothing to report in this regard.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 9, 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most

significant are the Companies Act 2006 and the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.

- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

7 December 2021 [Date]

Neil Finlayson (Senior Statutory Auditor)

for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

MEDICAL ENGINEERING RESOURCE UNIT

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	£	2021 £	£	2020 £
Fixed assets:					
Tangible assets	3		195,940		268,166
			<u>195,940</u>		<u>268,166</u>
Current assets					
Stocks	4	63,443		86,739	
Debtors	5	50,927		83,293	
Cash at bank and in hand		<u>158,281</u>		<u>22,026</u>	
		272,651		192,058	
Creditors					
Amounts falling due within one year	6	(386,037)		(385,789)	
Net current assets			<u>(113,386)</u>		<u>(193,731)</u>
Total assets less current liabilities			<u>82,554</u>		<u>74,435</u>
Provisions	7		(57,142)		(57,142)
Net asset or liabilities			<u>25,412</u>		<u>17,293</u>
Accumulated funds					
Restricted funds	9		23,993		4,566
Unrestricted funds	9		1,418		12,727
Total accumulated funds			<u>25,411</u>		<u>17,293</u>

Approved by the Trustees on 24 November 2021 and signed on its behalf by:



TJ Davies
Director

The annexed notes form part of these financial statements

Company Registration Number: 1214125

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2021**

		2021	2021	2021	2020
	Notes	Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		£	£	£	£
INCOME:					
Donations and legacies	11	246,406	87,764	334,170	336,115
Charitable activities	12	174,169	-	174,169	265,375
Business Grants	12	91,568		91,568	-
Total Operating Income		512,143	87,764	599,907	601,490
EXPENDITURE:					
Raising funds	13	15,831	9,192	25,023	83,308
Charitable activities	14	507,621	59,145	566,766	546,512
Total Operating Expenditure		523,452	68,337	591,789	629,820
Net Operating Income		(11,309)	19,427	8,119	(28,330)
Reconciliation of funds:					
Total funds brought forward		12,727	4,566	17,293	45,623
Total funds carried forward		1,418	23,993	25,411	17,293

The statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. Company Status

The Company is limited by guarantee, has no share capital and is also a registered charity. The liability of each member is limited to a sum of no more than £1 in the event of a winding up.

2. Principle Accounting Policies

a) Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102). The company is a public benefit entity for the purposes of FRS102 and therefore the Charity also prepares its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Structure applicable in the UK and Republic of Ireland (The FRS102 Charities SORP) and The Companies Act 2006. A summary of the more important accounting policies, which have been applied consistently, is set out below.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

b) Going Concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of the approval of these financial statements. In particular the trustees have considered the charitable company's forecasts and projections and have taken account of pressures on donation income.

The trustees recognise that COVID-19 poses unique challenges, but will continue to utilise all government support available, including furloughing staff where appropriate. Fundraising events have continued to be online and a specific COVID risk assessment for MERU is available. Procedures to maintain social distancing, enhance cleaning and facilitate home working have been continued to minimise risk. After making enquiries, the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. The charitable company therefore continues to adopt the going concern basis in preparing its financial statements.

c) Incoming Resources

Grants and donations are included when receivable.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (cont'd)**

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions, it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

d) Fixed Assets and Depreciation

Assets are purchased from donations and grants provided and are shown as direct charitable expenditure from the fund concerned.

Individual tangible fixed assets costing more than £1,000 are capitalised at cost. Tangible fixed assets are stated at cost less depreciation.

All tangible fixed assets are depreciated on a straight-line basis.

Plant & machinery	Five to Ten years
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Motor vehicles	Four years
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Leasehold improvements	Five years
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At the end of each accounting period the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or change in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

e) Stocks

Stocks comprise items purchased for resale and are stated at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving stock.

f) Resources Expended

Costs of charitable activities, support costs and the costs of raising funds of the charity have been allocated between these headings directly to the relevant expense for which the cost was incurred. Where costs cannot be specifically identified within one of the above categories an estimated allocation has been made.

g) Operating Leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

h) Pensions

Some staff participate in the NHS pension scheme. This is a defined benefit scheme; in the event of underfunding, liability would rest with the NHS. Contributions are charged on an accrual basis. There is an optional pension scheme for the other employees.

For each member of the Group Personal Pension Plan (GPPP) the company makes a contribution of 5% of the employee's gross salary provided the employee has made a personal contribution of at least 5%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (cont'd)**

A third-party pension provider holds the assets of the GPPP.

i) Taxation

As the company is a registered charity, it is exempt from corporation tax on its charitable activities.

j) Cash Flow

The company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of the Queen Elizabeth's Foundation for Disabled People and its cash flows are consolidated into the cash flow statement of that company.

k) Unrestricted Funds

These are donations and other incoming resources receivable or generated for the objects of the Charity without further specified purpose and are available as general funds.

l) Restricted Funds

These are funds to be used for the specific purposes laid down by the donor. See note 8 for more details of restricted funds. Expenditure which meets these criteria is charged to the fund.

m) Critical Accounting Estimates and Areas of Judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

In view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

n) Other Financial Instruments

i. Cash and Cash Equivalents

Cash and cash equivalents include cash at banks and in hand and short-term deposits with a maturity date of three months or less.

ii. Debtors and Creditors

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transaction price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the present value of the expected future receipts or payment discounted at a market rate of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (cont'd)

3 TANGIBLE FIXED ASSETS

	Leasehold Improvements	Plant and Equipment	Motor Vehicles	Total
	£	£	£	£
Cost at 1.4.20	64,118	565,057	7,015	636,190
Additions	-	40,913	-	40,913
Disposals	(64,118)	(91,710)	-	(155,828)
Cost at 31.3.21	-	514,260	7,015	521,275
Depreciation at 1.4.20	64,118	297,417	6,489	368,024
Charge for year	-	91,838	449	92,286
On disposals	(64,118)	(70,857)	-	(134,975)
Depreciation at 31.3.21	-	318,398	6,938	325,335
NET BOOK VALUE at 31.3.21	-	195,862	77	195,940
NET BOOK VALUE at 31.3.20	-	267,640	526	268,166

4 STOCK

	2021 £	2020 £
Raw materials and finished goods	63,443	86,739
	<u>63,443</u>	<u>86,739</u>

5 DEBTORS AND PREPAYMENTS

With the exception of prepayments, all debtors are financial instruments and are measured at present value.

	2021 £	2020 £
Amounts falling due within one year:		
Debtors for equipment sold	45,927	55,846
Rent Deposit re Epsom premises	5,000	5,000
Prepayments	-	22,447
	<u>50,927</u>	<u>83,293</u>

6 CREDITORS

All creditors are financial instruments and are measured at present value.

	2021 £	2020 £
Amounts falling due within one year:		
Accruals	4,990	5,003
Sundry Creditors	-	13,601
HMRC (Re VAT)	10,352	11,197
Amount due to parent organisation	349,512	347,202
Purchase Ledger Control	983	(4,013)
Bugzi Loan Deposit	20,200	12,800
	<u>386,037</u>	<u>385,789</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (cont'd)

7 PROVISIONS	2021 £	2020 £
Dilapidation Reserve	57,142	57,142
	<u>57,142</u>	<u>57,142</u>

8 STATEMENT OF FUNDS

Activity	Opening Balance £	Incoming Resources £	Resources Expended £	Closing Balance £
Unrestricted Funds:				
General Fund	12,726	512,144	523,452	1,418
Restricted Funds:				
Bugzi	-	87,766	63,772	23,994
Engineer Salaries	-	-	-	-
Students	4,566	-	4,566	-
Total All Funds	<u>17,293</u>	<u>599,909</u>	<u>591,790</u>	<u>25,412</u>

9 ANALYSIS OF NET ASSETS BY FUND

	Unrestricted Fund £	Restricted Fund £	Total Funds 2021 £
Tangible Fixed Assets	195,940	-	195,940
Current Assets	248,657	23,994	272,651
Current Liabilities	(443,179)	-	(443,179)
	<u>1,418</u>	<u>23,994</u>	<u>25,412</u>

	Unrestricted Fund £	Restricted Fund £	Total Funds 2020 £
Tangible fixed assets	268,166	-	268,166
Current Assets	187,491	4,566	192,057
Current Liabilities	(442,931)	-	(442,931)
	<u>12,727</u>	<u>4,566</u>	<u>17,293</u>

The restriction is defined to have been met if money has been spent on the activity it was intended for.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (cont'd)

10 RECONCILIATION OF MOVEMENT IN FUNDS

	2021 Total £	2020 Total £
Opening funds	17,293	45,623
Net movements of resources in the year	8,118	(28,330)
Closing funds	25,411	17,293

11 DONATIONS AND LEGACIES

Category	2021 Unrestricted £	2021 Restricted £	2021 Total £
Trusts	91,775	66,820	158,595
Major Donors	-	15,750	15,750
Direct Mail	31	912	943
Corporate	8,746	10,743	19,489
Community	29,471	(6,461)	23,010
Event	16,383	-	16,383
Other	100,000	-	100,000
	246,406	87,764	334,170

Category	2020 Unrestricted £	2020 Restricted £	2020 Total £
Trusts	31,642	109,034	140,676
Major Donors	-	5,100	5,100
Direct Mail	685	91,110	91,796
Corporate	319	26,174	26,493
Community	18,402	12,460	30,862
Event	-	36,176	36,176
Other	5,012	-	5,012
	56,061	280,054	336,115

12 CHARITABLE ACTIVITIES & GRANTS¹

All activities in the current and prior year were unrestricted.

	2021 £	2020 £
Sale of Equipment by the Charity	174,170	265,375
Business Grants	91,568	-
	265,737	265,375

Business grants in 2021 comprises income from the Coronavirus Job Retention Scheme

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021 (cont'd)**

13 RAISING FUNDS

In the current and prior year there were both restricted and unrestricted costs of raising funds.

	2021 Direct Costs £	2021 Staff Costs £	2021 Total Funds £
Unrestricted	5,023	10,808	15,831
Restricted - Bugzi	-	9,192	9,192
	<u>5,023</u>	<u>20,000</u>	<u>25,023</u>
	2020 Direct Costs £	2020 Staff Costs £	2020 Total Funds £
Unrestricted	55,449	11,200	66,649
Restricted - Bugzi	(7,141)	23,800	16,659
	<u>48,308</u>	<u>35,000</u>	<u>83,308</u>

14 CHARITABLE ACTIVITIES

	2021 Direct Costs £	2021 Support Costs £	2021 Total Funds £
Bespoke Projects	121,395	55,717	177,112
TravelChair	-	-	-
Instant Solutions	257,367	130,007	387,374
Auditors' Remuneration inc VAT	-	2,280	2,280
	<u>378,762</u>	<u>188,004</u>	<u>566,766</u>
	2020 Direct Costs £	2020 Support Costs £	2020 Total Funds £
Bespoke Projects	102,730	148,051	250,781
TravelChair	12,727	18,506	31,233
Instant Solutions	243,712	18,506	262,218
Auditors' Remuneration inc VAT	-	2,280	2,280
	<u>359,169</u>	<u>187,343</u>	<u>546,512</u>

15 SUPPORT COSTS

	2021 Staff Costs £	2021 Other Costs £	2021 Total Funds £
Bespoke Projects	23,045	33,356	56,401
TravelChair	-	-	-
Instant Solutions	53,772	77,831	131,603
	<u>76,817</u>	<u>111,187</u>	<u>188,004</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (cont'd)

	2020 Staff Costs £	2020 Other Costs £	2020 Total Funds £
Bespoke Projects	71,022	78,853	149,875
TravelChair	8,878	9,856	18,734
Instant Solutions	8,878	9,856	18,734
	<u>88,778</u>	<u>98,566</u>	<u>187,344</u>

The basis of the cost allocation shown above is as a proportion of the cost of each activity.

16 STAFF COSTS

	2021 £	2020 £
Salaries	89,732	242,834
Social Security Costs	18,307	22,208
Pension Costs	12,998	18,756
Other Costs	492	-
	<u>121,529</u>	<u>283,798</u>

The average number of persons employed by MERU during the year was:

	Full time 2021	Full time 2020	Part time 2021	Part time 2020
MERU	5	6	3	2

No employee received remuneration amounting to more than £60,000 in either year.

Included within staff costs above is £9,199 (2020: £20,241) of labour costs that have been capitalised within fixed assets.

The Trustees received no remuneration nor incurred any reimbursable expenses in either year.

Key management personnel includes Ten employees; Financial Officer, Seven Design Engineers and Project Leaders and the Engineering Team Leader. Remuneration for key management personnel was £86,413 for the year (2020: £284,304).

17 OPERATING INCOME

	2021 £	2020 £
Surplus before Auditors Remuneration and Depreciation of Fixed Assets	93,425	65,529
Auditor's Remuneration	2,280	2,280
Depreciation of Tangible Fixed Assets	83,026	91,579
	<u>8,119</u>	<u>(28,330)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 (cont'd)

18 RELATED PARTY TRANSACTIONS

Medical Engineering Resource Unit is a 100% owned subsidiary of Queen Elizabeth Foundation for Disabled People. Transactions with parent company are follows: QEF management fee charged £28,856 (2020: £0). There were no other group transactions in the year.

Included within creditors at year end for MERU are the following balances with the group of charities:

	2021	2020
Queen Elizabeth's Foundation for Disabled People	(349,512)	(347,202)
	<u>(349,512)</u>	<u>(347,202)</u>

19 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Queen Elizabeth's Foundation for Disabled People, a company incorporated in England and Wales (charity number: 251051) . The immediate and ultimate controlling party is Queen Elizabeth's Foundation for Disabled People, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. These accounts can be obtained from The Company Secretary, Leatherhead Court, Woodlands Road, Leatherhead, Surrey KT22 0BN.

Queen Elizabeth's Foundation for Disabled People (QEF) is a leading national charity with over 80 years' experience of developing innovative services which enable and support people with disabilities to increase independence and improve opportunities for life.