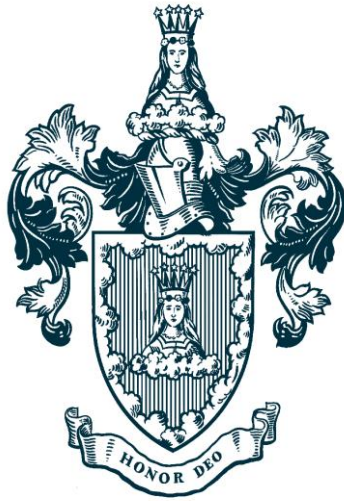


Mercers' Company Housing Association



Trustees' Annual Report & Financial Statements 2020

Charity Commission Number 1172263

Company Number 10255806

Foreword from the Chairman

The Charity has had a very satisfactory year. The sheltered housing schemes offered by the Charity at Mercers' House and Priory House remain popular and this is reflected in a good waiting list. Nine new residents were appointed during the year.

The residents have benefited from an improved variety of social activities provided at the schemes, often including members of the wider community.

As well as improving the number of social activities with which our residents can engage, we have continued our programme of cyclical maintenance repairs to ensure the housing remains of a good quality.



Mr John Roderick Graham
Chairman
22 September 2020

CONTENTS

Foreword from the Chairman	2
Trustees' Report	5
Governance & Management	5
Objects & Strategy	7
Activities in 2020	8
Looking forward to 2021	8
Financial Review	9
Risk management & internal control	9
Statement of Trustees' responsibilities	10
Independent Auditor's Report	12
Statement of Financial Activities for the year ended 31 March 2020	16
Statement of Financial Activities for the year ended 31 March 2019	17
Balance Sheet as at 31 March 2020	18
Statement of Cash Flows for the year ended 31 March 2020	19
Notes to the financial statements	20
1 ACCOUNTING POLICIES	20
2 DONATIONS AND LEGACIES	22
3 CHARITABLE ACTIVITIES	23

4 EXPENDITURE	24
5 TANGIBLE ASSETS	25
6 DEBTORS	25
7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	26
8 ANALYSIS OF FUNDS	26
9 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	27
10 CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS	27
11 RELATED PARTIES AND CONNECTED CHARITIES	28
LEGAL & ADMINISTRATIVE INFORMATION	29

Trustees' Report

The Trustees are pleased to present their annual Trustees' report together with the financial statements of the charity for the year ended 31 March 2020 which are also prepared to 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.

Governance & Management

ORGANISATION & SENIOR MANAGEMENT TEAM

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 of Trustees utilises the expertise of committees operated by the Charity's sole member for advice and professional guidance. These specialist committees include a Finance Committee, Audit Committee, Philanthropy Committee and Older People & Housing Committee.

The Board of Trustees has delegated oversight of the Charity's operations to the Older People and Housing Committee.

The Charity is supported by the staff of the Mercers' Company, who are appropriately trained and qualified, to whom the Charity's day to day administration and management is contracted. These services are provided under a Service Agreement

CHARITY GOVERNANCE

During 2018 the Trustees and the sole member initiated a review of the governance of the Charity, to assess its governance against the Charity Governance Code and identify any changes required to ensure the Charity's governance is in line with current best practice. The review is now complete and it is proposed that the Board of Trustees will meet at least twice each year.

PUBLIC BENEFIT

The Trustees confirm that they have complied with their duty under Section 17 Charities Act 2011 to have due regard to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives, in planning future activities and in setting the policies for the year.

OUR VOLUNTEERS

The Charity relies on members of the Mercers' Company volunteering their time to assist with its operations, particularly through serving on the Older People and Housing Committee. 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 54 hours of voluntary time (2019: 54 hours).



Mercers' House, Essex Road, Islington, London

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 Richard Whittington and the Earl of Northampton's Charity both of which also provide housing and associated services.

Objects & Strategy

OBJECTS

The objects of the Charity are for the provision:

- ▲ OF HOUSING AND ANY ASSOCIATED AMENITIES FOR PERSONS IN NECESSITOUS CIRCUMSTANCE UPON TERMS APPROPRIATE TO THEIR MEANS
- ▲ FOR AGED PERSONS IN NEED THEREOF HOUSING AND ANY ASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIES AND REQUIREMENTS OF SUCH PERSONS



Priory House, Clerkenwell, Islington, London

STRATEGY

During 2015, the Charity underwent a detailed review of its legal structure, cost structure, and service provision. The results of the review were reported to the Trustees in a Housing Business Plan. The Housing Business Plan is due to be updated and reviewed in 2020. The Charity's strategy is to continue to provide high quality housing for the elderly at an affordable rent.

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 hair dressers. Each site has a Scheme Manager.

The Charity subscribes to the National Housing Federation and adheres to its guidelines. However, the charity is not a Registered Social Landlord.

The Trustees' housing team which operates the housing schemes for the Charity has achieved an EROSHH certification as a good housing provider.

Activities in 2020

With our policy of encouraging active ageing, there is an activities programme at both sites, and a number of social opportunities to engage with the wider local communities.



During the year, we continued to update and improve the 25 year cyclical maintenance programme in order to ensure the housing provided is of good quality and we consult with residents over works required.

Cyclical repairs undertaken during the year at Mercers' House included the redecoration of staircases, void redecorations, and a new intercom system.

57
residents

48
units

At Priory House, void works were undertaken, planned electrical repairs completed and the laundry room refurbished.

The Health & Wellbeing Programme continued at both sites.

There is a waiting list for accommodation at both sites.

MERCERS' COMPANY HOUSING ASSOCIATION IS
ACCREDITED TO:



Looking forward to 2021

The Trustees will review the Housing Business Plan for the two sites and produce a revised plan for the period to 2025.

The Trustees have considered the impact of the current Coronavirus pandemic on the Charity's operations, with a particular focus on the effect on its beneficiaries and suppliers; and 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 the Charity has sufficient financial resources for the foreseeable future, despite the current crisis. Therefore, the financial statements have been prepared on a going concern basis.

Financial Review

Income from rents amounted to £630,000 in 2020 (2019: £631,000).

Expenditure amounted to £457,000 (2019: £574,000), including £73,000 of cyclical repairs.

This resulted in net income for the year of £173,000 (2019: £57,000).

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.

Currently, the Charity has no free reserves because the Trustees allocate all free funds to the Cyclical Maintenance Fund for future maintenance of the two properties. The Charity will look to build reserves when the Cyclical Maintenance Fund reaches a sufficient level which is anticipated next year.

FUNDRAISING

The Charity does not participate in any fundraising.

Risk management & 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 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. 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.

External risks and uncertainties for the Charity include:

Risk	Mitigation
The economic & political environment signalling policy change & demanding service efficiency	Continued review of economic landscape, political policies planned and maintaining operational efficiencies.
Welfare reform	Trained staff aware of current considerations of welfare reform.
The increasing ageing population & their needs & expectations	Trained staff maintaining best practice & encouraging innovative approach to caring for the elderly.
Long term maintenance & repairs obligations	25 year plan for repairs & maintenance of the properties with associated funding plans.

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 APPLICABLE TO 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 and 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

22 September 2020



Mr Adam Sedgwick

Trustee

Independent Auditor's Report

TO THE MEMBER OF MERCERS' COMPANY HOUSING ASSOCIATION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Mercers' Company Housing Association ("the Charitable Company") for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements which include a summary of the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements :

- ▲ GIVE A TRUE AND FAIR VIEW OF THE STATE OF THE CHARITABLE COMPANY'S AFFAIRS AS AT 31 MARCH 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▲ THE TRUSTEES' USE OF THE GOING CONCERN BASIS OF ACCOUNTING IN THE PREPARATION OF THE FINANCIAL STATEMENTS IS NOT APPROPRIATE; OR
- ▲ THE TRUSTEES HAVE NOT DISCLOSED IN THE FINANCIAL STATEMENTS ANY IDENTIFIED MATERIAL UNCERTAINTIES THAT MAY CAST SIGNIFICANT DOUBT ABOUT THE CHARITABLE COMPANY'S ABILITY TO CONTINUE TO ADOPT THE GOING CONCERN BASIS OF ACCOUNTING FOR A PERIOD OF AT LEAST TWELVE MONTHS FROM THE DATE WHEN THE FINANCIAL STATEMENTS ARE AUTHORISED FOR ISSUE.

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.

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' 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 RESPONSIBILITIES OF THE TRUSTEES

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.

As explained more fully in the Statement of Trustees' responsibilities set out on page 10, 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.

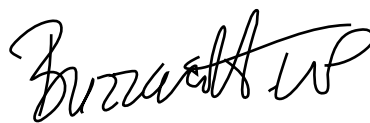
AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



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

28 September 2020

USE OF OUR REPORT

This report, made solely to the Charitable Charity'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.

Statement of Financial Activities for the year ended 31 March 2020

(Incorporating an Income and Expenditure Account)

				Year ended 31 March 2019	
				Year ended 31 March 2020	
				Unrestricted Funds	Designated Funds
				Total Funds	Total Funds
Note	£'000	£'000	£'000	£'000	£'000
Income					
Charitable activities:					
Rents	3	630	-	629	631
Total income		630	-	630	631
Expenditure					
Charitable activities	3,4	(384)	(73)	(457)	(574)
Total expenditure		(384)	(73)	(457)	(574)
Transfers between funds	8	(305)	305	-	-
Net (expenditure)/income and net movement in funds		(59)	232	173	57
Fund balances brought forward at 1 April					
	8	2,149	531	2,680	2,623
Fund balances carried forward at 31 March	8	2,090	763	2,853	2,680

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 2019

(Incorporating an Income and Expenditure Account)

Year ended 31 March 2019				
		Unrestricted	Designated	
		Funds	Funds	Total Funds
	Note	£'000	£'000	£'000
Income				
Charitable activities:				
Rents	3	631	-	631
Total income		631	-	631
Expenditure				
Charitable activities	3,4	(420)	(154)	(574)
Total expenditure		(420)	(154)	(574)
Transfers between funds	8	(270)	270	-
Net (expenditure)/income and net movement in funds		(59)	116	57
Fund balances brought forward at 1 April	8	2,208	415	2,623
Fund balances carried forward at 31 March	8	2,149	531	2,680

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

Balance Sheet as at 31 March 2020

		31 March 2020		31 March 2019	
	Note	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	5		2,090		2,149
Current assets					
Debtors	6	38		45	
Cash at bank and in hand		787		593	
Total current assets		825		638	
Creditors: amounts falling due within one year	7	(62)		(107)	
Net current assets			763		531
Total net assets			2,853		2,680

The funds of the charity

Unrestricted funds:

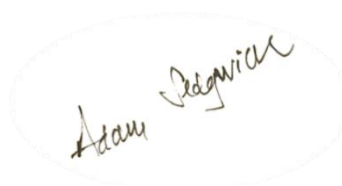
Tangible fixed assets funds	8	2,090	2,149
Designated funds	8	763	531
Total charity funds	8	2,853	2,680

The attached notes on pages 20 to 29 form an integral part of these financial statements. The financial statements on pages 16 to 29 were approved by the Trustees on 22 September 2020 and are signed on their behalf by:



Mr John Roderick Graham
Chairman

The Company Number is 10255806.
22 September 2020



Mr Adam Sedgwick
Trustee

Statement of Cash Flows for the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	9	194	146
<hr/>			
Change in cash and cash equivalents in the financial year		194	146
Cash and cash equivalents at the beginning of the financial year		593	447
Cash and cash equivalents at the end of the financial year	9	787	593

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 applicable to 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 current 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 current crisis. 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 impairment of the property is reviewed annually. Where there is impairment, the property is written down to the recoverable amount.

RESERVES

The Charity has two types of reserve:

- ▲ 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.

2 DONATIONS AND LEGACIES

During the year, the charity did not receive any donations (2019: nil).

3 CHARITABLE ACTIVITIES

Income and expenditure is analysed as follows:

	2020				2019			
	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	310	319	1	630	312	319	-	631
Property operating costs	(106)	(151)	-	(257)	(116)	(148)	-	(264)
Major repairs & projects	(52)	(21)	-	(73)	(60)	(94)	-	(154)
Depreciation	-	(59)	-	(59)	-	(59)	-	(59)
Bad debt	1	4	-	5	5	(6)	-	(1)
Administration & governance	(38)	(26)	(4)	(68)	(47)	(39)	(5)	(91)
Auditor's remuneration	-	-	(5)	(5)	-	-	(5)	(5)
Total expenditure	(195)	(253)	(9)	(457)	(218)	(346)	(10)	(574)
Net income/(expenditure)	115	66	(8)	173	94	(27)	(10)	57

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

4 EXPENDITURE

a) Analysis of total expenditure:

	Further notes	Governance & support costs £'000	Other direct costs £'000	Total 2020 £'000	Total 2019 £'000
<i>Charitable activities</i>					
Housing for the elderly	3	9	448	457	574

	Further notes	Governance & support costs £'000	Other direct costs £'000	Total 2019 £'000
<i>Charitable activities</i>				
Housing for the elderly	3	10	564	574

b) Analysis of governance and support costs

	Basis of apportionment	Total 2019 £'000	Total 2020 £'000
Office administration	Staff time	2	4
Audit fees	Expenditure	5	5
Insurance	Expenditure	2	1
		9	10

The Charity has no employees (2019: 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 (2019: nil). £4,000 (excluding irrecoverable VAT) (2019: £3,860) was charged to the SOFA for audit fees.

5 TANGIBLE ASSETS

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

	Land & Buildings £'000
<u>Cost</u>	
Balance at 1 April 2019 and 31 March 2020	3,340
<u>Depreciation</u>	
Balance brought forward at 1 April 2019	(1,191)
Charge for the year	(59)
Balance carried forward 31 March 2020	(1,250)
Net book value at 31 March 2020	2,090
Net book value at 31 March 2019	2,149

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

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

6 DEBTORS

Debtors are made up as follows:

	2020 £'000	2019 £'000
Rent receivable	29	36
Prepayments and accrued income	9	9
	38	45

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

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

	2020 £'000	2019 £'000
Rent received in advance	17	12
Accruals	14	36
Other creditors	31	59
	62	107

8 ANALYSIS OF FUNDS

The designated funds comprise the Cyclical Maintenance Reserve which provides for repairs of the properties. £305,000 (2019: £270,000) was transferred into the fund from Unrestricted Funds during the year to provide for future repairs and maintenance of the sheltered housing properties. £73,000 (2019: £154,000) 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:

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

	Tangible fixed assets funds £'000	Designated funds £'000	2019 Total funds £'000
Tangible assets	2,149	-	2,149
Net current assets	-	531	531
Total Funds	2,149	531	2,680

9 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £'000	2019 £'000
Net income for the reporting year (as per statement of activities)	173	57
Adjustments for:		
Depreciation	59	59
Decrease/(increase) in debtors	7	(27)
(Decrease)/increase in creditors	(45)	57
Net cash provided by operating activities	194	146

ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Cash at bank and in hand	787	593

10 CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

The Charity has no contingent liabilities and no contractual commitments at the end of the year (2019: none).

11 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
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 overhead costs amounting to £59,951 (2019: £52,720) in relation to the Service Agreement. £4,284 was outstanding at the year end (2019: £13,180). No emoluments or expenses were paid by the Charity to the Trustees during the year (2019: nil). Mercers' House is leased from The Mercers' Charitable Foundation at a peppercorn rent.

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)
(appointed 1 September 2019)
Mr Adam Sedgwick
Mr Anthony Beverley Totton
Mrs Lucy Walsh Waring
(appointed 18 September 2019)
Dr David Grant Powell (Chairman) (resigned
31 August 2019)
Mr Charles Vermont (resigned 31 August 2019)

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)
Mr William Coady (Chief Operating Officer)
Miss Sarah Oliver (Housing Manager)

BANKERS

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